

Annual report 2019

Letter to Shareholders

Letter to Shareholders

GRI: 102-14, 103-1, 103-2, 205-2



Dear
Shareholder

It is with great satisfaction that I introduce these truly extraordinary 2019 results, the fruits of the work done by the Board of Directors to strengthen our strategic vision of income growth and diversification.

Almost all lines of business and **bvc** group companies enjoyed outstanding results this year, and we successfully completed the corporate integration with **deceval**.

We have achieved our objective of becoming the principal private administrator of capital market infrastructure, and of providing trading, registration, clearing, settlement, custody, technology and information services to our clients and affiliates, that allow them to trade and seek financing in the Colombian capital market in the simplest and most cost effective manner.

This clarity of purpose allows us to reaffirm the benefits of diversification and the importance of our strategic organisational shift to become a more customer service focussed Group. This has been achieved through internal transformation, automation, and an increased supply of digital products that, in turn, underpin the digital product transformation of our clients and affiliates. At the same time, we adopted and launched a new Commercial and Service Model that

has been well received and valued by our clients, as reflected in a significant improvement in service-quality survey satisfaction scores.

Market dynamics responded to our efforts and we obtained very significant results. It was a record year for private debt collocation, with 32 issues that totalled COP\$137 trillion. We achieved the largest individual bond issue in the history of our market, for the Bogota Mayorality, reinforcing our objective to encourage greater public sector participation in financing large-scale works and projects. We incorporated three new issuers that increased our reach and risk qualification in the private debt market. We reengaged four companies, one of which had not participated in the capital markets for more than ten years. And we were able to dispel the myth that infrastructure projects are hard to finance through capital markets, by issuing a sustainable bond for renewing the Transmilenio bus fleet.

Turning to shares, in 2019 we achieved the highest valuation in over 10 years, and generated renewed interest in this market at the same time as being recognised by the World Economic Forum as one of the top 10 global markets pushing for greater information disclosure on sustainability (ESG), a determining factor in attracting global-level accredited investors.

Our depository registered its highest ever balance of securities in custody, reaching COP\$560 trillion at year end. The most dynamic product over the past year was dematerialised promissory notes. These have become an innovative tool that enables the fully automatic collocation of credit through digital channels. This year we won 29 new promissory note clients, achieved an annual issue volume of 2.9 million, and reached a total number in custody of close to four million promissory notes.

Finally, following close to three years' work with multiple partners, we launched our first one hundred percent digital initiative: **a2censo**. This is the first regulator-approved crowdfunding financial debt platform, and it launched with six companies that were seeking funding through

alternative means, and were able to connect with investors through our digital solution.

Our subsidiaries also posted excellent results. **sophos** continued its business expansion process through new projects in the US and the region, and closed the year with income of COP\$116,202 million and growth of +51% YoY. **recio** consolidated its operation following an operational adjustment, and positively contributed to the Group's financial results. Equally, our investments in **SET-ICAP**, clearing houses and **Derivex** generated positive results.

Group financial results were truly extraordinary. Our total income was COP\$280,531 million, or 19% above 2018; profit was COP\$59,959 million (+36% YoY), and EBITDA was COP\$87,865 million (+28% YoY) with a final margin of 32%.

Moving on to employee wellbeing, we obtained Great Place to Work Certification thanks to advances made in our work environment. We also created a team dedicated to innovation and finding initiatives that will allow us to renew our services and better connect with our employees through labour market tendencies oriented towards agility, new technologies and customer service.

With regard to our social and environmental commitments, we created 21 study grants at the Politécnico Internacional to help educate young programming experts in techno-financial competences for the future. We also signed a joint agreement between **bvc**, **sophos** and **NXTP** to select the best Fintech projects for capital market development, and we planted 1,035 trees to offset the entirety of our carbon footprint.

Finally, I would like to highlight two significant events with regard to our long-term organisational objectives. The first is the formation of a working group in conjunction with Chilean and Peruvian Exchanges to explore possible integration, something that has received approval from all three institutions' top-level directive bodies. The second is our

acquisition of a majority stake in the Cámara de Riesgo Central de Contraparte (Central Counterparty Clearing House), thus advancing on our objective of achieving vertical integration throughout the Colombian capital market value chain and generating greater efficiency for our clients and users.

I would like to end by thanking our shareholders and Board of Directors for the support and trust that have made possible these advances towards the achievement of **bvc** Group strategic vision, and also our extraordinary employees who through their top-quality work are making our dreams a reality.

Best regards,

Juan Pablo Córdoba Garcés
President

General vision



Strategic Vision 2025

We are a vertically integrated provider of market infrastructure, at the service of an attractive, accessible, competitive market.

Objectives driving bvc strategy

Client focused

To be recognised as a strategic ally in the capital markets, create value for our clients, facilitate their operations and help them grow.



Liquidity

To strengthen liquidity and engagement with new participants in a win/win relationship ecosystem.

Efficiency

To maximize cost-benefit in the value chain through greater efficiency in a globally competitive environment.

Talent and innovation

To be a profitable, sustainable, diversified and innovative corporation that supports in-house talent development.

Where are we headed?

Objectives driving bvc strategy



Vertical integration

Optimising Colombian market **infrastructure** with financial products & services in all **securities** and OTC markets.



CÁMARA DE RIESGO
CENTRAL DE CONTRAPARTE DE COLOMBIA



Technology & innovation

Client focussed and supporting the financial sector's **digital transformation** across the region through our subsidiary:



100% digital capital market

Low-cost financial products with **100% digital** access.

"Empowering the digital consumer"

Today:

a2censo

- Digital promissory notes
- Digital term deposits
- Fund and equity trading apps
- Applied innovation program: **bvc, Sophos y NXTP**

Tomorrow:

- Fintech and startup joint ventures
- Venture capital
- Private securities



Focus on core business

bvc Group manages market dynamics through a consolidated **commercial & service** model, enhancing and **fostering** market liquidity with:

More **issuers**.

More retail investors.

Better market access for **international** investors.

Colombia as **asset class** with automated multimarket trading strategies.



Internationalisation

bvc Group integrated into **regional** and **international** markets for increased scope and visibility.



Enhanced international market **connectivity**.

Shared market infrastructure with regional partners.

Central Counterparty Clearing House (CRCC) Acquisition

bvc Group now provides financial infrastructure, products and services across all securities and **OTC** markets

Following our merger with deceval, **bvc Group** acquired control of the **CRCC** (Colombian CCP).

Global markets have become increasingly OTC traded and cleared, this is a catalyst for **bvc Group** value creation as we now participate in OTC and securities market growth.

Market benefits

- ✓ • Greater operational efficiency.
- ✓ • Unified strategy.
- ✓ • Single operation.
- ✓ • United commercial front with unified value offering for all clients in all markets.
- ✓ • International best-practice in capital markets.



Multi-market & multi-asset CCP:

CRCC serves our clients **risk management** needs, providing **clearing & settlement** services, and guaranteeing every transaction that takes place at the Colombian CCP.

	Derivatives			Interest rates		Fixed income		Equities	OTC Swaps
Trading	bvc	SET ICAP	Derivex	Primary OIS	bvc OTC	Reverse repos	bvc	bvc	SET ICAP
Clearing				CÁMARA DE RIESGO CENTRAL DE CONTRAPARTIDA DE COLOMBIA					
Settlement		bvc		CUD & DCV		deceval una compañía bvc			

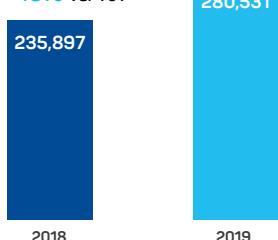
Main Financial Ratios 2019

Total income

2,3x

income growth over the past 5 years due to the diversification and inorganic growth strategy

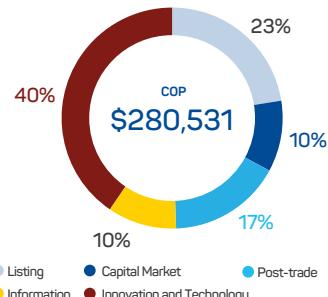
+19% Var YoY



Income by line of business

90%

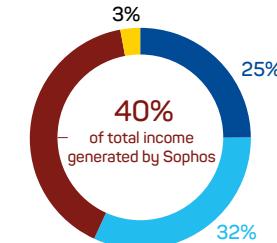
Non-transactional income



Income by company

3%

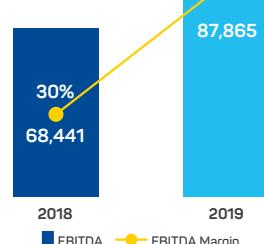
40%
of total income
generated by Sophos



EBITDA

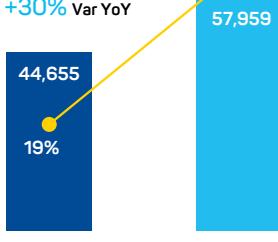
Solid cash flow generation from
recurring lines of business

+28% Var YoY



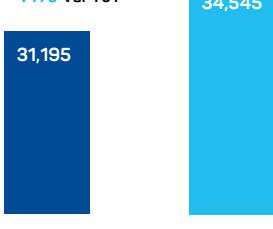
Net profit

+30% Var YoY



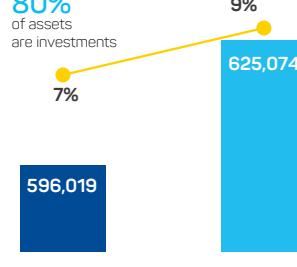
Cash flow

+11% Var YoY



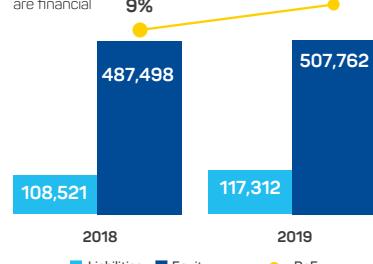
Asset balance

80%

of assets
are investments

Liability and equity composition

just 17%
of liabilities
are financial



Subsidiaries and Permanent Investments

Subsidiaries	bvc			deceval una compañía bvc			100%			CÁMARA DE RIESGO CENTRAL DE CONTRAPARTE DE COLOMBIA			56%			sophos solutions			54%			precia Almacén de Productos Heredados			100%		
	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY			
Income	71,189	69,444	+3%	91,943	86,539	+6%	19,985	20,565	-3%	116,202	76,715	+51%	8,829	8,923	-1%												
Expenditure	62,687	66,846	-6%	49,787	46,575	+7%	13,930	13,314	+5%	92,844	60,994	+52%	7,556	7,936	-5%												
EBITDA	16,613	8,853	+88%	43,745	39,498	+11%	7,419	7,696	-4%	27,045	19,070	+42%	1,670	1,159	+44%												
EBITDA margin	24%	26%		50%	48%		40%	40%		23%	25%		19%	13%													
Net profit	50,586	39,142	+29%	28,972	29,092	0%	5,579	6,894	-19%	14,212	10,976	+29%	614	434	+41%												
Net margin	72%	57%		32%	35%		28%	34%		12%	14%		7%	5%													

Permanent investments	SET ICAP			50%			Cámara de Compensación de Divisas de Colombia S.A.			31%			Derivex			42,5%		
	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY
Income	29,976	26,568	+13%	10,735	9,888	+9%	164	151	+8%									
Expenditure	14,451	13,112	+11%	6,656	6,141	+8%	808	676	+19%									
EBITDA	16,216	13,938	+16%	3,863	3,567	+8%	-546	-400	-37%									
EBITDA margin	55%	54%		37%	37%		-455%	-270%										
Net profit	10,366	8,347	+24%	2,726	2,383	+14%	-649	-651	0%									
Net margin	35%	32%		25%	24%		-396%	-430%										

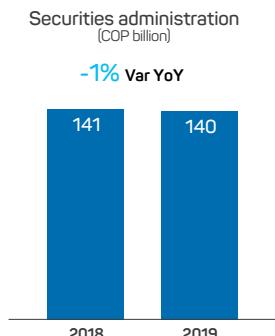
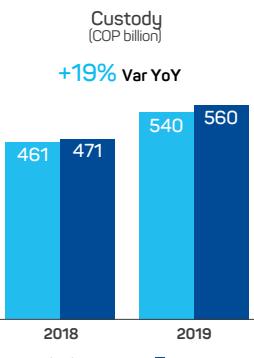
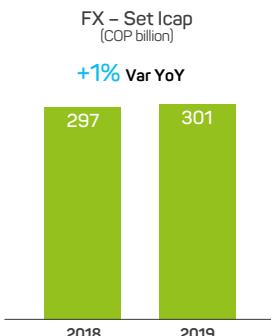
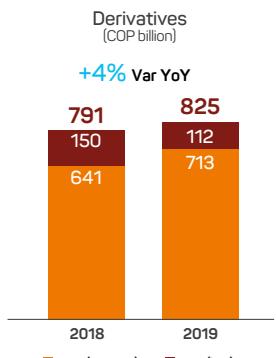
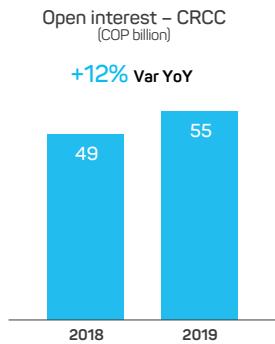
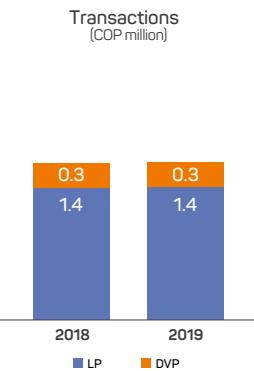
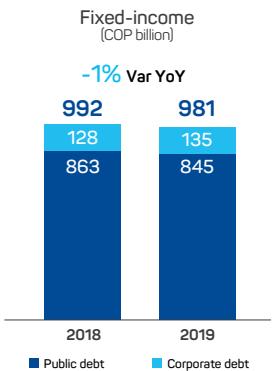
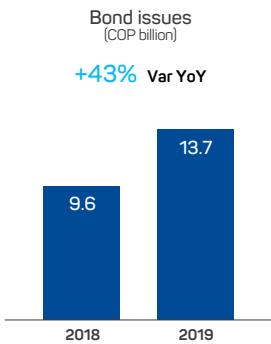
In February 2020, **bvc Group** gained a new subsidiary: the Cámara de Riesgo Central de Contraparte (Central Counterparty Clearing House). This strengthens post-trade infrastructure in **bvc** administered capital markets

Evolution of Managed Markets

Listing services

Trading

Post-trading



Evolution of managed markets

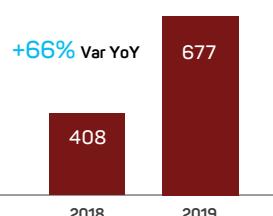
Information services

AUM ETF iCOLCAP (COP billion)



Technology & innovation

of sophos Projects



Main Strategic Projects 2019

New commercial & service model



Pillars:

- Migrating to consultative sales
- Strengthening the issuer model
- Redefining segmentation according to market relevance and function.
- Key Account Managers as the sole point of contact, with the ability to strategically align us with clients.
- Establishing an experience management role and redefining SLAs to underpin our value promise.
- Co-creating market solutions aligned with market needs.
- A new commercial methodology (identification of opportunities, monitoring and control).



Consolidation of fixed income, equity and derivative markets into a single trading engine with risk [management tools](#). Went live on 18 November 2019.



[Crowdfunding](#) platform for SMEs. Went live on 20 November 2019 with 6 projects; 5 successfully closed their campaigns.



CRCC for equities and migration to T+2: New clearing and settlement model in the equity market for cash and securities lending transactions. Go live: July 2020.



[Promissory Notes](#): New capabilities that optimize timing response in issue, registration and custody services, 3.9+ million digital promissory notes valued at [COP \\$3.9 trillion \(+169% YoY\)](#).



Internal [testing software](#) received in 2019 from TATA Consulting Services. In 2020, testing will be carried out with market participants. Estimated go live: 2020.

Sustainability

bvc is committed to strengthening Colombia's sustainable and inclusive economic development

New bvc Group sustainability policy

Pillars:

1. Capital market development.
2. Corporate performance and cultural transformation.
3. Sustainability model.

ESG disclosure

bvc is ranked No. 8 in the global ranking for ESG indicator disclosure, and is the only Latin American exchange in the top 10.



32

Listed companies complied with IR Recognition requirements.

27 Report sustainability in



25 Disclosed SDGs.



14 Issuers are part of



Supporters of: TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sustainable products



2 Sustainable bonds

Findeter and TMAS-1

COP \$531 billion issued

2,2x oversubscribed

SDG Objectives:

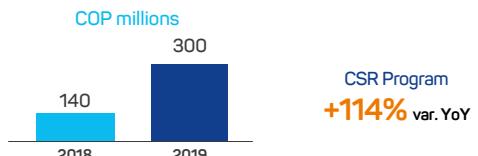


Environmental management:

To offset our 2019 carbon footprint and minimize the negative impact of our business on the environment we expanded our reforestation program.



Corporate Social responsibility



Commitment to employees



1,695

Employees

429

50% 50%



1,230

28% 72%



36

42% 58%

+97%

of our employees have indefinite employment contracts

+38% Var. YoY

investment in employee training

71.2

Work environment index



Corporate Governance

Board of Director and Committee Activities, 2019

Clearing and settlement of bvc cash and securities lending operations via the **CRCC**.

Risk model criteria and **eligibility** requirements for repos, reverse repos and securities lending operations.

Incorporation of equity shares issued by closed mutual investment funds, private capital funds, independent trusts, and securitisations, for trading on the **equities** system.

Approve and monitor bvc/deceval **technology strategy**

Establishment of a **sustainability policy**

Establishment of **Unification** of the Audit and Risk Committees
remuneration policy for the auditor.



Liberation of general **equity** collateral and construction of a CRCC collateral **contingency fund**.

Approval of **bvc Group accounting** policy.

Financial analysis **supervision**.

Modification of the rules governing the Committee for **Audit** and **Risk** Committee **unification**.

Independent audit completed by the Colombian Institute of Internal Auditors.

Creation of communications channel **policy** for receiving **complaints**.

Board of Directors and Committees 2019 - 2021

Independent

Rafael Aparicio Escallón ••
(Acciones y Valores)
Chairman of the Regulation Committee

Sergio Clavijo Vergara ••
ANIF

Luis Miguel Gonzalez ••
(Credicorp Capital)

Roberto Junguito Bonnet ••
Independent

Santiago Montenegro •
(Asofondos)
Chairman of the Audit & Risk Committee

Juan Rafael Pérez ••
(BTG Pactual)

Federico Rengifo ••
Independent

Non-independent

Aura Arcila •
(U. de Medellín)

Roberto Belchior •
(B3)

Oscar Cabrera •
(BBVA)
Chairman of the IT Committee

Jaime Castañeda •
(Davivienda)
Chairman of the Finance and Administration Committee

Mauricio Rosillo ••
(Bancolombia)
Chairman of the Board and the Corporate Governance Committee

Germán Salazar ••
(Banco de Bogotá)

bvc Strategy



1.1 bvc Group Strategic Vision

GRI: 102-15, 103-1, 103-2, 103-3

We continue to implement the bvc/deceval consolidated strategy, with a strategic, integral and unified 2025 vision that places the client at the centre and focal point of consolidated bvc Group strategy. In 2019, we implemented 100% of the new commercial model – prioritising six strategic areas: Issuers, Liquidity, Derivatives, Massification, Internationalisation and Post-trade – and achieved complete alignment between commercial and corporate strategy.



- ▶ To be the most efficient and effective market infrastructure in the country, focussed on the needs of our clients, building relationships, leading the development of Colombian capital markets and regional integration, and generating value for our shareholders and stakeholders.

Client focussed

To be recognised as a strategic ally in the capital markets, create value for our clients, facilitate their operations and help them grow.



Market liquidity

To boost liquidity and engagement with new participants in a win/win relationship ecosystem.



Efficiency

To maximise cost-benefit in the value chain through greater efficiency in a globally competitive environment.



In-house capacity and innovation

To be a profitable, sustainable, diversified and innovative corporation that supports in-house talent development.



What do we want to achieve?

To be a market infrastructure with **complete vertical integration**, serving an **attractive, accessible and competitive marketplace**.



- More issuers
- Greater liquidity
- Efficient risk transfer
- Colombia as asset class



- 100% digital market
- Access for all
- Connectivity with other markets
- Simple processes
- Transparency and regulation as enablers
- "One-Stop Shop"



- Adequate cost-benefit relationships
- A strategic ally for our clients
- International standards compliance



- Strengthen capital market credibility and confidence
- Achieve results that inspire action and transformation in the industry



- Foster an ecosystem offering clients an attractive value proposition
- \$ icon: Be a profitable and sustainable company

bvc Mission:

To be a connection between people's **dreams** and the **growth** objectives of businesses, while leading capital market **transformation** and contributing to the country's economic **development**.



Passion



Recognition



Innovation



Confidence



Quality and transparency



Client-focussed



Empowerment and self-discipline

bvc Values



vocacion
de servicio



decision
de valor



generacion
de resultados

bvc Competences:

1.2 Perspectives and Future Vision

GRI: 102-15, 103-2

Where are we headed? | Objectives that strengthen bvc Group strategy

Following 2018's successful corporate integration of bvc and deceval into one operational organisation, in 2019 the integrated company continued to make advances in the strategic consolidation of the exchange and depository. We strengthened our strategic, integral and unified 2025 vision, and drew up strategic corporate and commercial objectives for short and medium-term development.

► Vertical Integration:

Optimising Colombian market infrastructure with financial products & services in all securities & OTC markets.



bvc Group continues to pursue its strategic objective of consolidating Colombian capital market infrastructure to achieve greater efficiency for our clients through the acquisition of clearing houses. This contributes to achieving international best-practice in the stock market industry, where exchanges provide all value chain infrastructure in their markets. In February 2020, we acquired a controlling interest in the Cámara de Riesgo Central de Contraparte (Central Counterparty Clearing House) with a shareholding of 55.98%. bvc Group now has a common front from infrastructure to market, with full strategic alignment, improved commercial management and better project coordination.

► Technology & Innovation:

Client focussed and supporting financial sector **digital transformation** across the region through our subsidiary, Sophos.



Sophos has begun to position itself at the forefront of the digital revolution currently transforming its clients' businesses, and facilitates strengthening their core back and middle-office systems with new disruptive technologies. Sophos is also consolidating its near-sharing service model for regional clients.

► 100% Digital Capital Market:

Facilitating access to **low-cost 100% digital financial products**.

Empowering the digital consumer...

today:



- Digital promissory notes
- Digital term deposits
- Fund and equity trading apps
- Innovation program: bvc, sophos and NXTP

and tomorrow:

- Fintech and startup joint ventures
- Venture capital
- Private securities

bvc Group continues to make advances in the strategy of massifying its 100% digital low-cost products and services, and continues to improve access to SME finance via the a2censo crowdfunding platform, as well as developing securities trading apps for brokers. To complement the Group's digital strategy, bvc and Sophos, together with NXTP, initiated an applied innovation programme to help accelerate the digital transformation process across different business lines, through alliances with LATAM fintechs.

► Internationalisation:

bvc Group integrated into **regional and international markets** for increased reach and visibility.



In January 2020, bvc Group, the Lima Stock Exchange and the Santiago Stock Exchange made public their intention to evaluate the technical viability and potential of integrating their infrastructure. To this end, a committee was formed that includes board members from all three exchanges to help evaluate and analyse the initiative, aimed at strengthening these three Andean markets.

1.2 Perspectives and Future Vision

GRI: 102-15, 103-2

In 2019, the integrated company implemented 100% of the new commercial model, prioritising six strategic areas - **Issuers**, **Liquidity**, **Derivatives**, **Massification**, **Internationalisation** and **Post-trade** - with the client at the centre and focal point of bvc Group strategic vision. The main initiatives by area are:



New Commercial Model



Issuers:

Increase the number of fixed-income issuers by achieving greater synergy between the banking sector and capital markets. On the demand side, strengthen non-traditional issue distribution networks and renovate IR recognition with more information available to investors. On the supply side, strengthen the market's value proposition through education and marketing, increase the secondary market and strengthen bvc sostenible (sustainable bvc).



Derivatives:

Incentivise multi-market trading through algorithms. On the demand side, strengthen derivatives as a tool for leverage and speculation. On the supply side, replicate the TES futures market creator programme in FX, OIS and shares, as well as attracting international market creators with FIX connections.



Internationalisation:

Develop DMA products for bond markets, coordinate with local custodians to ensure they offer derivatives to international clients, and develop the OTC / securities lending registry systems. On the demand side, actively seek funds and brokers wishing to directly access the fixed-income market, and promote the securities lending ecosystem. On the supply side, augment the international visibility of Colombian companies listed on global information and trading platforms, and incorporate MILA (Latin American Integrated Market) issuers into the Colombian global market.



Liquidity:

Implement OTC securities lending, and connections between fixed income & derivative markets and global trading channels. On the demand side, develop an inhibition diagnostic for speculative activities, and strengthen the diversity, sophistication and professionalism of portfolio managers. On the supply side, actively participate in TES (Treasury Bond) liquidity and private-debt provider programmes.



Massification:

Develop outsourced and shared back-office digital solutions that reduce administrative and payment dispersion costs and increase efficiency. On the demand side, map the experience of retail clients and improve financial education. On the supply side, develop an incentive scheme to strengthen capital market and fund product distribution across the banking network.



Post-trade:

Develop new 100% digital processes, strengthen the promissory note product, and ensure the continuity of the core deposit system change project (Amarú). Migrate the clearing and settlement cycle for equities to T+2 via the Clearing House, and develop new information products and other deposit-side value-added services for issuers.

1.3 Evaluation of 2019 Strategy

GRI: 102-15, 103-3

Balanced
ScoreCard 2019



122
points

2019 was a year of excellent corporate results on all four strategic fronts - Financial, Client, Projects and Transformation - as assessed and mediated each quarter using the bvc/deceval Balanced ScoreCard (BSC). Results in 2019 were very satisfactory with an overall score of 122/140. Four of the eight indicators exceeded their stretch goals, three were on target, and just one was at its acceptable minimum.



Balanced ScoreCard 2019

Perspective	Indicator	Unit	Min	Target	Stretch	%	Value	Points
Financial	1 Combined bvc-deceval income	Million COP	\$ 157,302	\$ 160,512	\$ 163,722	10%	\$ 160,281	10 ●
	2 Combined bvc-deceval EBITDA (excluding integration costs)	Million COP	\$ 60,584	\$ 62,584	\$ 64,584	10%	\$ 64,738	14 ●
	3 Consolidated bvc EBITDA (excluding integration costs)	Million COP	\$ 84,562	\$ 87,062	\$ 89,562	10%	\$ 92,346	14 ●
Client	4 Commercial and service model	%	85%	90%	95%	20%	98%	28 ●
	5 Client experience	Result	80%	82%	84%	10%	82%	10 ●
Project	6 Strategic projects	%	80%	85%	95%	20%	86%	21 ●
Transformation	7 Cultural transformation plan	Milestones	85%	90%	95%	10%	95%	12 ●
	8 Capital market development plan	%	85%	90%	95%	10%	94%	13 ●

1.3 Evaluation of 2019 Strategy

GRI: 102-15, 103-3



Balanced ScoreCard 2019

Financial perspective:

This front is composed of three indicators, with a total BSC weighting of 30%. The first indicator – combined bvc-deceval income – achieved an acceptable minimum of COP\$160,281 million. In the case of combined bvc-deceval EBITDA and consolidated bvc+subsidiaries EBITDA (excluding integration costs), both exceeded expectations at 2019 year end, achieving COP\$64,738 million and COP\$92,346 million respectively.



Project perspective:

Compliance was measured at 86.4% at 2019 year end, with a BSC weighting of 20%. This is principally explained by the advances made in five strategic projects: Amarú 80.5%, INET+MT 88.8%, Post-trade CRCC 88.7%, A2censo 88.8% and Promissory notes 90%.



Client perspective:

This front is composed of two indicators related to implementing the new Commercial and Service Model, together with the client experience, and has a BSC weighting of 30%.

All ten Commercial and Service Model 2019 milestones were met. Of note were the new commercial team hiring process, companywide client experience activation, and ANS implementation. Ten of the 11 proposed service milestones were achieved. Compliance at 2019 year end was 98%.

bvc client experience improved from 80 to 82 points in 2019, following general improvements in the following macro-processes: Product 84 (+4.2), commercial management 86.5 (+1.3), operations 84.4 (+11.5) and technology 84.8 (+5.6). From a segment perspective, improvements were measured in: Intermediaries 81.4 (+5.9), promissory notes 75.9 (+8.2) and education 75.6 (+5.9). However, in the issuers segment a fall of 61 points was measured, generating a 2019 year end score of 84.6.



Transformation perspective:

This front has a total BSC weighting of 20%, and is related corporate culture transformation and the capital market development plan.

In 2019, culture transformation met 95% of its milestones in people, action, impact and bvc style. Workshops were run with bvc employees on leadership, innovation culture, client focus, change management in strategic projects and agility.

The capital market development plan achieved 94% compliance, and met 10 of its 11 milestones, including: Securities lending / OTC decree, technological adjustment and MILA market rules, micro-investor relations, and the capital market mission statement.

Company profile



21 Colombian securities exchange

GRI: 102-1, 102-2, 102-3, 102-5, 102-6, 102-12, 102-13

The Colombian Securities Exchange (bvc) is the leading provider of Colombian capital market infrastructure. We are present through the entire the value chain, and offer the following fixed income, equity, derivative and FX services, both directly and through subsidiaries and investment funds: Listing services and solutions (issuer and issue services), Trading (access, transaction and register), Post-trade (clearing, settlement, collateral administration, custody and administration of securities), Information (market and price) and Technology (implementation of core banking systems, capital markets and digital solutions).



Colombian Securities Exchange

		Listing		Trading			Post-trade				Other	
		Issuer services	Issues	Access	Trading	Register	Clearing	Settlement	Custody	Securities Admin.	Reports / Information	Technology and innovation
Equities	Fixed income	bvc deceval •	bvc deceval •	bvc deceval •	bvc		bvc deceval • CAMARA DE RIESGO	deceval •	deceval •	deceval •	bvc	
	Foreign exchange			SET ICAP	SET ICAP	SET ICAP	Gámarade Compensación de Divisas de Colombia S.A.	Gámarade Compensación de Divisas de Colombia S.A.			deceval •	bvc
	Standardised derivatives		bvc	bvc	bvc Derivex •	bvc	CAMARA DE RIESGO CENTRAL DE CONTRATOS DE COLOMBIA	CAMARA DE RIESGO CENTRAL DE CONTRATOS DE COLOMBIA			precia •	sophos •
	OTC derivatives			SET ICAP	SET ICAP	SET ICAP					SET ICAP	Derivex •

• bvc subsidiary

*CRCC is a bvc subsidiary from Feb. 2020

Memberships:

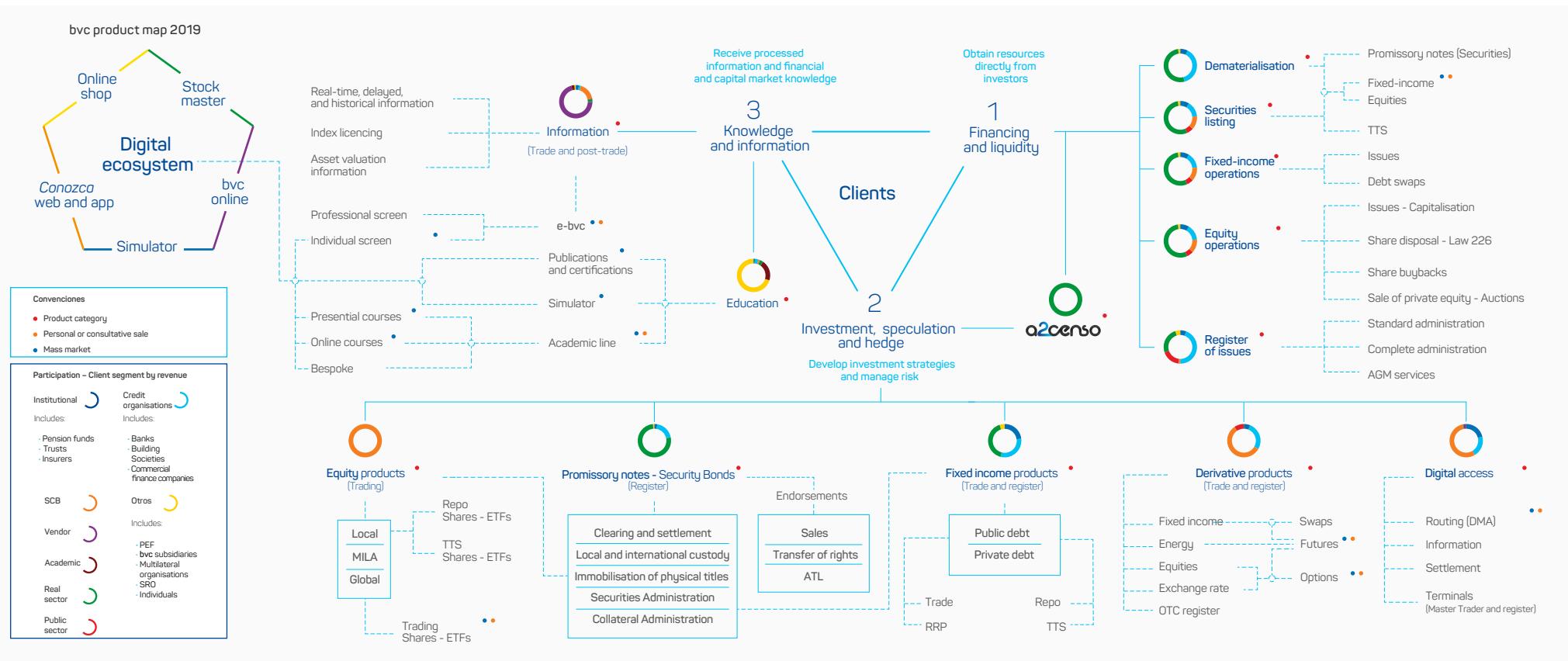


Initiatives:



2.2 Principal activities, products and services

GRI: 102-2, 102-4, 102-6, 103-2



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	24
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						

2.3 bvc brands

GRI: 102-2, 103-2



Brand strategy 2019

In 2019, the brand adopted a mass market focus that allowed us to reach interested parties more easily, closely and empathetically.

- ▶ **Attitude:** The value required to get up each day and face the world, to dream and make your dreams a reality.
- ▶ **A code of conduct:** The way in which ethical behaviour drives bvc actions.
- ▶ **A promise:** A ratification of our commitment that every interaction between bvc and each and every Colombian will be a value generating experience.

By combining this brand landscape with the bvc's corporate mission, we created the transcendental creative concept that "together our value is greater."

bvc brand context

Bearing in mind that the Colombian Securities Exchange has a positive impact on the country's development, it is important that its strategy be designed from various perspectives. One of these is the brand and the way in which it symbolically represents all Colombians.

Following 2017's integration, we have been developing a strategy to consolidate the Exchange as a renewed contemporary company that is close to the people.

The bvc brand in numbers

With the objective of inspiring Colombians to incorporate bvc into their conversations and ensuring that they associate us with the value landscape, in 2019 we achieved the following:

1 3,587 posts using the hashtag #ValorEs (tweets, retweets y comments) that reached approximately 13.4 million people.

2 Five issuers joined the initiative and actively participated on social networks, demonstrating their genuine interest in promoting and sharing the concept of "Value".

Brand Management

Four broad initiatives were used to give life to the concept that “together our value is greater”



A highly emotional [video advertisement](#) was made that introduced Colombians to the attitude, code of conduct and promise that **bvc** offers the country. The advertisement had two versions, the first aimed at the general public, and the second aimed at employees. Both versions [highlighted our human talent](#), characteristics, and long-term strategic vision.



The launch of the creative concept via print media and social network campaign based on the hashtag [#ValorEs](#). This served as a platform for the [general public](#) to explain what [value means to them](#) and how it could be materialised, and led people to associate the word [“value”](#) with **bvc**.



[“The day of Value”](#) – an event held each 7 October [highlighting](#) what “Value” means to Colombians.



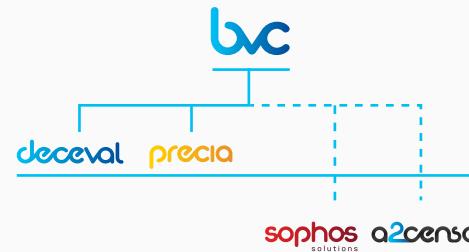
The launch of a [web-based information](#) repository for the general public, to help people [approach themes related to the stock market](#), and promote financial education and capital market knowledge in a fun and entertaining way.



bvc and subsidiary brand architecture

With a view to strengthening the brand architecture of **bvc**, subsidiary and other business lines, the **bvc** subsidiary Sophos redesigned its corporate identity and logo typography to include organic forms. Its new brand reflects closeness, freshness and empathy, all of which are hallmarks of **bvc** companies.

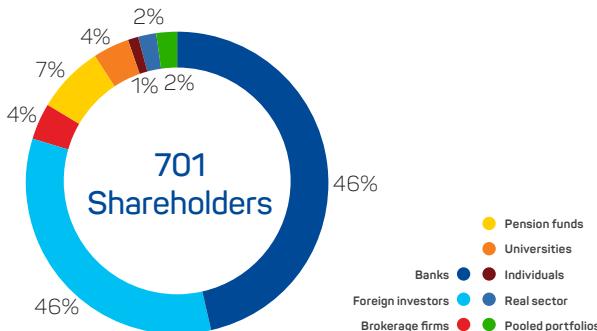
In addition, **bvc** launched its new crowdfunding platform a2censo. A mass market brand identity was created that showcased technology and amiability as fundamental components in the design and development phase.



2.4 bvc shareholders

GRI: 102-5

At 2019 year end, bvc had 701 shareholders, with banks and foreign investors as the largest blocks, holding 46% and 33% respectively. The 25 largest shareholders own 78% of bvc shares.



bvc Stock:

Listed since

June 2007

Floating:

55%*

Type:

Ordinary with voting rights

Number:

60,513,469 (reverse split on 30 April, 2018)

Restriction of

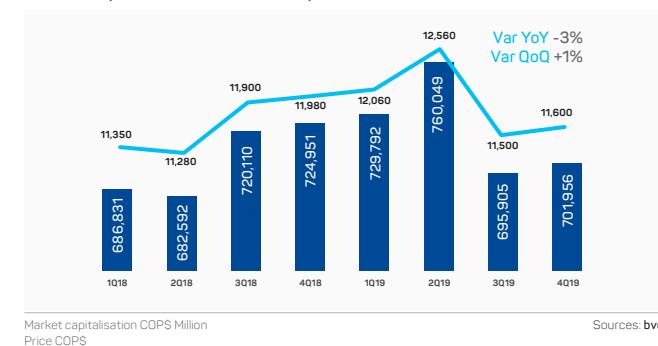
10% in accordance with Law 510, 1999

*In accordance with the formula specified in Article 2.36.3.41, Decree 2555

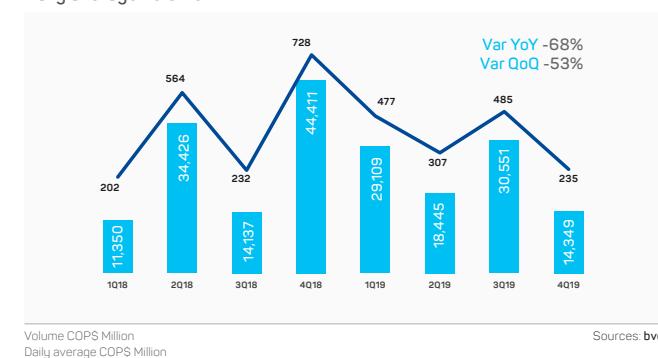
No.	Top 25 shareholders	% Holding
1	BBVA colombia S.A.	7.33%
2	Banco Davivienda S.A.	6.32%
3	B3 S.A. - Brasil Bolsa Balcao	6.11%
4	Inversiones Odisea	5.77%
5	Utilico Emerging Markets Trust PLC	5.74%
6	ITAU Corpbanca Colombia SA	5.74%
7	Fondo de Pensiones Obligatorias Porvenir Moderado	4.59%
8	Universidad de Medellin	4.14%
9	Corporacion Financiera Colombiana S.A.	4.04%
10	Banco Caja Social	3.97%
11	Bancolombia - Bogota	3.25%
12	Millville Opportunities Master Fund LP	2.83%
13	Inversiones CFNS S.A.S.	2.67%
14	Fondo Bursatil Ishares COLCAP	2.07%
15	BMO investments II (ireland) PLC	2.04%
16	Valores Bancolombia S.A. Comisionista de Bolsa S A	1.80%
17	Brown Advisory Latin American Fund	1.64%
18	Fiduciaria Bancolombia S.A.	1.18%
19	Banca De Inversion Bancolombia S.A Corp Financiera	1.10%
20	Londoño y Restrepo S.A.	1.04%
21	FDO de Pensiones Obligatorias Proteccion Moderado	1.01%
22	Banco Colpatria Multibanca Colpatria S.A.	0.93%
23	SBS Seguros Colombia S.A.	0.89%
24	BBVA Valores Colombia S.A. Comisionista de Bolsa	0.87%
25	Banco de Bogotá S.A.	0.86%

bvc stock performance 2019

Market capitalisation – bvc share price

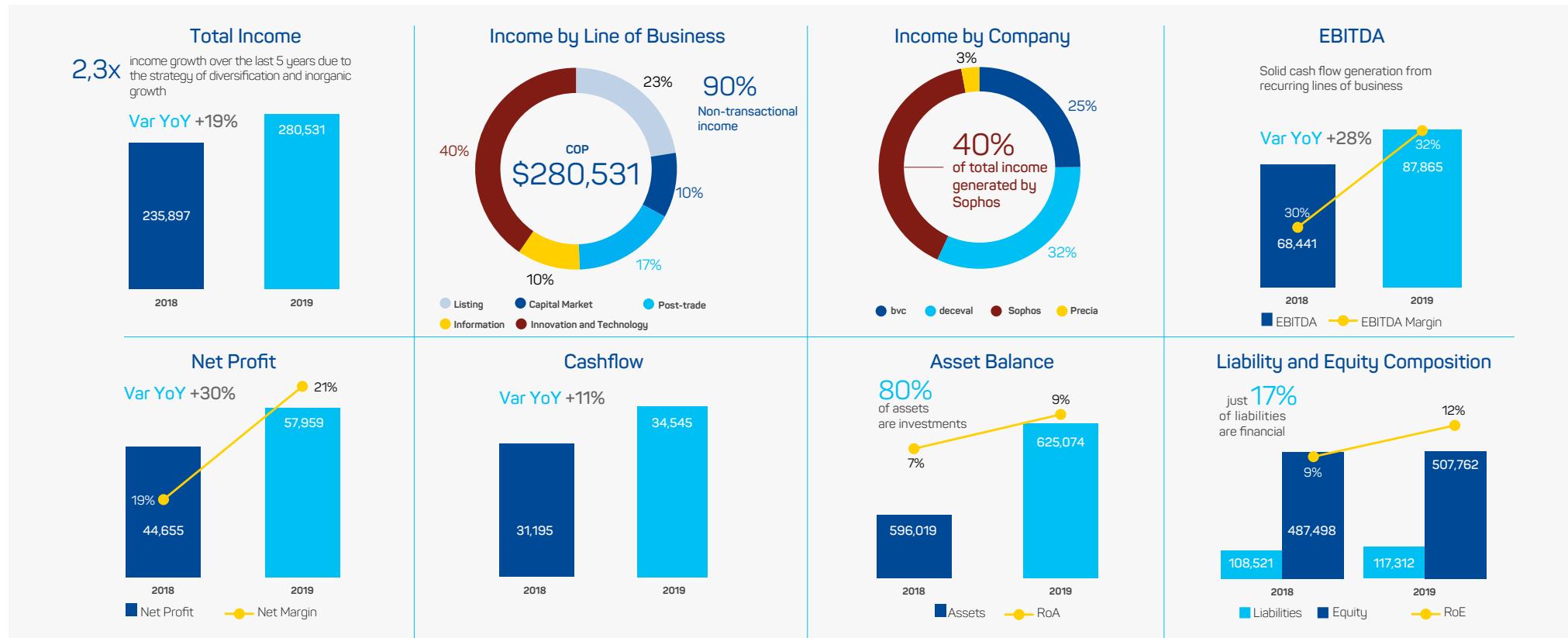


Daily average volume



2.5 bvc results

GRI: 102-7, 103-2



2.51 bvc group of companies

CRCC

A key corporate event occurred in February 2020, when **bvc** acquired control of the Cámara de Riesgo Central de Contraparte (Central Counterparty Clearing House) with a 55.98% holding, thus achieving one of its principal strategic goals of consolidating the entire Colombian capital market value chain, and attaining vertical integration of benefit to all its clients.

↑% Shareholding 8.70% from 47.28% to

bvc 55.98%

deceval 38.8%

17.2%

Cost COP \$10,541 million

Date February 2020

bvc 94.96%
Invesbolsa 4.98%
INVERBVC 0.02%
BVC PRO 0.02%
BVC PLUS 0.02%

Subsidiaries:

deceval 100%

CAMARA DE RIESGO 56%

sophos 54%

recio 100%

INVESBOLSA 100%

INVERBVC 100%

BVC PRO 100%

BVC PLUS 100%

Joint control:

SET ICAP | FX 50%

SET ICAP | SECURITIES 50%

bvc 49.82%
Invesbolsa 0.18%

Permanent investments

Derivex 42%

Cámaras de Compensación de Divisas de Colombia S.A. 31%

xm 0,07%

Derivex

In May 2019, **bvc** Group engaged three strategic partners in the electricity sector (AES Chivor S.A., Emgesa S.A. and Celsia S.A.) to strengthen development of the electricity futures market via Derivex through a capitalisation. Derivex's two main shareholders, **bvc** and XM, each reduced their holdings from 50% to 42.5%, and the three new partners each became 5% shareholders.

↓% Shareholding 75% from 50% to 42.5%

Capitalisation COP\$ 1,738 million

Date May 2019

2.5.2 Subsidiaries and permanent investments

Subsidiaries

	bvc			deceval			CÁMARA DE RIESGO CENTRAL DE CONTRAPARTE DE COLOMBIA			sophos			precia		
	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY
Income	71,189	69,444	+3%	91,943	86,539	+6%	19,985	20,565	-3%	116,202	76,715	+51%	8,829	8,923	-1%
Expenditure	62,687	66,846	-6%	49,787	46,575	+7%	13,930	13,314	+5%	92,844	60,994	+52%	7,556	7,936	-5%
EBITDA	16,613	8,853	+88%	43,745	39,498	+11%	7,419	7,696	-4%	27,045	19,070	+42%	1,670	1,159	+44%
EBITDA Margin	24%	26%		50%	48%		40%	40%		23%	25%		19%	13%	
Net Profit	50,586	39,142	+29%	28,972	29,092	0%	5,579	6,894	-19%	14,212	10,976	+29%	614	434	+41%
Net Margin	72%	57%		32%	35%		28%	34%		12%	14%		7%	5%	

Permanent investments

	SET ICAP			Cámaras de Compensación de Divisas de Colombia S.A.			Derivex		
	2019	2018	Var YoY	2019	2018	Var YoY	2019	2018	Var YoY
Income	29,976	26,568	+13%	10,735	9,888	+9%	164	151	+8%
Expenditure	14,451	13,112	+11%	6,656	6,141	+8%	808	676	+19%
EBITDA	16,216	13,938	+16%	3,863	3,567	+8%	-546	-400	-37%
EBITDA Margin	55%	54%		37%	37%		-455%	-270%	
Net Profit	10,366	8,347	+24%	2,726	2,383	+14%	-649	-651	0%
Net Margin	35%	32%		25%	24%		-396%	-430%	

bvc Shareholding

*Pro forma: COP\$84,028 million deceval investment assets not included



bvc gained a new subsidiary in February 2020: the Cámaras de Riesgo Central de Contraparte (Central Counterparty Clearing House). This strengthens post-trade infrastructure in the **bvc** administered capital market.

2.5.3 Dividend distribution policy

On 28 March 2019 at the AGM, shareholders approved the 2018 profit distribution project, with an increase in dividends of 10% compared to 2017, as follows:

	2017	2018
(+)	Pre-tax profit	107,406
(-)	Income and supplemental taxes	4,200
(=)	Net profit	103,207
(+)	Release of voluntary reserves	31,111
(-)	Earnings before statutory reserves	134,317
(-)	Statutory reserve	10,321
(=)	Earnings before voluntary reserves	123,996
(-)	Fractional acquisition reserve	3
(-)	Voluntary reserve for future distributions	93,737 **
(=)	Total profits to distribute	30,257
	Ordinary dividend	30,257
	Total cash distribution	30,257
	Number of shares	60,513,469
	Dividend per share	500
		550

+10%



Notes

1. It is proposed that ordinary cash dividends be paid in two instalments: (i) 50% on 30 April 2019 and (ii) 50% on 30 August 2019.
2. Dividends will be paid to whomever holds the share on the payment date, in accordance with Article 455 of the Commercial Code.
3. The distributed profits pertaining to the 2016 and 2018 tax years are considered to be free of income and capital gains tax for shareholders, in accordance with articles 48 and 49 of the tax code.
4. As it is proposed that dividends be paid in two instalments, an ex-dividend period will commence 4 trading days prior to each of the dividend payment dates, as follows:
 - 24 April 2019 to 30 April 2019 – ex-dividend period corresponding to the 30 April 2019 dividend payment.
 - 26 August 2019 to 30 August 2019 – ex-dividend period corresponding to the 30 April 2019 dividend payment.

* Release of 2016 voluntary reserves.

** A COP\$500/share distribution of 2017 profits was approved.COP\$ million

2.6 Employee profile

GRI: 102-8, 103-2

At bvc, talent, ability and knowledge are the keys to success, and we dedicate time and effort to designing integrated processes that attract, develop, motivate and retain our employees. We understand the positive impact of having qualified, committed personnel who immerse themselves in our organisational goals.



Our polestar is cultural transformation guided by principles of efficiency, agility and responsibility, and to achieve this we use a motivating and inspiring leadership model.

We ensure corporate success by aligning our employees' personal development objectives with our greater corporate objectives, thus achieving our commitment to transform the securities market. bvc Group employees are holistically skilled (interpersonal, technical, functional) and focussed on organisational innovation.

We are a vertically integrated corporate group that uses multi-market and multi-product platforms to provide solutions to the financial and stock markets; Our employees work in an environment that offers them the best growth, development and learning opportunities

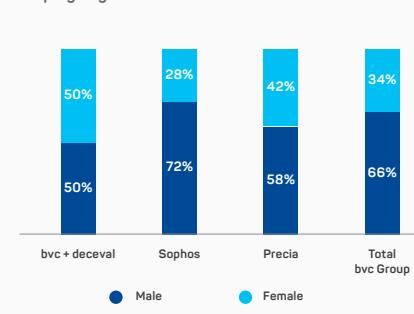
Number of employees



Source: bvc

bvc Group ended 2019 with 1,695 employees, 430 more than 2018. The highest growth was at sophos, which went from 858 to 1,230 employees, an increase of 40%. This is specifically related to the sophos 3.0 critical success factor of "Organisational Capacity" and its "Innovation Culture Management" axis, as well as growth in the number of active projects in Colombia.

Employee gender



Source: bvc

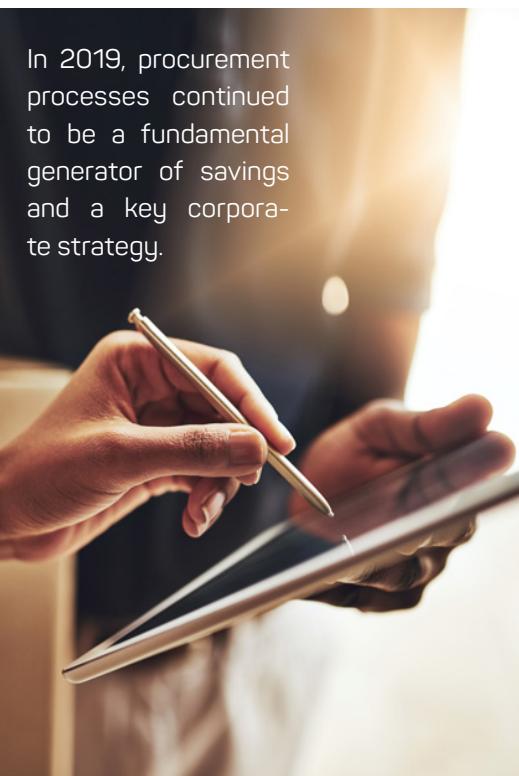
Gender equality is of great importance to the organisation. bvc's objective is to achieve equality of conditions, treatment and opportunities for women and men.

The percentage of male to female employees is fair, and we strive to provide opportunities to men and women in all areas and at all levels of the organisation. The different abilities, experiences and capacities of our employees are what drive the company forward and keep it relevant for our clients and markets. Our hiring process and salary policy allow us to attract the best talent, regardless of gender.

2.7 Supply chain

GRI: 102-9, 102-10, 103-2, 204-1

In 2019, procurement processes continued to be a fundamental generator of savings and a key corporate strategy.



- Our principal efforts and achievements can be summarised as follows:



I. The incorporation of **best practice** in group-level vendor relationship management, giving **bvc/deceval** a better negotiating position.



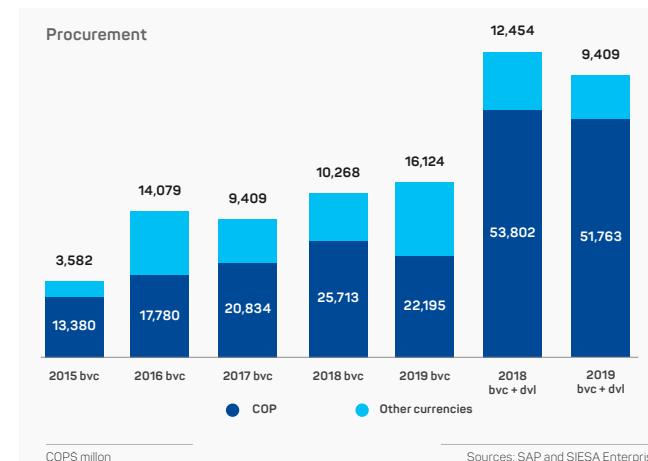
II. The consolidation of a **unified procurement process** with policies, checks and attributions designed to generate greater efficiencies.



III. Synchronisation in the use of **collaborative tools**.



IV. The creation of **unified organisational-level model contracts**, by contracted good or service.



The proposed synergies resulted in a lower volume of procurement in 2019, as can be seen on the graph above. Total procurement fell by **7.7%** compared to the previous year and, in spite of a significant devaluation of the Colombian Peso, purchases in other currencies fell by **24.5%**.

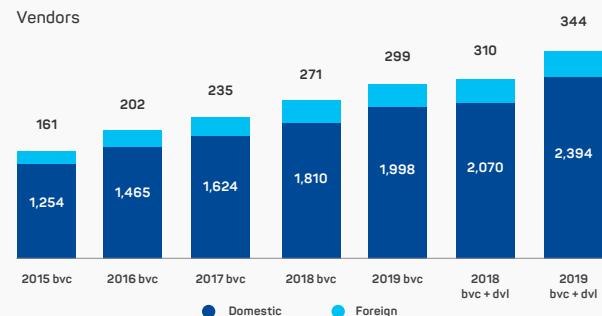
2.7 Supply chain

GRI: 102-9, 102-10, 103-2, 204-1



Negotiations with our vendors is part of procurement management, and consolidates our objective of achieving a continued cost-saving dynamic, with the need to maintain the category of vendors and the conditions of the negotiated good or service.

Vendors



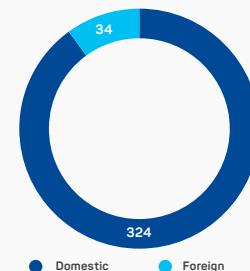
Sources: SAP and SIESA Enterprise

The graph above illustrates our continued search for the best possible terms for bvc in technology, cost, quality and support. One effect of integration was to strengthen and diversify our vendor base, that grew to 2,738 organisations in 2019 - an increase of 15% compared to the previous year.

In accordance with bvc corporate responsibility, and due to their capacity for adaptation, price flexibility, service focus and speed of response, small vendors are an important part of this new dynamic.

The combination of savings through the generation of terms of reference for vendors, subsequent price negotiations, and lower costs, led to a fall in the integrated organisation's accounts payable to COP\$61,172, of which COP38,319 correspond to bvc

New vendors 2019 bvc and deceval



During 2019, the BVQI certifying organisation visited the Procurement Area to audit the ISO 9001:2015 quality control system, and concluded that the process is now strengthened and mature.

The information presented in this section is related only to bvc and deceval, without their subsidiaries.

Movement of invoices: Colombian Securities Exchange certifies that in 2019 it did not hamper the free movement of invoices submitted by its vendors and contractors, and facilitated the free movement of those issued by the organisation for the sale of goods and services related to its activities.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	34
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						

2.8 Precautionary principle

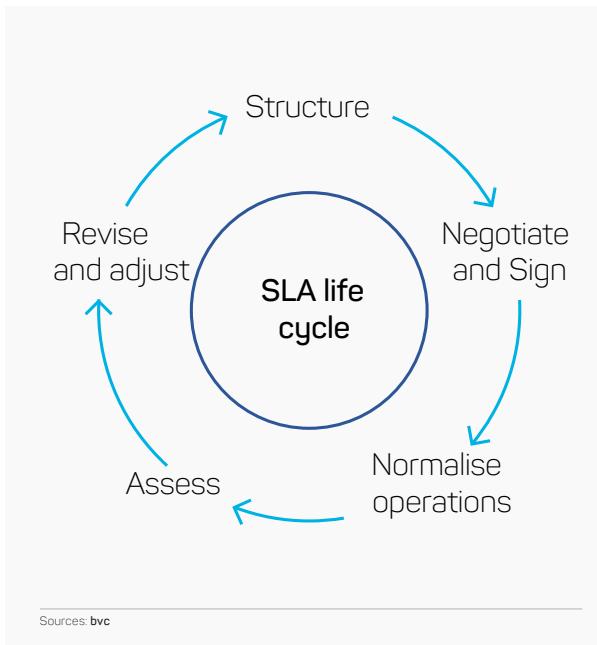
GRI: 102-11, 103-1, 103-2, 205-4



Risk management at bvc follows management system guidelines that are aligned with ISO 31000, and from the outset of new product development we evaluate the impact on processes and how this may impact **risk management**. For existing products, a change control is implemented where applicable to evaluate any effect on risk.

We continued to integrate processes into the consolidated process map, using the following five categories: strategic processes, core processes, support processes, technological processes, and audit and risk management processes.

We are currently implementing a plan for process efficiency that incorporates the following indicators: cost, execution time, client satisfaction, generation of opportunities, and greater information efficacy, efficiency and reliability.



In the context of implementing the new commercial model, we defined 95 internal SLAs that are focussed on time-savings, synchronising activities and ensuring faster delivery to clients, as follows:

- Design, development and implementation of a SLA definition methodology.
- Reduction of business area response time that impacts clients.
- Internal process redefinition and improvement to enable client engagement request tracking.
- Improved client satisfaction due to better online support during the engagement process for promissory notes and dematerialised term deposits.
- Integration of engagement and data updates into one unique form.
- Reduction of the response time for billing complaints.
- Definition of commercial complaints process.
- Creation of a digital client file.
- Definition of process efficiency guidelines.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	35
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						

2.8 Precautionary principle

GRI: 102-11, 103-1, 103-2



Principal Results 2019:



Administrative Management

- Administrative Management **facilitate** client service.
- Efficiencies in archive** consultation requests sent to the warehousing provider.



Technology Management

- ITOM process **integration** by business area.
- Unification** of incident request processes into one tool (JIRA).
- Migration** of physical information registration forms to JIRA.



Issue Administration

- Interactions between operational areas and the integrated exchange/depository were studied to **evaluate efficiencies**.
- The production process for promissory note management was redesigned to **improve the client experience** and **mitigate legal and functional risks**.



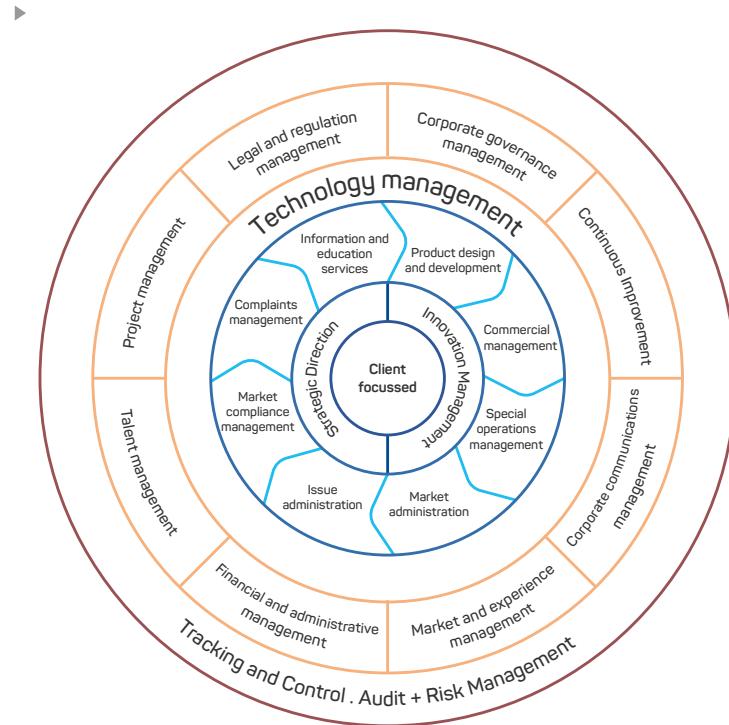
Innovation Management

- Guidelines were established for implementing **innovation initiatives**.
- Process definition** according to bvc innovation strategy.
- Demand management processes were improved by **implementing OpenLab**.



Other Processes

- Documentary support** to facilitate tax refunds for clients.
- Automised** improvement tool.
- SLA form implementation in progress.
- Listings to **facilitate information search**.



Source: bvc



2.8.1. Internal control and the control environment

GRI: 103-2

The internal control system is aligned with Colombian Financial Superintendence regulations and the COSO framework.

As such, it is structured into six areas: Control Activities, Risk Management, Information and Communication, Monitoring, Independent Evaluation, and Control Environment. This system provides a framework for action that is followed by the entire organisation.

An compliance audit was carried out at the end of 2019, and all components were found to be well understood. The organisation is faithfully complying with this system and it forms part of the continuous improvement process, where management systems exist to ensure this.

In addition, a Three Lines of Defence policy complements the Internal Control System. This process management, risk management and independent evaluation tool ensures that process leads are aware of their responsibilities regarding risks that they manage, but that they also understand and respect independent risk management and audits.

The internal control system is working, and the process adjustments implemented were successful and did not introduce new risks nor compliance breaches.

In accordance with bvc Group policy, and to ensure that subsidiaries' procedures were aligned, a relationship of support was developed alongside the implementation of risk management methodological changes.

Board (exchange) - Board (deposit): EOSF (Financial System Organic Statute) and Good Corporate Governance Code

Audit and risk committees (exchange and deposit): EOSF (Financial System Organic Statute) and Good Corporate Governance Code

First line of defence

Process leads

- Identify and manage risk in their operations, implement corrective actions, and improve controls.
- Identify, evaluate, control and mitigate risks, and ensure activities are compatible with goals and objectives.
- Report risks and define action plans.

Second line of defence

Risk and process management

- Contributes to constructing and/or monitoring processes and controls coming from the first line of defence.
- Identifies non-mapped risks and supports business areas in identifying and evaluating new risks.
- Facilitates and supervises effective risk and process management.
- An independent function that reports to senior management and corporate governance organisms.

Third line of defence

Internal audit

- Independently evaluates controls.
- Ensures improved operations and supports the achievement of goals.
- Provides a systematic and disciplined focus to evaluate and improve risk management, control and governance process efficiency.

External audit

Fiscal oversight

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	37
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						



2.8.2 Quality and information management

GRI: 102-11

ISO 27001 Certification, Exchange and Depository

During 2019, information security management focussed on strengthening cybersecurity at the exchange and depository, and the securities market in general. In addition, we obtained multi-company UKAS ISO 27001:2013 Information Security Management System certification. This covers all exchange and depository services:

Exchange: management and administration of fixed income, equity and derivative markets and their infrastructure, and publicly available operational information.

Depository: custody services, administration, issues, transaction register, settlement and clearing on the account entry system.

The certification covers the Bogota and Medellin branches.



BUREAU
VERITAS



Regulatory compliance

We implemented external circular 007 on cybersecurity and external circular 005 on cloud security, issued in 2019 by the Colombian Financial Superintendence. We also implemented security standards for exchange and **deceval** technology projects, and ensured compliance with the Information Security Model as related to the following information security and quality criteria: Confidentiality, Availability, Integrity, Effectiveness, Efficiency and Trustworthiness.

Cloud security management

For some projects, information and cybersecurity has been managed through a focus on minimising vulnerabilities in the system and reducing potential attack vectors by designing security into every phase of the software development lifecycle. This focus is different to a traditional security focus.

In addition, we developed a risk and opportunity matrix for migrating existing systems to the cloud.

Tools and procedures for managing information security

Cloud operation security

- Prepare
- Prevent
- Detect
- Respond
- Recover

Cloud portal access

- API security
- Portal access console
- Multi-factor authentication
- Web application firewall

User access control

- Key administration
- Access ID administration
- Access level administration

Virtualised resources security

- API Gateway
- Hardening
- At-rest encryption
- Web application firewall
- Network zones
- Patch management
- DDoS protection
- Logs

Applications security

- Static code scanning
- In-transit encryption
- API security

Data security

- Data security and monitoring
- Data encryption



Information security and cybersecurity management

The following documents were updated: Information security event and incident process and regulation management; Information security and cybersecurity policy; External standards Windows Server 2012; Information asset process and regulation management; Identifying, analysing and minimising vulnerabilities flowchart; Information security and cybersecurity regulations; Standards for creating and administering users and passwords; Information destruction flowchart; Monitoring management regulations and processes; Digital evidence policies; Information asset classification matrix; and Monitoring information security.

We offered **information security training** throughout 2019, with the objective of raising awareness among exchange and depository employees on concepts such as password management, ransomware; personal information cybersecurity; secure development; information asset classification; security incidents and clean desks. We also offered training on cybersecurity to directors and, as a value-added, to third parties on topics such as security policy; security incidents and information assets.

In 2019, we also **renovated cybersecurity policy**, held simulations of a national cybernetic crisis, and set up a working group on cybersecurity with other securities market organisations.

2.8.2 Quality and information management

GRI: 102-11

► Security checks

Security checks were carried out that focussed on the following topics:



- **Ethical hacking:** We commissioned two ethical hacking tests in 2019 (first and second half), **generating action plans** that we implemented throughout the year.



- We carried out a **simulated cyberattack**, in conjunction with the crisis committee, that enabled us to undertake a strategic evaluation of **bvc crisis management capacities** in the event of an incident affecting the operational availability of products and services.



- We carried out **compliance visits** to the main and contingency datacentres.



- **Analysis of vulnerabilities:** We carried out two analyses of vulnerabilities in 2019 (first and second half), **generating action plans** that we implemented throughout the year.



- We **actively participated** in meetings of the Armed Forces' Joint Cybernetic Command, and participated in the **Command's National Cyber-Olympics**.



- We revised the information **security and confidentiality clauses** contained in service contracts.

► Quality control system

bvc's Quality Management System (QMS) allows us to focus our efforts on the search for excellence through continuous improvement, supported by standardised processes and procedures, and a client focus.

The QMS is strengthened by being focused on processes, cross-company activities, employee participation, training and awareness sessions, a culture of continuous improvement, and a vision of service as a way of guaranteeing memorable experiences for our clients.

In 2019, we worked to consolidate exchange and depository management systems into one unified standard, and achieved Bureau Veritas Multicompany ISO 9001 certification for 2019-21.

An external audit reported excellent results with zero issues, and highlighted the following:

- The high-level of system knowledge, training and experience among core, support and management-level employees.
- The core business processes operational controls that enable product monitoring and service, as well as ensuring compliance.
- The provision for system resources in annual budget planning.
- Clients see the organisation as being serious, committed, compliant, offering comprehensive products, and having effective methodologies to meet their needs.

- Senior management's commitment to improving the management system, including the Risk Committee's position as a strategic ally in evaluating risk and monitoring risk action plans.

- The strength of having automated core processes in the organisation, that allow needs to be quickly met and make processes more efficient.

- The organisation has a structured and strengthened system. The planning and commitment of senior management and the Committee allows the company to face abrupt change while guaranteeing the management system's integrity, and incorporating all levels of the organisation.

100%
Audits completed

81%
Plans closed

95%
Action plan efficiency

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	39
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						

2.8.3. Risk management

GRI: 102-11, 103-2

bvc risk management complies with Colombian Financial Superintendence guidelines, assigns resources, processes and tools to implement the operational risk management system (ORMS), and is designed following ISO 31000 principles and directives.



bvc risk management complies with Colombian Financial Superintendence guidelines, assigns resources, processes and tools to implement the operational risk management system (ORMS), and is designed following ISO 31000 principles and directives.

In 2019

We strengthened the ORMS through resources and training that dynamised risk identification and treatment.

We increased risk analysis coverage, designed strategic initiatives for commercial and service models, and maintained the focus on risk management in organisational projects such as a2censo, Inet and Amarú.

We deepened connections with and between subsidiaries and collective control organisations (Precia, Sophos and Derivex) by holding periodic meetings and creating spaces to develop the Group's organisational vision on risk management.

We developed a risk culture development plan that included awareness and training programmes at all levels of the organisation, including providers and subsidiaries. This kept awareness high of the importance of internal controls and their effect on risk management and administration, and achieved a high level of opportune risk management prevention and treatment.

The World Economic Forum Global Risks Report lists environmental impact in its top five risks. bvc is aware of the current and future risk of climate change on its activities and on society in general, and is in the process of implementing a framework based on international standards that will enable us to identify climate change related risks.

Residual risk distribution

Score	Number	Percent
Very high	0	0.0%
High	0	0.0%
Medium	63	14.7%
Low	366	85.3%
Total	429	100.0%

Source: bvc

The current level of risk in the organisation is within the tolerance threshold, and risk management mechanisms related to the bvc's ability to deliver value are working. This internal and external audit finding has been ratified by the Colombian Financial Superintendence.

Risk management coverage and efficacy have been strengthened, and have exceeded organisational operational risk indicator expectations.

2.8.3. Risk management

GRI: 102-11, 103-2

In 2019, we continued to constantly manage bvc disaster and business continuity planning, and we strengthened BIA methodology implementation efforts for integrated bvc processes.

A planned test programme was implemented at the Exchange and Depository, and 14 tests were completed, as detailed.

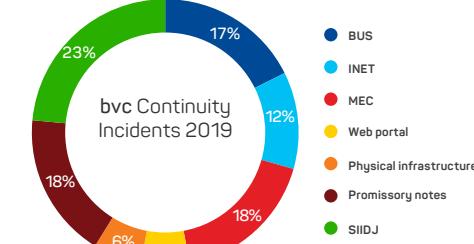
Highlights: One real operational and technological contingency related to depository processes that lasted for 5 consecutive weeks, with a recovery time of 19 minutes (25% better than the previous time).

Business Continuity Management System (BCMS)

	2019 test timetable											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Technological continuity plan												
General test on depository services (SIIDJ, Web Applications and Mail) in the contingency datacentre, including Market				●	●							
Fixed income register contingency (including affiliates)					●							
Comprehensive bvc fixed income (INET, Master Trader and MEC), Equities (X-stream and fix 4.4), post-trade [BackOffice] and STA test. [Affiliates in September]									●			
Derivatives X-stream, with Derivex, Precia and CRCC									●			
Special operations										●		
Operational continuity plan												
Derivatives register										●		
Fixed income register, MECPLUS register with affiliates					●							
AOS tests	●	●	●	●	●	●	●	●	●	●	●	●
Strategic partner tests												
Securities market crises										●		
Emergency plan tests										●		
Emergency brigade tests											●	
Culture plan												
New employee induction	●	●	●	●	●	●	●	●	●	●	●	●
EMI workshops		●		●					●			●
CRISIS workshop												●
Annual continuity training and evaluation												●

The Exchange completed its first full contingency test, outside working hours, that included fixed income, equity and derivative services integrated with compliance and collateral processes.

We experienced 17 continuity incidents in 2019 in the integrated organisation, of which 4 exceed the market product RTO, as detailed below:



Technology uptime in 2019 was 99.98% (Exchange) and 99.96% (Depository) with a combined average of 99.97%.

We continued to participate in the Colombian Securities and Stock Market Crisis Management Committee, alongside other infrastructure providers (CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, precia, Tradition, Enlace and GFI).

Plan goals were met and we implemented Colombian Financial Superintendence (CFS) External Circular 012 guidelines for Stock Market Crisis Management Protocols as preparation for crisis situations following global or individual failures that supersede individual reaction capacity. To implement the adjustments made to the initial version of this protocol, we coordinated with legal representatives and teams, coordination teams and the CFS throughout the year.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	41
Colombian Securities Exchange	Activities, Products and Services	Brands	Shareholders	Results	Employee Profile	Supply Chain	Precautionary Principle	Audit Report						

2.8.3. Risk management

GRI: 102-11, 103-1, 103-2, 103-3

Anti-money laundering/Combating the financing of terrorism (AML/CFT)

Activities were developed to implement and strengthen controls that mitigate AML/CFT risk.

Legislative reports were opportunely sent to the Financial Analysis and Information Unit, and we met the requirements of AML/CFT compliance organisations.

We continue to strengthen client enrolment checks. The compliance area supports verification of provider enrolments.

We encouraged AML/CFT prevention culture by distributing AML/CFT policy and procedure to all new Exchange employees during the risk culture and quality training programme.

Compliance Management

We monitored compliance with web-based information reporting requirements for Collective Investment Funds, Private Capital Funds, Colombian Global Market, IR, and other requirements for equities and fixed income.

We worked on non-compliance, director, administrator and cyber risk administration policies.

We conducted biannual checks of employees against control lists and produced reports on market investments.

We managed the certification and audit process on other infrastructures, assessors and clients.

We conducted a self-evaluation of the Internal Control System.

▶ AML/CFT control and prevention policy

Includes, among other aspects:

1. The achievement of commercial goals is dependent on compliance with AML/CFT prevention and control rules.
2. A cost effective controls principle.
3. Responsibility for investor knowledge and the application of anti-money laundering rules rests with the client.
4. Non-existence of users.
5. Cash contracts with clients are forbidden.
6. Non-disclosure.
7. Collaboration with authorities.

Client knowledge procedure

1. Client enrolment



2. Annual update of client data

Financial risk

We obtained CFS approval to eliminate the criteria of price allocation for non-TES fixed-income security eligibility, where these may be used for RRP operations. We also gained approval for a modification allowing securities to be left as collateral, as long as they comply with the price allocation and qualification criteria.

A chart replicating bvc model results for type classification by liquidity group (A-E) was created and shared with the market; This is used to determine eligibility for Repo operations in the equities market. This was done with view to promoting strategies that make processes more efficient and beneficial for our clients.

With a view to optimising the financial risk element of new issuer and securities inscriptions, we established a SLA for new issuers that defined the necessary process, supplies and maximum compliance time.

Risk models were generated that allow us to monitor the potential for reputational risk to the bvc of issuer or broker actions, that included their financial situation and participation in the Colombian securities market.

We developed exposure reports on fixed income, equity and derivative market allies, that enable timely monitoring and analysis in accordance with market dynamics. This information has become an important asset in the strengthening of compliance-focussed activities related to the company's commercial and product strategies.



Monitoring and prevention system

GRI: 102-11

In 2019, the monitoring and prevention area carried out 428 activities related to prevention, awareness building and monitoring fraud prevention; personal data management and control; physical risk prevention; workplace risk prevention; and due diligence on clients, providers and third-parties.



Workplace risk prevention

158

Safety and occupational health promotion and prevention activities

0

Workplace accidents

0

Workplace illnesses



Personal data risk prevention

21

Walk-through tests

65

Personal data information assets

72

Personal data prevention activities



Illegal activity risk prevention

21

Walk-through tests

1,984

Process activities verified

85

Fraud prevention activities



Due diligence on employees, providers and third-parties

171

Employee risk analysis

21

Provider audits

5

Third-party audits

Matrixes were created for fraud risk, personal data, and organisational process workplace health and safety, that found existing controls to be adequate and identified risks to be within acceptable limits.

A illegal activity risk evaluation guide was defined and implemented to establish an analytical and taxonomic methodology for processes.

In accordance with the established plan, we completed 21 walk-through tests that evidenced an adequate level of control for fraud prevention, personal data management and control, and physical and workplace risk prevention.

100% of planned objectives were met, as detailed to the left by area.

2.9 Audit Report

GRI: 102-11, 103-2

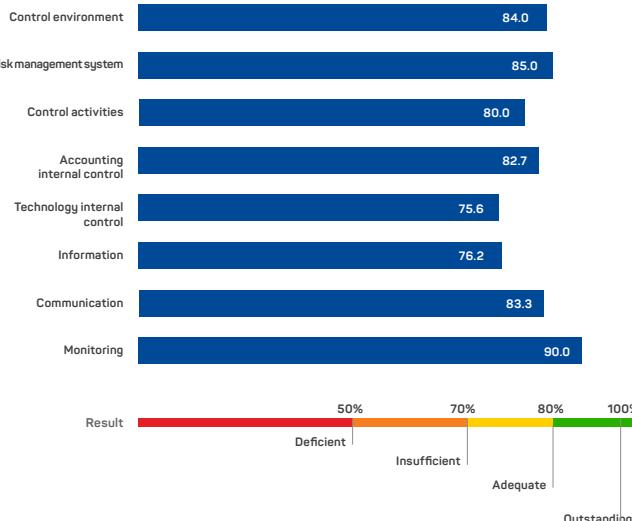


In accordance with Colombian Financial Superintendence Basic Legal Circular part 1, title 1, chapter 4, section 4.6, in addition to senior management monitoring and departmental self-assessment, a periodic external evaluation of the ICS is required. The bvc Internal Audit Department is responsible for conducting this evaluation. In 2019, this was done in accordance with the scope and coverage defined in the regulations.

The independent evaluation contemplates the results of reviews conducted during the audit plan's execution and its status at year end. The main conclusion of the Audit was that ICS average efficacy was 82.1%, as detailed below:

2.9.1 Independent evaluation of the Internal Control System (ICS)

ICS status by component



2.9.2 Internal audit department working practices



In accordance with the Internal Audit Department's quality control and improvement programme, from 29 July to 6 August 2019 IIA Colombia conducted a IPPF* compliance evaluation.

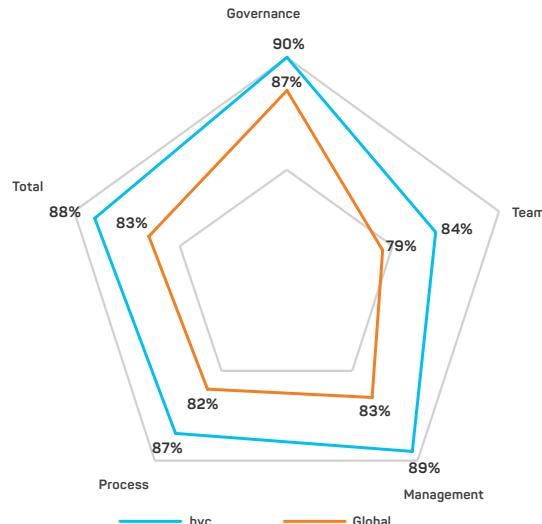
The evaluation was designed to detect opportunities to strengthen the Internal Audit Department's alignment with international best-practice, and its value contribution to risk management, control and organisational governance. The main results are shown to the left.

2.9 Audit Report

GRI: 102-11, 103-2



2.9.2 Internal audit department working practices



a) Perception of performance:

50 employees were surveyed and the average result was 87.7%. This is highly positive when compared to the international benchmark from more than 600 evaluated companies of 83%.

b) Successful practices:

IIA highlighted the following:

- Departmental independence.
- Regular communication between the Audit Manager, senior management and the Audit Committee.
- The risk-based plan incorporating risk management analyses.
- The emphasis on IT audits.

c) Improvements:

The Audit Department created action plans to ensure that the following IIA recommendations are implemented:

- Adjustments to the internal audit statute, code of ethics, policies, regulations and procedures, to improve their alignment with the IIA international framework.
- A more exhaustive 2020 annual plan with the following characteristics:
- An amplified audit universe that offers detail on subprocesses and incorporates mission-critical providers and strategic projects.
- Assigned audit times and frequencies based on a prioritisation matrix that includes strategic risks and objectives, and evaluates the risk of audit.
- Specific planning for each audit that is better documented, more detailed, and oriented towards better identifying significant risks by auditable department, subprocess or unit, including fraud-related issues.
- A change in the way audit findings (currently called observations) are categorised, based on the probability of each risk.
- A new mechanism for evaluating employee competences that is aligned with HR's corporate administration model.
- Coordination activities with other providers to facilitate synergies and mitigate the impact of audits.

2.9 Audit Report

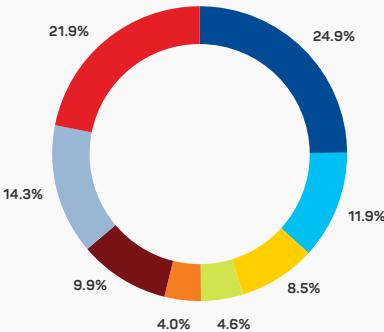
GRI: 102-11, 103-2



2.9.3 Internal audit department work plan

In 2019, the Internal Audit Department designed and executed a unified risk-based work plan for **bvc/deceval** that included the following general directives:

- A continued focus on Exchange and depository processes and risks (essentially, operations, technology and projects), that reflected the following audit time distribution by macroprocess.
- Assigning times and frequencies based on a prioritisation matrix that includes strategic importance and risk.
- Maintaining the figure of co-sourcing to strengthen the scope and depth of IT audits.
- Developing process audits in the following categories: Risk-based, compliance and specialised.
- Maintaining the figure of recurrent audits on pertinent issues to better address fraud and intentional act related risks.
- Guaranteeing legislatively mandated evaluations of risk management systems.



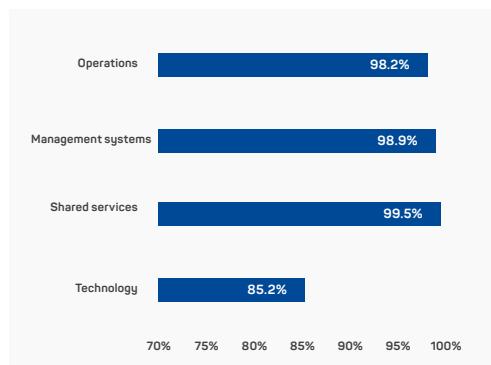
- Operations
- Financial and Administrative
- Human Resources
- Commercial and Product Management
- Other Processes
- Risk Management Systems
- Project Management
- Information Technology



2.9.4 Principal results

Following the previously mentioned audits, reports were delivered that contained findings and recommendations, and action plans were agreed with those responsible. A quarterly review was conducted to evaluate the state of the action plans and the value contribution of each task was evaluated. Conclusions were as follows:

a) Average compliance with the work plan was 95.2% (detail by area below) and 109 reports were issued:



Work not completed at 31 December 2019 will be finalised in January 2020.

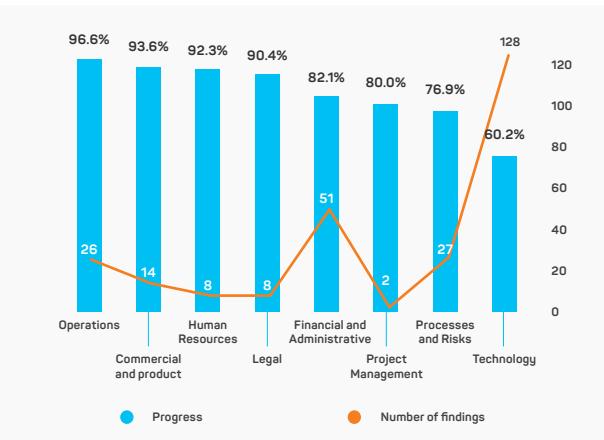


2.9 Audit Report

GRI: 102-11, 103-2

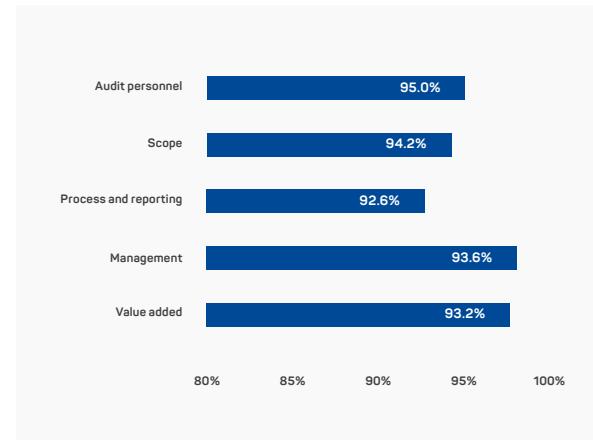


b) At 31 December 2019, 73.5% of the action plans resulting from audit reports had been closed. Open and closed findings by process, are as follows:



2.9.4 Principal results

c) The average annual value perception among internal clients was 94.1% (70 interviews with recipients of planned audits, Jan-Dec 2019), as follows:



The Audit Department submitted action plan monitoring and status reports, and feedback on the relevant results, to the Board of Directors and the Audit and Risk Committee.

Finally, it is important to note that management provided all of the resources and information necessary to ensure that audits could be undertaken independently and without limitation.

2.9.5 Audits of Subsidiaries



In fully-owned
subsidiaries
the following
was
achieved:

a) **deceval** maintained the unified audit model, including the integrated plan, unique IT audit provider, and unified tools and procedures.

b) At **precia**, the Corporate Audit Department acted as designated coordinator, and supported and supervised audit management using **bvc/deceval** support processes.

In 2019, the Corporate Audit Department monitored progress of the 2019 work plan and supported the elaboration of the 2020 plan. It also offered methodological support, revised reports, and resolved doubts. Finally, it participated in six audit committees.

At **Sophos**, where **bvc** has control but there is also a strategic partner, their own in-house internal audit went ahead with the **bvc** Audit Department providing functional supervision (directives, policy, procedure, focus and progress monitoring). In 2019, the Corporate Audit Department hosted multiple meetings on plan progress monitoring, report revision and doubt resolution. It also supported development of the 2020 plan and held meetings with the board to coordinate tasks and give feedback.

Corporate Governance



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	48
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.1 bvc Group Corporate Governance

GRI: 103-1, 103-2, 103-3



In 2019, the Board of Directors approved the following:



- A new commercial strategy and new model of commercial incentives.
- A private share acquisition offer for the CÁMARA DE RIESGO CENTRAL DE CONTRAPARTE [Central Counterparty Clearing House - CRCC] to consolidate the value chain.
- Unification of the Audit and Risk Committees to achieve greater task efficiency.
- Implementation of A2censo as a new business line.
- Continued renovation of IT systems, and INET implementation in the equity and derivative markets.
- Definition and revision of corporate strategy.



Non-independent Members



Mauricio Rosillo

Chairman
VP Legal
General Secretary, Grupo Bancolombia
Non-independent member since 2014
Board member at:
Valores Bancolombia
Fiduciaria Bancolombia
Banca de Inversión Bancolombia



Germán Salazar

VP International and Treasurer, Banco de Bogotá
Non-independent member since 2005
Board member at:
Casa de Bolsa
ANIF
Fiduciaria Bogotá
Banco de América Central: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica
Bac International Bank INC- Panamá



Oscar Cabrera

Executive President, BBVA Colombia
Non-independent member since 2018
Board member at:
BBVA Colombia S.A
Asobancaria



Jaime Castañeda

VP Treasury and International, Banco Davivienda
Non-independent member since 2018
Board member at:
Fondo de Pensiones Protección
Leasing Colombia
Fiducafé
Clínica del Prado
Sefinco
Davivalores
deceval
Davivienda de Corredores



Roberto Belchior

Managing Director B3
Non-independent member since 2019
Board member at:
Bolsa de Valores de Lima
Bolsa de Comercio de Santiago
BYMA – Bolsas y Mercados Argentinos



Aura Arcila

President, Universidad de Medellín
Non-independent member since 2013
Board member at:
Honorable Consiliatura Universidad de Medellín
Junta Asesora de la Frontino Gold Mines (Liquidad)

Independent Members



Rafael Aparicio

General Manager, Acciones y Valores S.A.
Independent member since 2018
Board member at:
Set Icap FX
Acciones y Valores S.A.



Luis Miguel González

Executive President, Credicorp Capital
Independent member since 2019
Board member at:
Credicorp Capital Fiduciaria SA
Cámara de Riesgo Central de Contraparte



Juan Rafael Pérez

Executive President, BTG Pactual Colombia
Independent member since 2019
No other board memberships



Federico Rengifo

Independent Advisor
Independent member since 2019
Board member at:
Frutera de Santa Marta S.A. Frutesa



Santiago Montenegro

President, ASOFONDOS
Independent member since 2010
Board member at:
Multinacional ISA
Autoregulador del Mercado de Valores
Titularizadora colombiana
Consejo Superior Universidad de los Andes
Miembro Consejo Gremial Nacional



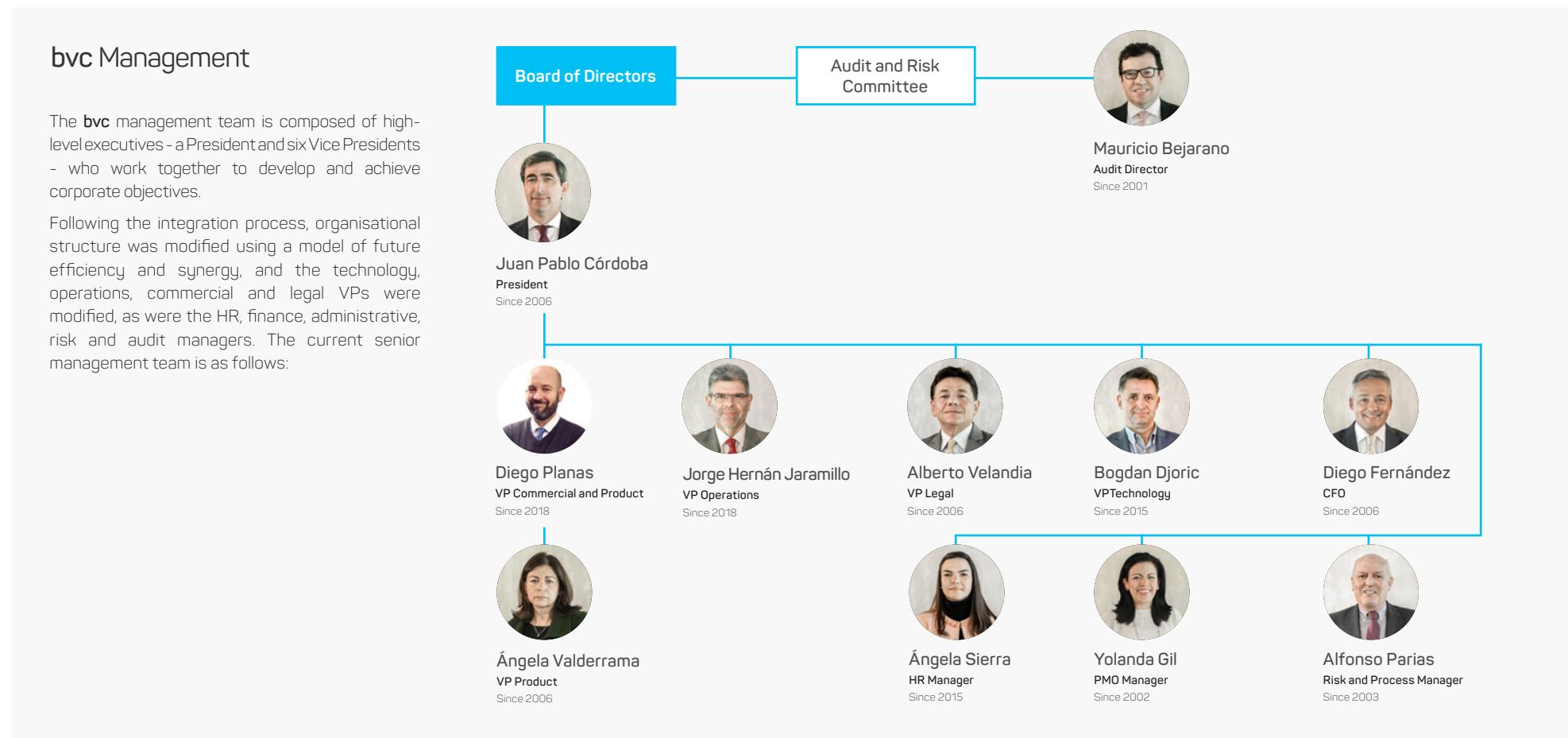
Roberto Junguito

Independent Advisor
Independent member since 2005
Board member at:
AES Chivor & CIA SCA ESP Instituto
Nacional de Seguros
Fundación Alejandro Angel Escoba



Sergio Clavijo

Previous President, ANIF
Currently Independent Advisor
Independent member since 2008
No other board memberships



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	51
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.1.2 Board of Directors and Senior Management Duties

GRI: 102-19, 102-26

The bvc Board of Directors has the following main duties*:



- Strategic planning
 - Approve the company's strategic plan
 - Periodically monitor the plan
 - Approve the business plan and management objectives
 - Approve bvc financial and investment policies and frameworks, and those of other companies in the Group
- Company structure
- Maximizing economic value
- Defining the governance structure and model
- Together with the President, present each year's management report at the AGM

It is important to briefly highlight the Board Chairman and Secretary's functions**. The Chairman should stimulate the company's governance actions, act as a bridge between shareholders and the Board, ensure compliance with Board decisions, and coordinate the monitoring of decisions and requests as required. The Secretary's role is to ensure the legality of Board actions, and that its governance procedures are respected and regularly revised.

For its part, bvc senior management, represented by the Management Committee, is responsible for:

• The bvc management team has the following main duties:



- Generating results that are aligned with Board approved strategy
- Achieving goals and economic targets by coordinating and administering resources
- Guaranteeing compliance with the Board's instructions and ensuring that the company is running well
- Ensuring that the integrated organisation achieves its objectives

The Board of Directors and bvc senior management team are committed to achieving the goals detailed in the strategic plan, as well as the new goals established following *deceval's* integration. As a consequence, they work together to achieve the objective of "being the country's most efficient and effective market infrastructure, focussed on its clients' needs and on building relationships of trust, leading development and regional integration in the Colombian capital market, and generating value for its shareholders and other stakeholders."

It is important to note that in the first session of each financial year, the Board of Directors and its committees approves a work programme that is published and distributed to all members of the Management Committee. This ensures that tasks are assigned to the relevant member of the senior management team, who is then required to deliver the relevant reports in subsequent sessions.

* Article 50 Corporate Bylaws

** Article 71 Corporate Bylaws

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	52
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.13. Board of Directors and Committees

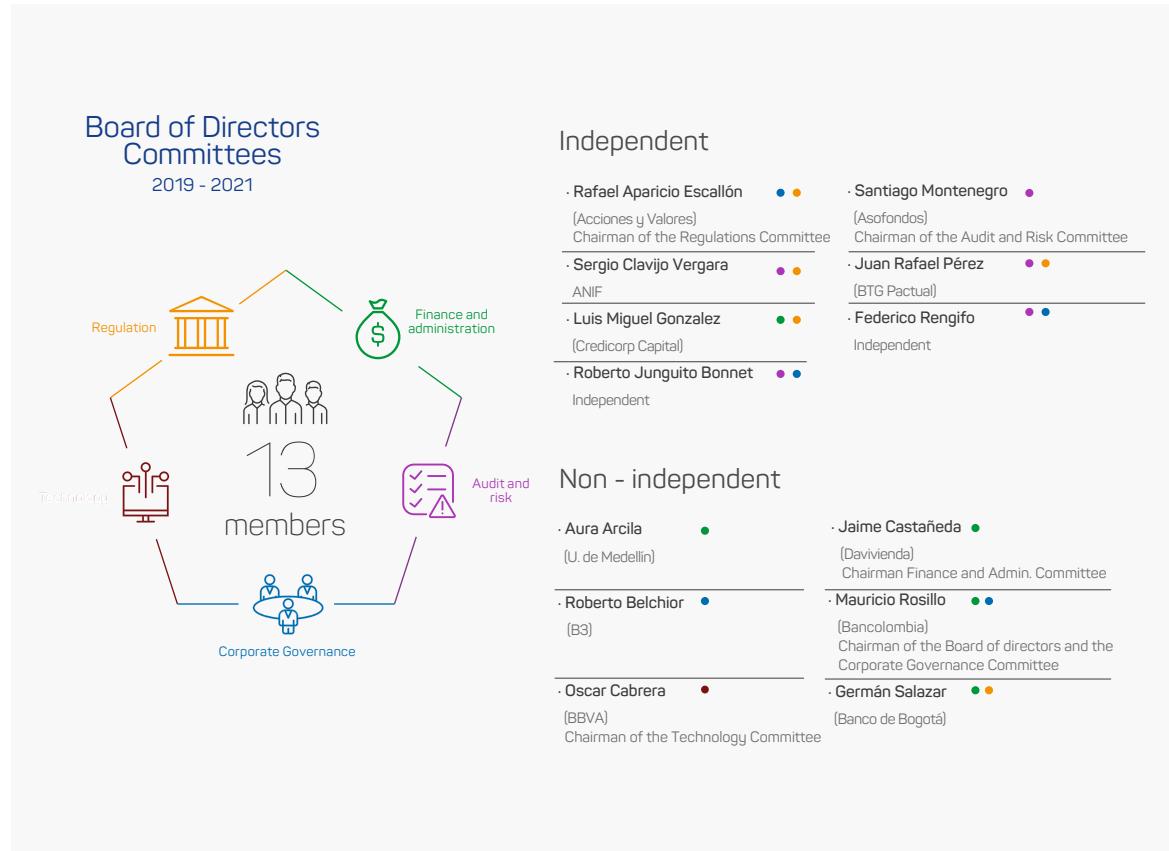
GRI: 102-22, 102-24, 102-32, 103-3

The bvc Board is composed of thirteen principal members, six of whom are non-independent. The inclusion of non-independent members ensures that different groups are represented, such as shareholders and brokerage organisations..

The Board has five committees that support its objectives. The committees have specialised functions that allow them to act on specific themes, submit proposals to the Board, and delegate certain tasks. The committees are: i) Regulations Committee, ii) Technology Committee, iii) Corporate Governance Committee, iv) Finance and Administration Committee, and v) Audit and Risk Committee.

Until 2018, the Audit and Risk Committees were separate bodies. However, in the constant search for greater synergy, we realised that it would be beneficial to integrate these two committees and their respective functions into one unique committee. Therefore, from FY 2019, audit and risk analysis functions were combined into a new Audit and Risk Committee that supports internal controls and risk management, and evaluates accounting procedures and other processes related to auditing and fiscal oversight.

During the March 2019 AGM, the Board of Directors was elected for the period 2019-21. Following the election, the Board of Directors and its Committees appointed a Chairman, as detailed right:



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	53
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.1.3 Board of Directors and Committees

GRI: 102-22, 102-32, 103-3, 207-1, 207-2

Committee	Objective	Members	Main Functions	Relevant Activities and Achievements
Finance and Administration Committee	Support bvc Group, subsidiary and Board tasks related to administrative and financial management.	The Committee is composed of between three and six Board members. Members: <ul style="list-style-type: none">• Jaime Castañeda (Chairman – Non-independent)• Germán Salazar (Non-independent)• Aura Marleny Arcila ([Non-independent])• Mauricio Rosillo ([Non-independent])• Luis Miguel González (Independent)	1. Evaluate new business and investment opportunities; 2. Evaluate investments and subsidiary development and evolution; 3. Evaluate the budget project, financial planning, spending and management indicators; 4. Define investment portfolio policy; 5. Analyse and make recommendations on fees for bvc products and services;	<ul style="list-style-type: none">• Revision of a new commercial strategy and new model for commercial incentives• Liberation of general equity collateral and construction of a collateral contingency fund in the CRCC• Contract for provisioning, administering and operating cloud connectivity services• Release of AGM approved resources for the corporate social responsibility programme• Approval of a derivative and fixed-income market creators programme• Proposal for FX risk coverage• bvc Group insurance programme• Financial analysis supervision function• Approval of bvc Group accounting policy• Aprobación de la estrategia tributaria Grupo bvc
Audit and Risk committee	Support the Board of Directors with internal control and supervision functions related to risk management, evaluating accounting procedures, revising audits of the risk management system, verifying audit tasks, and communications between the Board of Directors and the Auditor.	This Committee is composed of five Board members, who must be independent. The Committee also contains an auditor without voting rights. Members: <ul style="list-style-type: none">• Santiago Montenegro (Chairman – Independent)• Santiago Clavijo (Independent)• Federico Rengifo (Independent)• Juan Rafael Pérez (Independent)• Roberto Junguito (Independent)	1. Propose internal control frameworks and general structure, and internal processes for risk identification, evaluation, management and control; 2. Supervise internal and external audit functions and activities to ensure independence; 3. Examine mid-year and year end financial reports for the Exchange and subsidiaries; 4. Periodically ensure compliance with the bvc Ethics and Behaviour' Manual and the efficacy of ethical control schemes for administrators and employees;	<ul style="list-style-type: none">• Modification of the AML/CFT manual to incorporate A2censo activities• Modification of rules governing the Committee for unifying the Audit and Risk Committees• Implementation report for CFS External Circular 007, 2018, on cybersecurity• Independent external evaluation completed by the Colombian Institute of Internal Auditors• Creation of communications channel policies for the reception of complaints
Corporate Governance Committee	Support the Board of Directors with regards to good corporate governance through periodic evaluations of corporate governance compliance, recommendations and principles, evaluating senior management functioning and evaluating candidates for President of the Company.	This Committee is composed of between three and five Board members, one of whom must be the Chairman of the Board. Miembros: <ul style="list-style-type: none">• Mauricio Rosillo (Chairman – Non-independent)• Roberto Belchior (Non-independent)• Roberto Junguito (Independent)• Federico Rengifo (Independent)• Rafael Aparicio (Independent)	1. Ensure compliance with policies, rules and good corporate governance practice, and the Ethics and Behaviour Manual; 2.Undertake an annual evaluation of the Board of Directors' collective performance and efficiency; 3. Propose and revise criteria related to the composition of the Board of Directors; 4. Propose to the Board remuneration and succession policies for itself and for senior management;	<ul style="list-style-type: none">• Unification of the Audit and Risk Committees• Implementation of a new digital platform for Committee and Board management• Revision of a new commercial strategy and new model for commercial incentives• Establishment of a sustainability policy• Establishment of remuneration policy for the auditor

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	54
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Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity						
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3.1.3 Board of Directors and Committees

GRI: 102-22, 102-24, 102-32, 103-3, 207-1, 207-2

El Consejo Directivo y sus Comités

Committee	Objective	Members	Main Functions	Relevant Activities and Achievements
Regulations Committee	Support the Board of Directors with regard to market development, approving Exchange regulations, and tasks related to brokerage organisations.	The Committee is comprised of between three and six Board members. Members: <ul style="list-style-type: none">• Rafael Aparicio (Chairman - Independent)• Sergio Clavijo (Independent)• Juan Rafael Pérez (Independent)• Luis Miguel González (Independent)• Germán Salazar (Non Independent)	1. Study and recommend to the Board reforms to Exchange rules; 2. Study and submit for Board approval requests for brokerage companies; 3. Analyse laws, dispositions and projects that have or may have an effect on the securities market;	<ul style="list-style-type: none"> • Alternative mechanisms for MILA negotiation. • The incorporation of equity shares issued by closed collective investment funds, private capital funds, independent trusts, and securitisations, so that they may be traded in the equities system. • Implementation of the technological renovation project with a view to migrating equity and derivative trade operations to Nasdaq's high performance X-Stream INET system, in addition to implementing new INET functionalities in the fixed-income market. • Clearing and settlement of bvc cash and TTS operations via the CRCC. • Modification of the COLAP futures contract and addition of the COLCAP futures mini-contract. • Risk model criteria and eligibility requirements for REPO, RRP and TTS operations. • Extension of the PPP programme.
Technology Committee	Support the Board of Directors in the planning, development, articulation and execution of technology-related tasks.	The Technology Committee is comprised of three members, one of whom is a member of the Board and two of whom are external members who are recognised technology experts and are elected by the Board. Members: <ul style="list-style-type: none">• Oscar Cabrera (Chairman – Non-independent)• Patricio Melo (External)• Ricardo Olarte (External)	1. Support the design, updating and monitoring of the Exchange's strategic technology plan; 2. Evaluate and recommend to the Board technology investments; 3. Help the Board to understand, verify and validate issues related to technological innovation, investigation and development;	Approve and monitor bvc/deceval technology strategy

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	55
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Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity						
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3.1.3 Board of Directors and Committees

GRI: 102-22, 102-24, 102-32, 103-3, 207-1, 207-2

Attendance

Member	Board of Directors	Administration and Finance Committee	Audit and Risk Committee	Corporate Governance Committee	Regulations Committee	Technology Committee	Percentage Compliance	Percentage Compliance
Aura Marleny Arcila	10/12	6/10	n/a.	n/a.	n/a.	n/a.	72.72%	100%
Federico Rengifo	9/9	n/a.	5/5	4/4	n/a.	n/a.	100%	100%
Germán Salazar Castro	11/12	10/10	n/a.	n/a.	6/6	n/a.	96.42%	100%
Jaime Castañeda Roldán	12/12	10/10	n/a.	n/a.	n/a.	n/a.	100%	100%
Juan Rafael Pérez	7/9	n/a.	4/5	n/a.	3/4	n/a.	77.77%	100%
Luis Miguel González	8/9	6/7	n/a.	n/a.	4/4	n/a.	90%	100%
Mauricio Rosillo Rojas	11/12	8/10	n/a.	6/6	n/a.	n/a.	89.28%	100%
Oscar Cabrera Izquierdo	7/12	n/a.	n/a.	n/a.	n/a.	1/1	61.53%	100%
Rafael Aparicio Escallón	12/12	n/a.	n/a.	3/6	4/6	n/a.	71.16%	100%
Roberto Belchior	9/9	n/a.	n/a.	4/4	n/a.	n/a.	100%	100%
Roberto Junguito Bonnet	11/12	n/a.	4/5	5/6	n/a.	n/a.	86.95%	100%
Santiago Montenegro Trujillo	11/12	n/a.	5/5	n/a.	n/a.	n/a.	94.11%	100%
Sergio Clavijo Vergara	12/12	n/a.	5/5	n/a.	6/6	n/a.	100%	100%

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	56
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.1.4. Administering and Managing Conflicts of Interest

GRI: 102-25

bvc has a number of corporate rules to manage of conflicts of interest in bvc employee, board member, senior management and shareholder relationships.

Article 77 of the company bylaws states that everyone connected to the company must act with due diligence and loyalty, and details the procedure to follow when confronted with a potential conflict of interest.

Section 10, article 71 of the bylaws, states that the Chairman of the Board of Directors must at the start of each session request from all Board members a declaration that to the best of their knowledge they have no conflict of interest related to the topics detailed on the meeting agenda.

The Good Governance Code includes multiple sections related to conflicts of interest; It establishes as a duty of shareholders and Board members the need to autonomously and opportunely reveal any conflict of interest and always act in the best interests of the company (Article 2.112 #5, 4.11.2 #5 and #13). Equally, Title VII explains what a conflict of interest is, the duty of recusal, prohibited behaviour, the duty of revelation, and the procedure to follow regarding a conflict of interest.

The bvc Ethics and Behaviour Manual sets out guidelines to avoid situations of interference between different spheres that may result in control and due diligence omissions in client knowledge procedures for personal or third-party gain (Article 3.8).

It is important to highlight that the integrated organisation did not enter into any non-employment contracts with its directors, administrators, top executives and legal representatives, nor with their next of kin, business partners or other connections, other than one mutual agreement. Equally, no conflicts of interest were reported by the Board of Directors.

When a conflict of interest is identified, or suspected, the following procedure is activated:



1. Abstain from directly or indirectly intervening in the activities, actions or decisions of those with whom the conflict of interest exists.



2. If related to an employee, the conflict must be reported in writing to their line manager, who will evaluate if the employee should recuse themselves. The line manager may authorise the employee's continued participation by establishing a procedure that protects the company's, or third-party's, interests.



3. When related to a member of the Board of Directors, the situation must be reported to the Corporate Governance Committee or the Board of Directors, with all the information necessary for a decision to be made on how to proceed. These corporate bodies may authorise an act to be drafted if no harm will be caused to the company's interests or those of a third-party.

The Board of Directors is the body responsible for managing conflicts of interest between the company and its shareholders, as well as those related to Board members and the senior management team.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	57
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.1.5. Board of Directors Self-evaluation

GRI: 102-28, 103-3

The Board is evaluated annually, as follows::

Models:



Self-evaluation



Peer evaluation



External evaluation

Evaluation is designed to ensure compliance with the principles and responsibilities detailed in the Good Corporate Governance Code, and identify areas for improvement.

The bvc Board of Directors self-evaluated in February 2019, with the support of an external and impartial consultant who guaranteed that the process was independent. The following variables were included: i) Whether the Board of Directors worked as a committed and professional team; ii) The Board's operating model; iii) Focus on the agenda; iv) Roles of the Board of Directors; v) The contribution of Committees; vi) An internal perspective of Committee functioning; and vii) Interaction with senior management.

A key outcome of the self-evaluation was the need to dedicate more time to long-term projects related to technology and innovation. The most highly valued Committees according to

senior management were the Administration and Finance Committee and the Regulations Committee. The Committee most highly valued by the Board of Directors is the Governance Committee.

Following a revision of the results, the Corporate Governance Committee suggested integrating the Risk and Audit Committees due to the overlap in their responsibilities and the potential efficiencies available from unifying them. This resulted in these two Committees being integrated following the May 2019 meeting.



3.1.6. Evaluation of the bvc President and Senior Management

GRI: 102-20, 102-28, 103-3

Following an independent evaluation, the Corporate Governance Committee and Board of Directors periodically evaluates the bvc President on his achievement of the goals and indicators detailed on the Balanced Scorecard, and senior management on their compliance and performance related to the 70-20-10 plan.

In particular, the administrative and financial area is responsible for monitoring economic, environmental and social performance, and regularly present to the Board of Directors the individual and consolidated financial statements, and the annual donation plan including the Investment Fund.

The Corporate Governance Committee also evaluated the bvc President based on the Risk Management Report and highlighted the closure of previously highlighted breaches. The Corporate Governance Committee unanimously found Juan Pablo Córdoba's performance as bvc President to have been satisfactory.

3.17. bvc Board of Directors and Senior Management Remuneration Policy

GRI: 102-20, 102-28, 102-35, 102-36, 102-37, 103-3



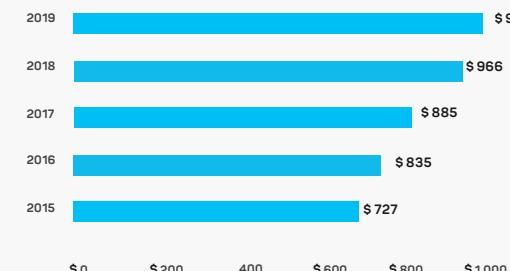
The remuneration policy defines frameworks and criteria to determine adequate remuneration for the bvc Board of Directors, and attract and retain members with the highest personal and professional qualities.

The Board of Directors and Committee remuneration criteria is aligned with bvc strategy and vision, shareholder and investor interests, and the need to create long term sustainable value for the Exchange.

Payment is only made in money; payment in shares or other Exchange values is not permitted. Compensation or incentives for Board members may not legally be made in share options nor other Exchange values and, therefore, Board member remuneration does not include variable elements.

The fees paid to Board and Committee members are set by shareholders at the AGM. As stated in Act 33, on 28 March 2019 the Assembly unanimously approved the 2019 Board fee proposal, and it's 2020 inflation-based increase.

Total Annual Fees Board of Directors



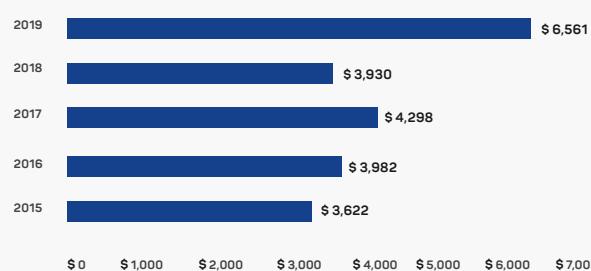
Senior management remuneration is established by the guidelines stated in the Senior Management Appointment, Succession and Remuneration Policy. This document details the compensation framework developed and approved following a technical analysis of best remuneration practice at comparable organisations.

The total compensation framework is comprised of fixed and variable remuneration elements designed to motivate bvc employees to achieve their strategic objectives, and allow bvc to compete for the best available talent. When setting remuneration by position, the methodology considers factors such as impact, communication, innovation and knowledge.

As detailed in the company bylaws, the Board of Directors is responsible for setting the bvc President's remuneration package, based on the analysis and recommendations of the Corporate Governance Committee.

In turn, the bvc President is responsible for setting Vice Presidents' remuneration packages and providing an annual report of the salary matrix to the Corporate Governance Committee.

Total Annual Payments Senior Management



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	59
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.2. Corporate Governance Practice

GRI: 102-27, 103-1, 103-2

The results of continuously updating and implementing corporate governance best practice are detailed right:

- ▶ Regarding trades that Board members, senior management and other administrators may have made on shares and other securities issued by the company, in accordance with article 4.3 of the Good Corporate Governance Code, employees of the company, their subordinates and legal representatives may trade in their own name and benefit securities listed on the Exchange other than shares, as long they are legally permitted to do so. With regard to members of the Board, none are shareholders and therefore they did not trade company shares.
- To date there are no ongoing agreements between shareholders.
- No share buybacks occurred in 2019.
- In 2019 the Board of Directors did not receive external advice.
- Two members of the current Board of Directors also sit on the Boards of subsidiary companies, as detailed below:

- ▶ **Board of Director information was managed through two platforms in 2019:**



1. The Corporate Governance microsite at (<https://gobiernocorporativo.bvc.com.co/>) This platform is used to publish meeting agendas and documentation five days before each Board or Committee meeting. Access is password restricted to authorised users. A hard copy of the information is also provided at the start of the meeting, and destroyed after the meeting to ensure confidentiality.
2. Since October 2019, we have also been using Diligent Boards. This platform has eliminated the need for hard copies of information to be distributed at each meeting, and has reduced paper usage by 100%, as required by bvc Group sustainability policy.

Prácticas de gobierno corporativo

Member of the bvc Board of Directors

Board member at

Luis Miguel González Espinosa

· Cámara de Riesgo Central de Controparte

Jaime Alonso Castañeda Roldán

· Cámara de Riesgo Central de Controparte
· deceval

3.2.1. Principal Modifications to bvc Company Bylaws



No modifications were made to the bylaws in 2019.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	60
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.2. Corporate Governance Practice

GRI: 102-27, 103-1, 103-2

3.2.2. Principal Modifications to the Good Governance Code



On 27 March 2019, in act 261, the Board of Directors approved modifications to articles 4.1.1.2, 4.1.4.1, 4.1.4.2 and 6.1.1.2 of the Good Governance Code, and integrated the Risk and Audit Committees.

This modification was designed to achieve greater decision making and integral monitoring efficiencies in tasks assigned to these Committees. On 30 October 2019, in act 268, the Board of Directors approved modifying 1.2.1.1 and 2.1.1.2 of the Good Governance Code, related to the A2censo collaborative financing platform.

On 11 December 2019, in act 270, the Board of Directors approved establishing a remuneration policy for the auditor, and including it in the Code. It also approved establishing a Sustainability Policy and including this document as an annex to the code, together with the Senior Management Appointment, Succession and Remuneration Policy.

3.2.3. General Shareholders' Assembly



Shareholders only met once in 2019, on 28 March. During the meeting, the following was debated and approved:

Issues submitted for shareholder consideration:

Approval of Board of Director and President Management Reports

Audit report

Approval of the 2018 Financial Statements (consolidated and individual)

Analysis and approval of the profit distribution project

Information and analysis of the local framework for IFRS implementation

Election of independent members of the Board of Directors for 2019-21

Election of non-independent members of the Board of Directors for 2019-21

Election of the auditor and approval of the audit management budget

Free transfer proposal

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	61
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.3 Audit Committee Annual Report

GRI: 102-29, 102-30, 102-31, 103-2, 103-3, 205-1



25 February 2020

Board of Directors

Colombian Securities Exchange

Bogota

Ref: Audit Committee's Annual Report to the Board of Directors

Dear Sirs,

As Chairman of the Audit and Risk Committee, I hereby submit this report on the Committee's activities and results from April 2019 to March 2020, in accordance with Colombian Financial Superintendence Basic Accounting and Finance Circular (Chapter IX subsections 2.3.10. and 2.2.32) and Basic Legislative Circular (Chapter IV, Title I, Part I, subsection 61.2.1), as well as

the Audit and Risk Committee bylaws:

I. The Audit and Risk Committee

In accordance with article 2 of the bylaws, the Committee is comprised of five independent board members. Between April 2019 and March 2020 Committee members were Federico Rengifo Vélez, Roberto Junguito Bonet, Sergio Clavijo Vergara, Juan Rafael Pérez Vélez and myself, Santiago Montenegro Trujillo.

Bruce Butterill from Deceval's Audit and Risk Committee attended as a guest and go-between for the two Committees.

II. Duties and powers

In accordance with article one of the bylaws, the Audit and Risk Committee supports the Board of Directors in monitoring the internal control system's functioning and effectiveness, and verifying the work of supervisory bodies.

Duties are described in article three of the Committee bylaws, and strictly follow Basic Legislative Circular (Chapter IV, Title I, Part I, subsection 61.2) requirements.

III. Evaluation of Committee Operations

In accordance with Corporate Governance policy, the Committee's work was evaluated as follows: i) compliance with the meeting schedule, ii) number of sessions that achieved quorum, iii) each member's attendance record, iv) compliance

with meeting agendas, and v) corresponding acts issued.

Over the year, the Committee met on six occasions, and all meetings achieved quorum. Agendas and documents were made available to Committee members on the Exchange website or on Diligent Boards, and all 13 proposed topics were debated. Attendance was 88% on average and the Committee approved 100% of its acts.

IV. Internal Control System

4.1. Internal control directives

On 28 May 2019, the Committee approved modifications to the Colombian Securities Exchange Internal Control Manual (Act 0263, item VI), related to activities, roles and responsibilities necessary for the system to function correctly.

4.2. Evaluating effectiveness of the internal control system

With a view to obtaining a complete overview of the internal control system's most relevant components, the Committee incorporated into its sessions analysis of risk management, financial statements and supervisory body reporting. There follows a summary of this analysis:

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	62
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.3 Audit Committee Annual Report

GRI: 102-29, 102-30, 102-31, 103-2, 103-3, 205-1

4.2.1. Control environment

Session	Topic	Detail	Result
28/05/2019 (act 062, item IV)	Annual agenda	Presentation and approval of the agenda.	Approved
Session	Topic	Detail	Result
28/05/2019 (act 062, item V)	Audit and Risk Committee Bylaws	Presentation of Board's proposal to merge the Audit and Risk Committees	Informed. Approval recommended.



4.2.2. Risk management

Session	Topic	Detail	Result
28/05/2019 (act 062, item VIII)	Risk management report	a) AML/CFT. b) ORMS risk exposure. c) Disaster management and business continuity. d) Financial risk management. e) Information security and cybersecurity management. f) Monitoring and prevention..	Informed. Approval recommended of adjustments to: - AML/CFT manual. - Internal control system manual. - Crime prevention manual.
25/06/2019 (act 063, item V)	Risk management functions	Main functions, themes and expected decisions.	Informed
30/07/2019 (act 064, items IV to IX)		a) AML/CFT. b) ORMS risk exposure.	
24/09/2019 (act 065, items IV to IX)	Risk management report	c) Disaster management and business continuity. d) Financial risk management. e) Information security and cybersecurity management. f) Monitoring and prevention.	
10/12/2019 (act 066, items IV to VIII)		a) AML/CFT. b) ORMS risk exposure. c) Disaster management and business continuity. d) Financial risk management. e) Information security and cybersecurity management. f) Monitoring and prevention.	Informed. Approval recommended of AML/CFT Manual adjustments.
25/02/2020	Risk management report	a) AML/CFT. b) ORMS risk exposure. c) Disaster management and business continuity. d) Financial risk management. e) Information security and cybersecurity management. f) Monitoring and prevention..	N/A

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	63
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.3 Audit Committee Annual Report

GRI: 102-29, 102-30, 102-31, 103-2, 103-3, 205-1

4.2.4. Audits and controls

The Committee revised and analysed internal and external audit reports to evaluate organisational and technological risk control effectiveness, especially related to the following:

Session	Topic	Detail	Result
30/07/2019 (act 064, item X)	Process management	a) 2019 process integration plan. b) Process management. c) SLA report. d) ISO 9001:2015 multicompany certification.	Informed
25/02/2020		Process management report.	N/A

4.2.5. Information and communication.

The following financial information was analysed:

Session	Topic	Detail	Result
30/07/2019 (act 064, item XII)	Financial statements	Individual and consolidated company financial statements to June 2019.	Informed
25/02/2020		2019 year end individual and consolidated company financial statements.	N/A

4.2.6. Independent monitoring and evaluation

Internal control system:

Session	Topic	Detail	Result
25/02/2020	Compliance management	Internal control system self-evaluation.	N/A

At each meeting, the management report was analysed. This was a fundamental monitoring component as it details all relevant internal control system supervision issues at all levels of the organisation.

In compliance with independent audit requirements, the Committee was provided with audit reports that were fundamental to system monitoring (see V and VI of this report).

4.3. Legislative compliance

The Colombian Financial Superintendence (CFS) conducted an on-site inspection from 29 April to 24 May 2019, and evaluated the following: trading and registry systems, technology, innovation, contingency and business continuity planning, and cybersecurity. Particular attention was paid to risk management and internal audit processes following bvc/deceval integration.

The CFS report stated that "...bvc securities trading and registry systems are stronger than they were during our last inspection in 2016. Recommendations made on that and previous occasions mean that today the Exchange has well defined and effective procedures for risk management and internal audits, and a robust and resilient technology platform."

The report also made recommendations that have been converted to action plans for 2019 and 2020 execution; Progress is audited quarterly.

4.4. Effectiveness

Based on audit reports, management information, and legislative control and supervision reports, the Committee considers internal control systems to have been adequate in the past year and to have complied with the following objectives:

- Improve operational efficiency and effectiveness.
- Prevent and mitigate fraud.

- Adequately manage risk.
- Guarantee information timeliness and trustworthiness.
- Comply with legislation.

Following two years of integration between the Exchange and Deceval, the Committee believes that we should finalise the unification process, especially regarding technology and implementing internal audit findings. We also highly recommend maintaining levels of operational risk monitoring and evaluation to prevent occurrences, and guarantee that materialised risks are reported and addressed. This is especially relevant to client service availability.

4.5. Adopted measures

No material deficiencies were detected. However, an analysis of information contained in external control reports led us to take the following measures:

- Optimise operational and accounting controls.
- Improve internal audits with regard to 2019's independent audit recommendations to better align them with international standards (IIA norms).
- New risk management guidelines (internal control, AML/CFT, crime prevention).

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	64
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.3 Audit Committee Annual Report

GRI: 102-29, 102-30, 102-31, 103-2, 103-3, 205-1

V. Internal audit management

5.1. Activities

The Committee addressed the following:

Following two years' work integrating the Exchange and Deceval, it is now time to finalise process unification, especially with regard to technology and the timely management of audit findings. In addition, we must continue to evaluate and monitor operational risk to prevent any issues, and guarantee that risk events are registered and that the necessary measures are taken where required, especially in cases where client service availability may be affected.

Session	Topic	Detail	Result
28/05/2019 (act 062, item VIII)	Internal audit reports	<ul style="list-style-type: none"> a) Internal audit role: <ul style="list-style-type: none"> - Three lines of defence model. - Mission, vision and general process. - Audit quality control programme b) Management indicators (to Q1 2019) c) Audit plan change monitoring 2019. d) Work completed and main findings January to May 2019. e) Evaluation of IT audit co-sourcing. f) Subsidiary internal audits. 	Informed. Audit plan change monitoring approved.

Session	Topic	Detail	Result
25/06/2019 (act 063, item IV)	Internal audit tasks	Main internal audit tasks, communication and expected decisions	Informed.
30/07/2019 (act 064, item XI)	Internal audit reports	<ul style="list-style-type: none"> a) Work completed and main findings June-July 2019. b) Management reports, second half 2019. c) Independent audit pre-report. d) Subsidiary internal audits. 	Informed.
24/09/2019 (act 065, item XI)	Internal audit reports	<ul style="list-style-type: none"> a) Independent audit report on internal audit performance. b) Work completed and main findings August-September 2019. c) 2019 audit plan change monitoring. d) Subsidiary internal audits. 	Informed. Audit plan change monitoring approved.
10/12/2019 (act 066, item IX)	Internal audit reports 2019 plan and budget	<ul style="list-style-type: none"> a) Proposed changes to internal audit statutes. b) Revision of 2019 internal audit plan. c) Management reports Q3 2018. d) Work completed October-December. e) Main findings October-December. f) Subsidiary internal audit activities. g) 2020 audit plan and budget. 	<ul style="list-style-type: none"> Informed. 2020 audit plan and budget approved. Board approval recommended of changes to internal audit statutes.
25/02/2020	Internal control system management report	<ul style="list-style-type: none"> a) Internal control system independent audit. b) Internal audit report: <ul style="list-style-type: none"> - Evaluation of independent audit. - Indicators. - Principal actions and results. - Subsidiary audits. - Declarations. 	N/A

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	65
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.3 Audit Committee Annual Report

GRI: 102-29, 102-30, 102-31, 103-2, 103-3, 205-1

5.2. Performance

Having revised the above, the Committee concludes that the audit plan addressed relevant business risks, was rigorous and that the results are satisfactory. The Committee also ensured that the internal auditor was able to operate independently and objectively, with the necessary resources and information, and without limitations on the scope of their activities.

Of note was 2019's IIA Colombia independent audit of the internal audit system, that reported:

a) Audit value perception was 87.7% (sample of 50 employees at all paygrades). This is highly positive and well above the IIA international benchmark of 83%.

b) Good-practice was highlighted regarding audit independence, communication between the audit manager, senior management and the Audit and Risk Committee, and the risk-based plan that incorporates risk management analysis and emphasises IT audits supported by an international audit firm.

In addition to highlighting the positive results, the Committee also requested that the internal auditor implement as soon as possible the report's recommendations.

VI. External audit management

6.1. Activities

Session	Topic	Detail	Result
28/05/2019 [act 062, item VI]		2018 audit results.	Informed.
24/09/2019 [act 065, item X]	External audit report	a) May-August 2019 audit results. b) Financial statement audit to 30 June 2019. c) 2019 internal control system audit. d) Monitoring.	Informed.
10/12/2019 [act 066, item X]		a) Audit results Q3 2019. b) Financial statement audit follow-ups Q3 2019.	Informed.
25/02/2020		Opinion on the individual and consolidated financial statements.	N/A

6.2. Performance

The Committee is of the opinion that the external auditor appointed by shareholders complied with legislation and statutes when carrying out their duties.

VII. Committee relationship framework

Once this report has been approved by the Audit and Risk Committee, it will be presented for consideration, feedback and approval to the Board of Directors, as specified in Good Governance Code item 8, article 4.1.4.2.

When approved by the Board, the report will be submitted to shareholders for inspection, as specified in Commercial Code article 447 and Exchange Bylaws article 43.

The Exchange President, Vice President, Secretary and Auditor were present at all ordinary Committee sessions. This facilitated decision making and Administration Committee task assignment. The external auditor was present at all sessions they were asked to attend.

Yours faithfully,

SANTIAGO MONTENEGRO TRUJILLO

Audit and Risk Committee Chairman

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	66
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.4 Shareholder Rights

GRI: 102-21, 102-33, 102-34

It is important to note that a bvc guiding principle is the equal treatment of all shareholders by company employees. Shareholders have the right to register complaints, requests and proposals, and to receive respectful and timely responses..

► Principal shareholder rights:



- Topics to include on the AGM agenda.



- Access to timely, clear and complete information that enables informed decision making.



- The right to request specialised audits and make recommendations to the Corporate Governance Committee.



- Conflict resolution and channelling requests, complaints and proposals to bvc.



a bvc guiding principle is the equal treatment of all shareholders

To facilitate these processes, bvc regularly updates its website as this is one of the most representative channels of communication with shareholders.

Written complaints from shareholders are answered by the VP Legal within fifteen business days of their reception.

The Investor Relations area provides quarterly market results that include: financial results, product evolution, market evolution, subsidiary performance, and permanent investments. All information presented in the quarterly reports is also published as relevant information on the bvc website and is sent to the Colombian

Financial Superintendence.

In accordance with the principle of fair treatment for all shareholders, if the response to a request, complaint or proposal may represent a benefit to other shareholders, it will immediately be communicated to all shareholders using the mechanisms established for this purpose.

Finally, in 2019 no complaints or proposals were received from shareholders.

The customer service area reports receiving 27 information requests in 2019, related to tax certificates and dividend payments.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	67
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.5 Good Governance Code Reports

GRI: 102-21, 102-33, 102-34

3.5.1. Complaints and proposals received from shareholders and other interest groups

As established in articles 8.1.1 and 8.1.2 of the Good Governance Code, requests, complaints and proposals must receive a timely written response within 15 business days of their reception.



No requests, complaints or proposals were received from shareholders or other interest groups in 2019.

3.5.2. Complaints about Good Governance Code Compliance



No complaints regarding compliance with the Good Governance Code were received in 2019.

3.5.3. Number of illegal or unethical incidents, and action taken



No illegal or unethical incidents were reported in 2019.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	68
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.6 Legislative compliance

GRI: 102-33, 102-34, 103-1, 103-2, 419-1

3.6.1. Colombian Financial Superintendence (CFS)



bvc is subject to CFS inspection, oversight and vigilance, and must observe and comply with government and CFS legislation regulating financial and stock activity. bvc must also respond to requests the CFS makes while carrying out its legal functions.

bvc has faithfully complied with all established CFS deadlines for implementing all relevant legislation.

In 2019, bvc responded to 139 CFS requirements within the required timeframe.

3.6.2. Legal Action

At 31 December 2019, the following proceedings were ongoing:

Plaintiff	Process	Lawyer	Objective	Start date	Status
Carlos Juri Feghali	Direct compensation	Juan Pablo Cárdenas	The plaintiff alleges that CFS, AMV and bvc are materially and administratively responsible for his economic losses related to an investment in INTERBOLSAS A.S.A. on 18 October 2012.	14/03/2016	The judge issued a second instance ruling that confirmed and revoked the first hearing's ruling, and set a date for a new hearing. Testimony was requested for the end of 2020.
Jorge Enrique Robledo and others	Class action (Isagen)	DLA Piper Martínez Neira	This class action is related to a sale of ISAGÉN shares that was managed by the Exchange.	05/08/2010	The court ruled against an impleader. The Exchange's lawyer appealed the court's decision. The court ruled against the appeal. At the start of 2018, ISAGEN S.A. E.S.P requested succession to BRE COLOMBIAN INVESMENST L.P., and a response is pending.
Secretaría Distrital de Ambiente	Environmental Sanction	Adriana Arauz Diazgranados - Asesorías Jurispev SAS	A process based on article 18, Law 1333, 2009, to verify the facts and omissions of the alleged environmental infraction related to installing a sign without the necessary permission.	08/03/2018	In July 2018 a memorandum was submitted requesting cessation of this environmental process. It has yet to be answered by the authorities.
Amanda Martinez	Summary Oral Proceeding	Ever Leonel Ariza Marín	The plaintiff requests that a mortgage in favour of bvc be cancelled.	09/10/2019	Via judicial order in December 2019 the tribunal found two of previous exceptions presented by the under-signed to be proven, and declared the process closed.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	69
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.7 IP and Copyright Compliance

GRI: 103-2, 418-1

3.7.1 IP and Copyright Compliance



Information Security Policy Manual

- Guidelines and requirements for administering and using bvc information assets that ensure integrity, confidentiality and availability.
- Information security management processes in accordance with legal requirements issued by the relevant authorities.
- Internal bvc software administration, intellectual property and copyright policies, in accordance with current legislation.



Internal bvc Policy

- Periodic revision of all software licenses in use at the company.
- Require contractors to guarantee that all software used to provide services to bvc is their own or has been licensed from its owners.
- Software and media administration procedures that establish the actions needed to administer software, media and version licenses of applications developed or acquired by bvc.



Intellectual Capital

- Permanent use of registered commercial trademarks.
- Constant verification of the validity of owned trademarks (at year end the company had 64 registered trademarks) and renovation of trademarks as required.

Permanent monitoring of Commerce and Industry
Superintendence processes.

3.7.2 Compliance with Foreign Account Tax Compliance Act (FATCA)



FATCA

- A law designed to counter tax evasion by individuals considered to be North American citizens for tax purposes.
- Imposes obligations on US taxpayers and financial institutions and foreign financial institutions.
- bvc is registered with the Internal Revenue Service as a FFI participant (Model 1 IGA).

3.7.3 Compliance with Data Protection Law



Legal Compliance

- Compliance with Decree 1377, 2013, regulating Law 1581, 2012: General Regime for Personal Data Protection.
- bvc data protection policy.
- Implementation client data management procedure based on the principle of client authorisation.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	70
Structure	Practices	Board Self-Evaluation	Shareholder Rights	Good Governance Code	Legislative Compliance	IP and Copyright	Ethics and Integrity							

3.8 Ethics and Integrity

GRI: 102-16, 102-17, 103-2, 103-3, 205-2

3.8.1 bvc Values, Principles, Standards and Rules

In accordance with best practice in corporate governance, the bvc Good Corporate Governance Code establishes parameters to guide management actions.

The Good Corporate Governance Code is approved by the Board of Directors, and details principles and standards related to shareholder rights, company management, stakeholder engagement. The Code is complemented by the company bylaws, and covers shareholder, administrator and employee actions.

The company bylaws cover all aspects of best corporate practice for bvc managers and employees.

In addition, bvc has an ethics and behaviour manual in which it is established that all activities undertaken by Exchange employees, managers and their subordinates, must follow the principles of loyalty, honesty, care, diligence and legislative compliance.

In accordance with article 1.1 of the Ethics and Behaviour Manual, all Exchange managers and

employees must receive a physical or electronic copy of the manual, and are responsible for learning its contents and complying with them. The General Secretary is responsible for ensuring delivery of the Ethics and Behaviour Manual, and answering any doubts its recipients may have regarding its application. In addition, an up to date and complete version of the manual and other corporate documents will be available to shareholders on the bvc website.

This focus on compliance with the Good Corporate Governance Code, current statutes and legislation, ensures that bvc management acts in the public interest and in its role as a driving force in the Colombian securities market.

3.8.2 Ethics and Anti-corruption Principles

GRI: 102-17, 205-2

An illegal activity monitoring and prevention system ensures that all bvc business and activities comply with the highest possible ethical standards.

The monitoring and prevention area continues to articulate UN Global Compact Anti-corruption Principles by implementing fraud prevention policies, processes and awareness sessions.

In May 2019, the Board of Directors approved the Control and Prevention of Illegal Activity Policy Manual, in which:

- Policy is established that defines the company's commitment to the law, legislation, principles and the highest ethical standards; to act independently and objectively; to take the necessary disciplinary actions; to have zero tolerance for crime; and to incentivise whistleblowing.
- Principles and policies are defined for whistleblowing via established channels.
- Protection against retaliation is guaranteed for whistleblowers, and the need for them to act in

good faith and with verifiable information is established.

- All allegations will be investigated and confidentially will be observed.
- The following reporting channels are established:
 - Email: lineaetica@bvc.com.co
 - Phone: (+57 1) 313 9803

The monitoring and prevention team guarantees availability of the above channels for reporting non-ethical conduct, and the confidentiality of the whistleblower and their information. In 2019, no reports were received.

The monitoring and prevention team achieved its objectives for the year, and focussed on managing and mitigating fraud risks by conducting a taxonomic analysis of processes that included 21 walk-through analyses; The fraud prevention controls in place were found to be adequate.

Sustainability



4.1 Sustainability Focus and Vision

GRI: 103-2, 201-1, 205-2, 205-2

In 2019, as part of its commitment to Colombia's economic, inclusive and sustainable development, bvc Group established a sustainability policy within its Good Governance Code. This policy is aligned with bvc Group's mission, vision and corporate strategy, and supports our commitment to the country's economic development, as well as our goal of promoting best practice in the markets we administer.



Foundations

The policy guides bvc Group's long-term focus based on the following foundations:



Capital market development

We contribute to the country's economic development by strengthening the scope, liquidity and entry of new players into the markets we administer, while guaranteeing high levels of integrity and transparency. This is based on strengthening our portfolio of client focussed products and service, and generating greater efficiency through the use of cutting-edge technology that maximises the cost-benefit relationship for market players.

Scope and objectives

The policy supports the Exchange's organisational mission to be a connection centre between people and the growth objectives of businesses, while leading transformation in the capital market. The policy is designed to contribute to Colombia's sustainable development, and facilitate the free

movement of capital between those with resources to invest and those that need capital to innovate and grow, by ensuring the proper functioning of markets we administer within a regulated, secure, transparent and equitable environment.



Corporate performance and cultural transformation

We are developing bvc Group's internal capacity to ensure that all our companies are profitable, sustainable, diversified and innovative; that they create value for their shareholders and interest groups; and that they operate with the highest standards of corporate governance. In addition, we are strengthening organisational culture, leadership styles, and equal opportunity personal and professional development for employees through cultural transformation and innovation.



Sustainability model

The Exchange and its subsidiaries have ensured that sustainability policy is aligned with the following Sustainable Development Goals:



4.1 Focus and Vision on Sustainability

GRI: 103-2, 201-1, 205-2, 205-2

Actions

To comply with this policy, bvc Group must:



1. Promote best practice in information disclosure and investment decision making, according to ESG criteria.



4. Foster the development of financial education programmes focussed on capital markets.



2. Develop sustainable financial products that support the country's transition towards a low carbon economy that mitigates climate change risks.



5. Implement a programme of social enterprise responsibility that has high social and environmental impact, and is aligned with corporate strategy.



3. Promote SME access to new sources of funding through capital market initiatives.



6. Strengthen best practice in relationships with stakeholder groups, employee well-being, sustainable acquisitions, human rights, and environmental management.

ESG disclosure

Our work over the past seven years in implementing best practice in information disclosure, and our focus on ESG compliance in the Colombian markets, is gaining global recognition.

The Colombian Securities Exchange (bvc) was ranked eighth among the principal global exchanges in the Corporate Knights Measuring Sustainability Disclosure: Ranking the World's Stock Exchanges 2019 report, released during the World Economic Forum in Davos, Switzerland, and is the only Latin American Exchange in the top 10. The index evaluated 6,261 companies at 49 exchanges on quantitative indicators such as: energy consumption, carbon emissions, water usage, waste management, labour aspects, and others.

Over the years, bvc has developed an attractive, responsible investment market, in accordance with global parameters. Through our IRrecognition programme we promote best practice in information disclosure and investor relations, and help companies strengthen their relationships with interest groups and investors by taking more informed decisions.



We survey our issuers every year on 150 aspects of corporate governance and sustainability.

32

Listed companies were recognised for meeting IR recognition requirements

27

Report sustainability in GRI

25

Divulge their SDGs



14

Issuers are part of



In September 2019, bvc joined the TCFD initiative, and began to include climate change risks in the investment decision making processes. We encourage Colombian issuers to start familiarising themselves with this type of disclosure as it is becoming ever more relevant in the majority of developed capital markets, and required by the world's largest portfolio administrators.

Focus and Vision

Corporate Social Responsibility

Environmental Management

Financial Education Programme



Green bonds

In June 2019, two AAA issues were completed on the principal market for COP\$531,350 million. These issues were 2.3x oversubscribed, confirming that Colombian investors have an appetite for sustainable bonds. The first was a Findeter sustainable bond issue valued at COP\$400,000 million, to finance and refinance its clients' green and social projects, that was 2.6x oversubscribed. The second was a Patrimonio Autónomo Titularización TMAS-1 (sustainable bond) issue valued at COP\$131,350, to finance the partial renovation of Transmilenio public transport busses to natural gas powered vehicles, that was 1.6x oversubscribed.

Events

March 2019: Together with GRI we held a workshop for investors on "Better Information and Knowledge: What economic, social and environmental questions to ask at future meetings. The keys to being a better informed investor."

May 2019: We held the third edition of Ring the Bell for Gender Equality, with the participation of the Vice President of Colombia, Marta Lucía Ramírez, and support from IFC, Deloitte, the Swiss Embassy, UN Women and USAID.

June 2019: We participated in the second Responsible Investment Colombia event organised by GRI and PRI.



Sustainability indexes

Both Colombian indexes recovered in 2019. The IR recognition index, COLIR, composed of 32 companies grew by 25.5% YoY and was bvc's second best performing local market index. The Dow Jones Sustainability MILA Pacific Alliance Index [COP] grew by 4.7% YoY, and is composed of 40 MILA market companies and 9 Colombian companies.



Responsible Investment Task Force

In 2019, bvc, GRI and PRI created the Responsible Investment Task Force and engaged the following Colombian financial sector trade unions: ASOFONDOS, ASOBANCARIA, FASECOLDA, ASOFIDUCIARIAS, ASOBOLSA; government organisations: Colombian Superintendence, Finance Ministry, National Planning Department; and partner country organisations: UK Embassy, Swiss Embassy; the World Bank; and the WWF. The task force works to create synergies, align objectives and strengthen links that promote incorporating ESG and climate change risk into investment decision making and information disclosure standards. In 2019, the task force held monthly meetings to analyse market opportunities and challenges related to climate change and creating a greener Colombian financial system.



Generated and distributed economic value (COP\$ million)

The 2019 generated and distributed economic value report includes some modifications and reclassifications of 2018 information, to enable better comparisons to be made. In 2019, bvc Group increased generated value added by COP\$49,829 million (+19% YoY) and increased distributed value added by COP\$24,196 million (+22% YoY).

	2019	2018
Generated value added		
Operational income	274,641	229,349
Other income*	1,328	2,555
Share dividends	36,636	30,872
Generated value added	312,605	262,776
Distributed value added		
Employee salaries and benefits		
Personnel costs	73,577	73,239
Training	810	506
Wellbeing	4,424	2,365
Total employee remuneration	78,811	76,110
Payments to government	22,812	16,156
Operating costs	101,661	80,581
Capital provider payments	33,282	30,257
Community and environmental investments	231	140
Distributed value added	135,174	110,978
Retained value added		
Difference between generated and distributed value added	75,808	59,532

* Income from financial investments and the sale of assets.

4.2 Corporate Social Responsibility

GRI: 103-2, 103-3, 203-1, 203-2, 413-1



4.2.1 Donations

In 2019, bvc Group rebooted its CSR programme to generate benefits that are better aligned with our corporate strategy of being a profitable, sustainable, diverse and innovative company through the development of in-house capacity. Four relevant initiatives were developed that include donations of COP\$160 million and investments of COP\$316 million, a YoY increase of +240%.

1. Applied innovation programme

This initiative is designed to accelerate bvc/sophos digital transformation, in association with NXTP, and better understand how fintech/start-up ecosystems are a source of innovation in solutions that positively affect our business. In 2019, we received 107 applications from regional fintechs that were filtered down to 55 start-ups according to product and service criteria, operational status and country of operation. We sent information requests to 31 of them, and at 2019 year end a second filter analysing team, scalability, traction and finances reduced this number to 21. Finally, 9 start-ups were selected that have truly innovative business models related to bvc Group business activities. In 2020 Q1, the initiative will conclude with an innovation day at which the best start-ups will be selected to develop business opportunities with the selected fintechs.

In association with:



Investment:

COP\$71 million

2. Talent grants

To help grow talent in innovation and technology related fields, in 2019 bvc Group supported a programme of grants for low-income students on the Professional Software Development Technician course at the Politécnico Internacional. This flexible course can be adjusted to meet our needs, and should be a talent incubator for the technical experts needed by bvc Group companies. The CSR programme has provided fourteen 50% grants to outstanding students, with a total value of COP\$32 million. In addition, the marketing and commercial areas donated an additional COP\$20 million from their "tarjeta de navidad" (Christmas Card) campaign, to fund six additional students in 2020.

In association with:



Donation:

COP\$52 million

3. Carbon footprint offset

bvc Group's entire 2018 carbon footprint (350 Tons) was offset in 2019 by planting 1,033 trees (+122% YoY) of 14 different species in the Encenillo Biological Reserve near Bogotá. Fundación Natura calculated our 2019 carbon footprint and planted the trees that offset our 2018 footprint..

In association with:



Donation:

COP\$33 million

4. Impact investment

In 2019, bvc Group continued to support impact investment through its private capital fund, Inversor. A COP\$75 million donation was made to the fund, and there were also two calls for investment (May and November) that captured COP\$245 million.

In association with:



Donation:

COP\$75 million

Investment:

COP\$245 million

4.2.2 Inversor Fund



Inversor positioned itself as an impact asset manager that channels investment resources into short and long-term investments designed to leverage SME growth plans with triple-impact potential.

Long-term investments:

Total fund:

COP\$ 24,000 million

bvc participation:
10.46%

Structured:
2009-2010

Investment close:
2016

Exit: 2018-2022



Short-term Investments:

Social Impact Bond (BIS)

BIS I (2017-2018)



Sector: Employment
Size: COP\$3,000 million
Return: 8.9%
Objective: 760 people from vulnerable populations, 3 months' work

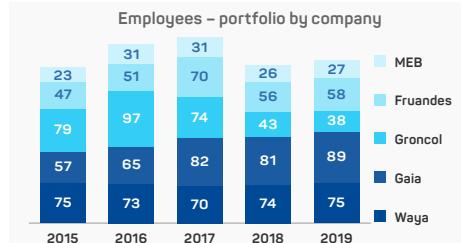
BIS II (2019-2020)



Sector: Employment
Size: COP\$4,000 million
Expected return: 7.5%
Objective: 760 people from vulnerable populations, 6 months' work

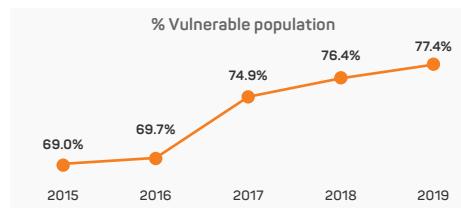
Social impact

The companies that are part of the Fund's investment portfolio are dedicated to working with vulnerable populations, by purchasing from local providers, developing and promoting quality of life initiatives for employees, and protecting the environment.



Employment characteristics

- 26.8% workers in formalized employment.
- Better working conditions for 30% of workers.
- Maximum salary of 11.4x minimum wage.



Gender focus – 46%

- 50% of management roles are occupied by women.
- Average salary for women is equivalent to 94.6% of total average salary.

New projects:

In 2019, Inversor structured the Investment Fund II, and is currently raising capital. The first close should be in September 2020, with a total of COP\$60,000 million.

Investment Fund II is an investment vehicle that is primarily focussed on Colombia. It channels resources to SMEs with scalable business models that have triple impact potential (social, environmental and financial).

Foco Sectorial:



- Agro industry / AgTech
- Financial inclusion
- Education
- Health
- Sustainable tourism



4.3 Environmental Management

GRI: 103-2, 302-1, 305-5



In 2019, bvc Group continued to strengthen its environmental commitment through initiatives designed to raise awareness of the need to protect natural resources, and actions designed to minimise the negative impact of capital market business activity.

bvc Group changed its carbon footprint measuring methodology in 2019, and adjusted the sources of each area. Fundación Natura supported us in implementing a tool to measure greenhouse gas emissions based on NTC 14061-1 criteria and GHG protocol. The tool allows us to calculate a greenhouse gas emissions inventory that includes estimation uncertainty. The baseline year for greenhouse gas measurement and starting point for bvc Group environmental management comparison is 2019.

- The Exchange and Depository produced 430 tons of CO₂ in 2019. Area 3 was the largest emitter with 61% of the total, mainly from air travel and employee bus transport services.
- Area 2 (electricity consumption) produced 26% of the total (112 tons of CO₂).
- Area 1 produced the remaining 13% (57 tons of CO₂), mainly through refrigerants and fire extinguishers used in bvc Group offices.

Carbon offsetting 2019

In 2019, bvc Group developed a number of carbon offsetting initiatives, and mitigated its environmental impact through the reforestation programme being developed for us by Fundación Natura.

In 2019, 1,033 trees were planted (567 or 122% more than 2018) that offset 429 tons of CO₂. This is equivalent to 100% of the integrated organisation's carbon footprint according to the methodology mentioned above, and is 125% higher than in 2018 – evidencing our commitment to mitigation.

Area	Source	Tons CO ₂		
		bvc	deceval	Total
1	Fuel	9.4	-	9.4
	Lubricants	0.0	-	0.0
	Refrigerants	8.7	14.8	23.5
	Fire extinguishers	8.8	15.3	24.1
2	Total	26.9	30.1	56.9
	Electricity consumption	52.9	58.6	111.5
	Total	52.9	58.6	111.5
3	Organisational transport	54.4	71.9	126.3
	Paper	1.6	0.6	2.2
	Drinking water	0.1	0.1	0.2
	Air travel	80.2	52.4	132.6
Total	136.3	124.9	261.3	
		216.1	213.6	429.7
Total				



4.4 Financial Education Programme

GRI: 103-2, 203-2, 413-1

The bvc education area is the responsibility of the VP Product, and has the objective of creating capital market education services for Colombians through academic activities that promote the development of financial education.

There are two lines of business in education: Academic and Competitions. In 2019, the academic programme improved levels of training by developing new academic programmes in response to current market needs, and transmitted best practice to our target population.

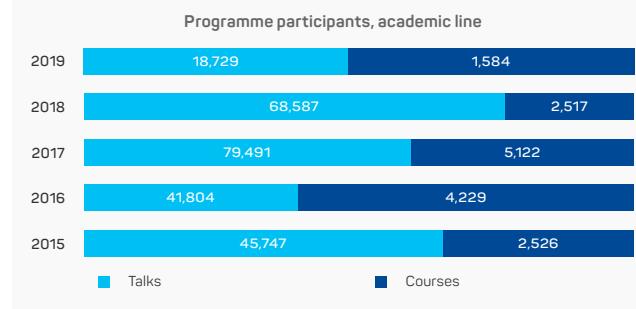
The competitions programme develops activities based on the needs of each client. The target population was identified as universities interested in using this tool in their finance classes, and gives students their first experience of using e-trading platforms.



► Academic line

Training programmes for students, market operators and the general public that teach, update and improve knowledge of the Colombian capital markets.

The number of participants is detailed below:



Source: Colombian Securities Exchange



- 73 academic and corporate programmes



- 102 academic talks



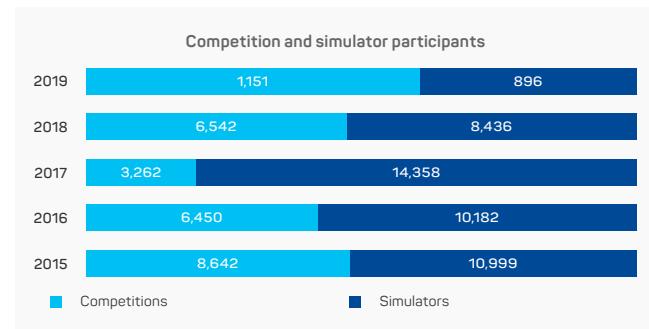
- 20,313 participants

► Competitions and simulators

We use digital tools to dynamically teach people about the capital markets; a simulated trading space is used with real-time share and derivative market information.

In 2019, we developed bespoke competitions for universities.

The number of participants is detailed below:



Source: Colombian Securities Exchange



- 5 competitions



- 1,151 students

4.4 Financial Education Programme

GRI: 103-2, 203-2, 413-1



Satisfaction index 2019

The bvc education area promotes financial education in Colombia through its two product lines and partnerships with universities.

It is of great importance that we measure satisfaction with our education services, and we therefore carry out evaluations to identify strengths and opportunities for improvement in the experience of our academic portfolio clients. In 2019 we achieved a score of 75.9 points, an increase of 5.9 points compared to 2018. This is a positive reflection of the work we have done to strengthen client relationships.

The increase is principally due to strengthened commercial and education teams that achieved their objective of being present at bvc academic programme events. This strategy was positively evaluated (15 points higher than in 2018) and was a key element in strengthening our relationships with partner universities.

There is still scope for improvement in the strategic support given to senior management, with a view to consolidating our long-term relationships with universities by developing projects that meet their strategic needs.

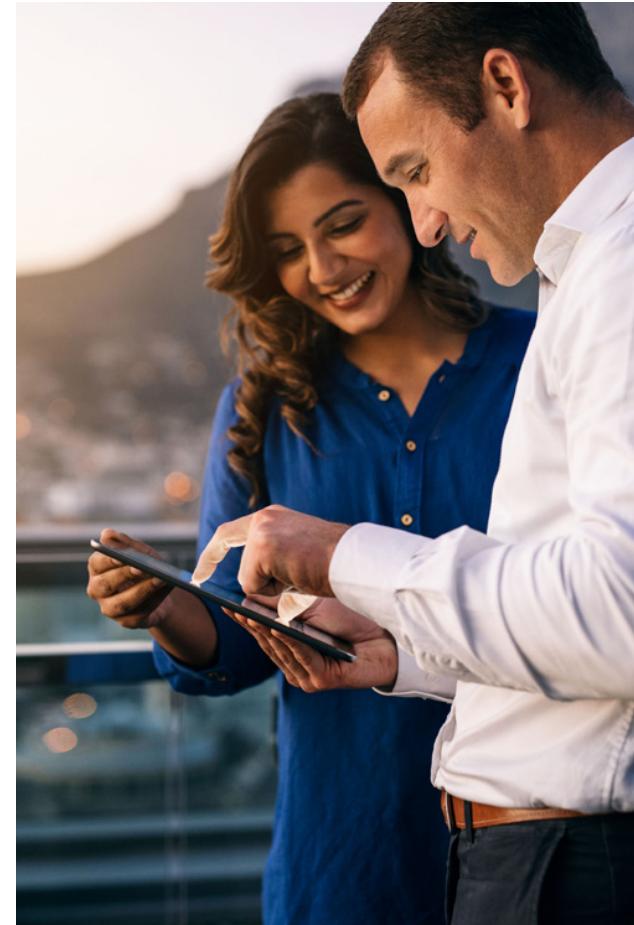
It is also important to implement student-facing actions and develop more intuitive and simple tools to support their learning dynamic.

Principal challenges 2020

In 2020 we plan to focus our efforts on improving our education portals, both in their functioning and through the development of programmes offering an improved user experience.

We will continue to update education programmes for different target populations, with the objective of achieving our goal of market massification.

We will work on initiatives designed to improve the quality of financial education in Colombia within the context of our capital market mission.



Clients and market



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	81	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.1 Commercial Management

GRI: 103-1, 103-2



In 2019, we implemented the most important change in recent years: transforming the Commercial and Product Vice Presidency. Our strategy to position the client at the centre of the organisation and become their strategic ally, while guaranteeing the organisation's sustainability and relevance, was materialised in the implementation of a new commercial model.

Brokers

- ▶ The foundations of this initiative are:
 - Migrating to consultative sales
 - Strengthening the issuer model
 - Redefining segmentation according to market relevance and function
 - KAMs (Key Account Managers) as a sole point of contact with the ability to strategically align us with clients
 - Establishing an experience management role and redefining SLAs to underpin our value promise
 - Co-creating market solutions aligned with market needs
 - A new commercial methodology (identification of opportunities, monitoring and control)

An implementation plan was designed to develop this initiative, and launched company-wide. To ensure visibility and compliance, the plan was included in our 2019 goals. At 2019 year-end, 100% of the commercial model implementation milestones had been achieved.

Having strengthened the commercial team, in 2019 we increased coverage, penetration, and client knowledge. We also began to develop a joint strategy with our affiliates.

The market reacted positively to these changes and our NPS grew by 2 points, to 82. This motivates us to keep working in the construction of relationships of trust and generating business solutions for our clients.

► Commercial model implementation plan

Q1-2

2019

- Commercial team selection and engagement
- Client handover and commercial training
- Champions model
- Krea methodology usage and monitoring
- Commercial model communications plan

Q3-4

2019

- Governance model implementation
- Company-wide activation of the client experience role
- SLA redefinition and implementation
- Delivery of operational and administrative tasks
- Sales force remuneration analysis

bvc 2019 Results

\$156,204 million pesos

Income at close

vs. Target



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	82	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.1 Commercial Management

GRI: 103-1 103-2



Brokers



Market Creator Programme

Having redesigned market incentives, towards year-end we launched the TES Market Creator Programme with six participants, and the TES Futures Market Creator Programme with nine participants. This initiative aims to broaden the scope of fixed-income and derivative markets by engaging the country's principal organisations, and we expect to significantly increase volumes in 2020.



Automation

One of the year's commercial directives was to stimulate the market to automate trading management and make use of the improved bvc infrastructure. At 2019 year-end we had achieved:

- Three new organisations using robots in fixed-income and derivatives, with two more in development.
- Massive-scale derivative calculators for market creation (TES - OIS indexes).
- bvc templates: SEN/MEC connection for market creators and yield curve arbitrage.
- Seven organisations using PATS-RF algorithms.
- Two new brokerage firms with access platforms for foreign fixed-income.
- ADR constitution and settlement.
- Automatic change for pension fund portfolios.

The main commercial management achievements in 2019, using the new client-centred and market penetration focus, are detailed below.



Promissory notes

2019 was a historic year for promissory notes. We issued more than 2.49 million promissory notes and now have close to 3.98 million promissory notes in custody at the depository, evidencing this as a key digital solution for our clients. At year-end our commercial team had closed more than 27 new clients and we're in negotiations with 50 more. We also successfully completed the first 23 ATL (Temporary Liquidity Support) simulations for the Banco de la República. bvc also optimised hardware and infrastructure to bring response times down by 54%; Digital signature time fell from 24s to 11s, and our affiliates' satisfaction was guaranteed.



bvc strategic projects

In 2019, the Market Transformation area implemented three strategic projects.

The fixed-income market Master Trader platform was successfully implemented, keeping a value promise made to the market in 2018. Three similar markets were unified into INET, an important technological innovation that offers greater efficiency when managing orders in real time and ensuring the availability of automated multi-market strategies.

We supported the CRCC (Central Counterpart Clearing House) project, with the principal objectives of providing a clearing house to underwrite operations, transitioning to t+2, and complying with international standards.

And the amarú project will allow us to automate core processes at the depository, generating efficiencies and reducing operational risk for our affiliates.



27

new clients and negotiations with 50 more

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	83	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.1 Commercial Management

GRI: 103-1, 103-2



Issuers

The new commercial model has two main strategies for monitoring issuers:

(i) Strengthening bvc's role as a strategic ally for current issuers.

(ii) Increasing market access for new issuers. Two teams are focussed on achieving these objectives.

► The new commercial strategy for issuers is focussed on promoting business financing using the capital market, by strengthening the premise that opportune access to adequate and diversified sources of financing allows businesses to focus on long-term growth strategies that improve their competitiveness and ensure their sustainability.

2019 was a great year for the primary market, with the highest total value issued in the past 10 years (COP\$13.6 trillion), while corporate bond interest rates fell to historic minimums.

Private Debt Issues (COP\$ trillion)



Source: bvc



Issuer coverage

In 2019, the commercial team visited 60 companies currently using bvc/deceval services, and more than 80 companies with the potential to access the capital market. The team reinforced the advantages of accessing financing using the capital market and shared representative case studies on recent issues, with the objective of incentivising these companies to participate in the market.



Semana Group Alliance:
Financing strategies for sustainable growth

In 2019, the commercial team visited 60 companies currently using bvc/deceval services, and more than 80 companies with the potential to access the capital market. The team reinforced the advantages of accessing financing using the capital market and shared representative case studies on recent issues, with the objective of incentivising these companies to participate in the market.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	84	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.1 Commercial Management

GRI: 103-1, 103-2



New capital market issuers

Six new issuers entered the Colombian capital market in 2019. These primary issues totalled COP\$2.9 trillion, and received requests for COP\$5.15 trillion. The issuers benefitted from positive market conditions, investors' healthy appetite for new issuers, and favourable domestic interest rates, and achieved terms of up to 29 years on the issue of ordinary bonds, internal public debt bonds and credit securities. Of note was the Bogota Mayorality's issue of COP\$1.4 trillion, the highest single issue in the past 10 years.

It is also important to highlight the secondary market's role in the results, with 75.6% of the total.



Issuer profile

In 2019, we were able to disprove a number of myths related to the capital market. We showed that the market is mature, and that there is an appetite for companies and issuers with risk qualifications below AAA or AA+. During the year three issues, with a total value of COP\$785 billion (almost 6% of the annual total), had a qualification lower than AA+. We also administered three bond issues for values of less than COP\$100,000 million and with terms longer than 5 years.



Sustainability

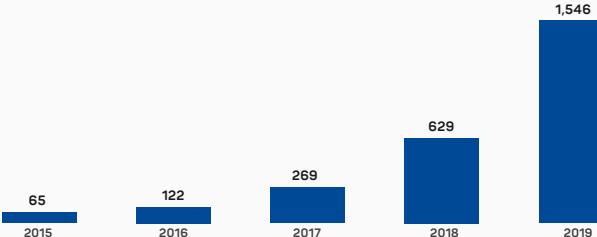
As part of our commitment to sustainability, and with a view to developing the Colombian capital market, we held a series of workshops in alliance with UK Pact and Climate Bonds Initiative, aimed at improving knowledge in the local market on green bond issues, and promoting their use. In 2019, over COP\$500 billion in sustainable bonds were issued, taking the total issued by bvc to more than COP\$2 trillion.



Promissory notes

2019 was a historic year for promissory notes; more than 2.49 million promissory notes were issued and we now have close to 3.98 million promissory notes in custody at the depository, evidencing this as a key digital solution for our clients. At year-end our commercial team had closed more than 27 new clients and were in negotiations with 50 more. We also successfully completed the first 23 ATL (Temporary Liquidity Support) simulations for the Banco de la República. bvc also optimised hardware and infrastructure to bring response times down by 54%; Digital signature time fell from 24s to 11s, and our affiliates' satisfaction was guaranteed.

Promissory Note Services – Income 2015-19

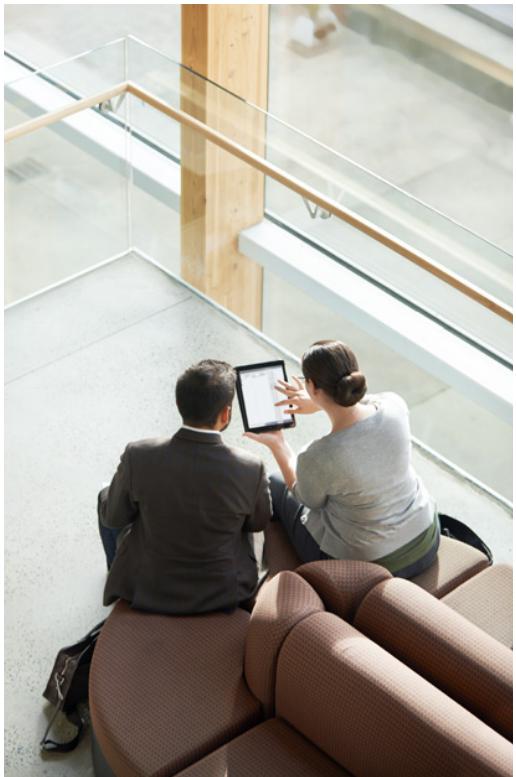


Source: SEN, bvc

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	85	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.1 Commercial Management

GRI: 103-1, 103-2



Automation

We continued to generate efficiencies for our clients and construct a solutions-based market. In 2019, we focussed on automising processes that had been signalled as painful. By year-end we had made the following services available to the market:

- ADR constitution and settlement: **bvc/deceval** adjusted the mechanism for constituting and settling ADRs, and adopted international best practice by implementing a model whereby multiple units may be simultaneously constituted. This generates operational efficiencies, saves time and guarantees the transparency of these operations.
- Automatic exchange for pension fund portfolios. By request of pension funds, and in accordance with new regulations, we developed new functionality to enable the large-scale exchange of titles between portfolios.



▶ Strategic projects

The Market Transformation area supported the implementation of two strategic depository projects in 2019: amarú and migrating the equities market to the CRCC.

Amarú is a project to renovate **deceval's** core systems, generate efficiencies in post-trade processes through automation, adopt international standards for data interchange, and reduce operational risk for our affiliates. To ensure that our affiliates are up to date with progress, we channelled strategy and implementation communications through an industry committee. We also published project impact information for all depository services, held whole-market general meetings, and

validated preliminary lead times with IT providers and infrastructure organisations. To strengthen the adoption process, we conducted well received client training sessions with international experts on ISO 20022 data interchange, that highlighted the benefits for the industry.

We supported the CRCC (Central Counterpart Clearing House) project, with the principal objectives of providing a clearing house to underwrite operations, transitioning to t+2, and complying with international standards. In September the project moved into the production phase, and we are waiting on affiliate readiness to begin settling trades using the CRCC.

5.2 Market Performance

GRI: 103-2

The global economy slowed in 2019, largely due to the ongoing trade war between the USA and China, and other political tensions throughout the year. Most estimates point to economic growth in 2019 of close to 3%, a level not seen since the years following the financial crisis.



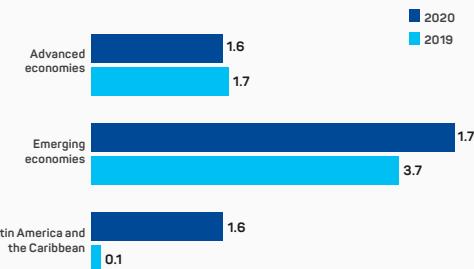
Economic indicators were particularly poor in Asia and Europe, where there was evidence of a deterioration in industrial production. Central banks continued to pursue expansionist monetary policies. Of note, the Federal Reserve closed the year with a representative rate of between 1.5% and 1.75%, and the European Central Bank rate at the end of December was negative.

In general terms, growth in advanced economies was moderate. In the USA, China and the European Union, growth was lower than expected last year. US growth was largely explained by private consumption and public spending, in line with positive results in the labour market. The European figures are a consequence of slowdowns in output in Germany and Italy.

The price of oil was stable throughout the year, with an average of \$64 per barrel, a reduction of 10.4% compared to 2018. At its most recent meeting, OPEC extended production cuts through 2020 to mitigate the potential effect of a trade war based on global demand for crude oil. However, Russia's Energy Minister is pushing for the cuts to be lower than planned.

In the capital markets, the fixed-income market in developed countries ended 2019 with a positive variation of 5.6%. The equity market, measured by the principal share indexes, enjoyed significantly positive results. The Dow Jones, for example, grew by 22.3%. European indexes experienced similar performance, with the DAX growing by 25.4% and the FTSE by 12.1%.

International Monetary Fund economic growth forecast



Source: World Economic Outlook – International Monetary Fund

Global growth is expected to improve in 2020, especially due to improved output in some emerging economies that experienced macroeconomic tensions in 2019 (Graph 1). However, there are a number of risks to be overcome, such as an extension of the trade war, the worsening of social problems in Latin America, Brexit, tensions in the Middle East, and geopolitical tensions in emerging markets such as Brazil, Russia and Mexico, among others.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	87	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.2 Market Performance

GRI: 103-2



Local Macroeconomic Environment

For Colombia, 2019 was a year of higher economic growth, and fiscal adjustments, in the midst of serious global geopolitical challenges and weak regional economic performance. Colombia closed 2019 with an economic growth rate close to 3.2%, no small achievement when compared to the performance of regional peers.

Colombian economic activity was principally driven by domestic demand, with private consumption being the principal motor of growth. The investment dynamic was also fundamental to the Colombian economy, largely due to the momentum generated by tributary stimuli included in 2018's financing law.

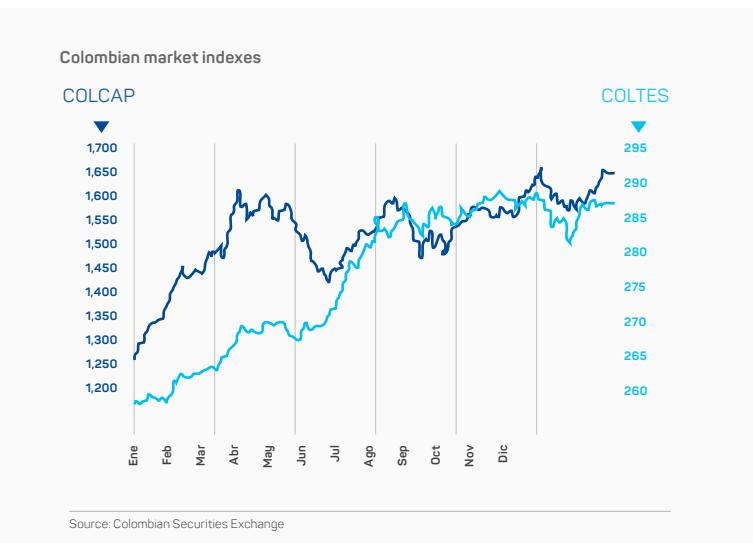
Inflation was 3.8% in 2019, within the Banco de la República projected range. This was in spite of strong inflationary tendencies caused by domestic price rises, and allowed the central bank to leave its intervention rate unchanged. For 2020, market analysts expect inflation to be 3.5% (Federarrollo Financial Opinion Survey and bvc). This expected fall in inflation in 2020 will allow the Banco de la República to maintain a position

that favours economic growth in Colombia.

The government was able to maintain its fiscal rule of 2.4% in 2019. This was due to increased tax collections, adjustments to public spending and, to a certain extent, accounting changes on fiscal accounts. This offers a stable and secure outlook to investors and rating agencies that track these variables.

The labour market presented negative results for the Colombian economy. The unemployment rate closed the year at 9.3%, but was in double digits for most of the year.

The current account deficit to September 2019 was 4.4% of GDP. This is the result of a weak Colombian export sector and a large increase in online purchases (imports).



Lastly, in 2019 the Colombian capital market performed well compared to 2018. The fixed-income market grew by 9.6% and the equity market, as measured by the COLCAP index, grew by 25.4% (Graph 2). Fixed-income market performance was driven by the appetite of foreign investors for emerging economy bonds, due to low

interest rates in developed markets. COLCAP performance was driven principally by value increases in financial organisation shares. We expect 2020 to be a good year for the Colombian capital markets, in line with economic growth expectations and the search for higher-risk investments by foreign investors.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	88	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.3 Capital Markets

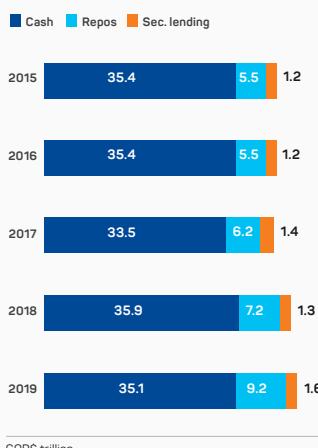
5.3.1 Equity Market

GRI: 103-2

In total, COP\$46 trillion was negotiated on the equity market in 2019: COP\$35.1 trillion in cash operations, COP\$9.2 trillion in Repo operations, COP\$1.6 trillion in securities lending operations, and COP\$1.4 billion in Colombian global market operations.

Compared to 2018, cash volumes fell by 21%, while Repos and securities lending grew by 28.2% and 20.5%, respectively.

Equity market volumes 2014 - 2019



Outlook in the global economy was uncertain throughout 2019. This led investors to leave their positions in search of haven assets. The markets were principally affected by the commercial dispute between the USA and China, and tensions arising from geopolitical uncertainty in Europe and the Middle East. These situations led to a contraction of international trade and the majority of central banks adopting expansionist policies.

In spite of the global uncertainty, stock market valuations grew as a result of central banks' interest rate reductions that led investors to seek returns in equity markets. The US share indexes posted record increases with the S&P 500 growing by 30% and the Dow Jones by 24%. For its part, the Colombian economy was the most attractive in Latin America due to its growth, foreign investment and purchasing dynamic. The COLCAP index grew by 25%, the second highest growth in the region after IBOVESPA (27%).

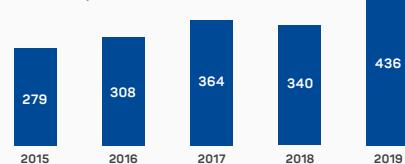
COLCAP Index 2014 - 2019



▶ Investors

In 2019, foreign investment grew 21.8% by volume compared to 2018, and accounted for 36.8% of the local market.

Market capitalisation 2014 - 2019



Brokerage organisations took second place with 18% of the market, followed by pension funds (17%), private individuals (11%), and the real sector (8%). The principal net purchasers were pension funds with COP\$2.4 trillion invested, while foreign investment reached a total of COP\$1.2 trillion.

Stock market capitalisation grew by 28.6% compared to 2018, ending the year with a total value of COP\$436 trillion.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	89	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.31 Equity Market

GRI 103-2

Principal Initiatives and Products 2020



INET – Master Trader Project

The Exchange continues to make advances in the most important technological implementation in recent years, that integrates into one screen trading in fixed-income, equities, derivatives and MILA.

On 18 November 2019, the Exchange updated equity and derivative markets to the latest version of the X-Stream INET trading platform, a robust, high-performance infrastructure that incorporates the latest global stock market standards. This update complements the migration of Integrated Latin American Market (MILA) securities to the X-Stream INET trading platform.

In 2020 the Exchange will continue to work on migrating equity, MILA and derivative markets to the Master Trader platform, so that affiliates can adopt new trading mechanisms that include tools to facilitate algorithmic trading.



► Securities lending

In response to requests from market operators related to the implementation of an OTC securities loan mechanism, in 2019 the government issued decree 1351 authorising this type of equity operation. The new regulations state that OTC securities lending operations must be registered, cleared and settled using Colombian Financial Superintendence authorised systems. In addition, the regulations state that brokerage organisations and custodians must directly participate in this market, and also authorises pensions funds and insurers to carry out this type of operation.

- It is the responsibility of the parties involved to agree and administer collateral within the universe of eligible assets.
- These developments in securities lending generate multiple benefits for the market by: facilitating clearing and settlement where there may be a risk of default; allowing for short sales; facilitating the activities of liquidity providers; and increasing portfolio administration profitability.
- In view of the above, the Exchange is in the process of implementing an OTC securities lending operations register, that should be up and running in Q1, 2020.



► Clearing and settlement through the CRCC

With a view to mitigating risk associated with trading and compliance in equity market cash operations and securities lending, as well as ensuring efficient risk and collateral administration, in 2019 the Exchange, depository and CRCC made operational and technological adjustments to allow these operations to be cleared and settled through the CRCC. The infrastructure entered the production phase in September and go-live will be in Q1 2020.

Repos have been cleared and settled through the CRCC since the end of 2017, and grew in volume by 19.5% between 2017 and 2019.



► Integrated Latin American Market (MILA):

At 2019 year-end, MILA operations totalled USD\$17.1 million. Chilean securities were the most traded, with a volume of USD\$11.8 million or 69% of the MILA market, followed by Peruvian securities (USD\$3.8 million, 22%) and Colombian securities (USD\$1.5 million, 9%).

With a view to energising the MILA market, on 1 April 2019 the Exchange activated a new intermediary interconnection mechanism that allows brokerage organisations to take orders from foreign intermediaries using any data interchange



- system, or by phone, and directly enter them into the Exchange's local system.

Satisfaction survey

Equity products obtained a score of 83.8 on the satisfaction survey, a good result compared to the general benchmark. There are opportunities for improvement with regard to market liquidity and infrastructure development.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	90	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			



5.3.2 Fixed-income Market

GRI: 103-2

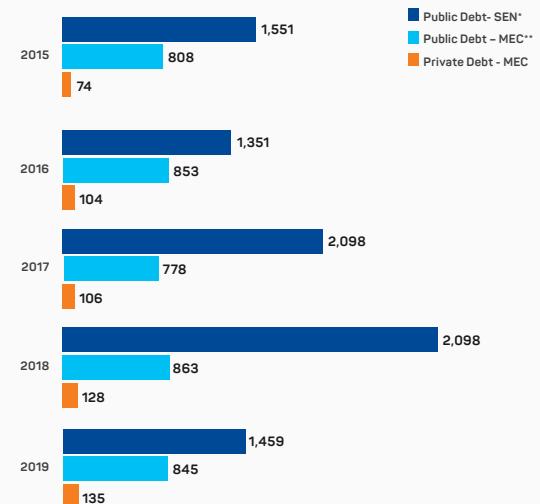


Market Evolution

The fixed-income market presented fluctuations in response to domestic and international economic, political and commercial events. It is worth highlighting that in 2019, central banks began to relax contractionary monetary policies in the face of challenges related to Brexit and the trade war between the USA and China, although the Banco de la República did not alter its intervention rate.

In Colombia, interest rates remained stable, generating confidence among corporate debt issuers and energising the private debt market.

Public and private debt volumes

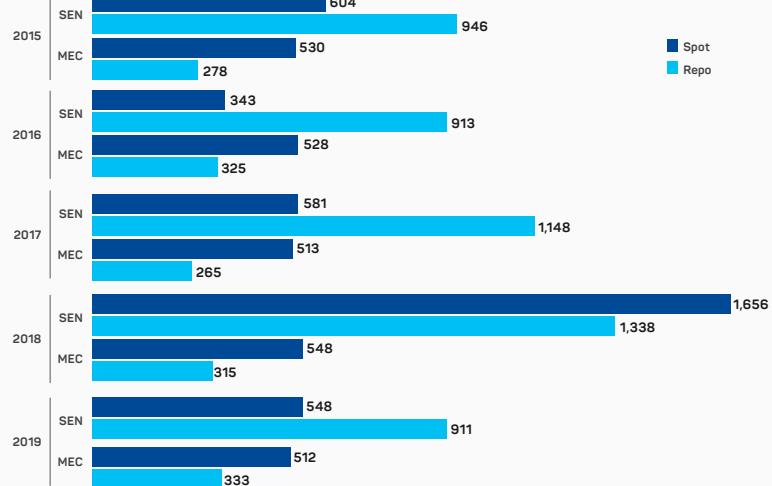


Source: SEN, bvc

*Sistema Electrónico de Negociación – Electronic Trading System

**Mercado Electrónico Colombiano – Colombian Electronic Market

Public debt trading volume by type of operation



Source: SEN, bvc

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	91	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			



5.3.2 Fixed-income Market

GRI: 103-2



Private debt market

2018's growth tendency continued in 2019, and the total volume of private debt assets traded hit its highest level in seven years: COP\$135 trillion. This corresponds to growth of 5% compared to the previous year. Although trading volumes on the repo market fell by 8% compared to 2018, the spot market grew by 9%, and closed with total trades of COP\$113 trillion.



Public debt market

The reduction of monetary policy rates in developed economies and the inclusion of China in emerging debt market indexes have tempered investor interest in Latin American debt markets. Foreign investment capital funds were net sellers of TES throughout the year, and reduced their investments by almost one trillion pesos (from COP\$77.36 trillion to COP\$76.37 trillion). Pension and severance funds, however, increased their investments by COP\$17.34 trillion, closing the year with a total of COP\$95.29 trillion – the largest TES holding for the second consecutive year.

The public debt market (SEN+MEC) experienced a 40.3% fall in volume in 2019, going from COP\$3,857 trillion in 2018 to COP\$2,304 trillion in 2019. This can be explained principally by a 51.3% reduction in the SEN market, from COP\$2,994 trillion in 2018 to COP\$1,459 in 2019.

In total, SEN+MEC trades fell by 51.9%, of which 66.9% of the total corresponds to SEN.



New products and initiatives

In 2019, the Exchange implemented three Master Trader updates that added improved functionality to the system. As a result, operator satisfaction increased, as did their MEC fixed-income operations. This led to an increased monthly volume of public and private debt spot trades, as well as public debt RRP.

In the second half of 2019, the Exchange promoted the use of PATS by offering training, and structuring automatic quote and algorithmic trading strategies. This allowed traders to simplify their operational functions and facilitated the creation of market analysis tools.

In 2020, the Exchange will strengthen market trading dynamics by implementing liquidity provider programmes, and continuing to improve the system and generate value by automatising front-to-back operational processes.



Satisfaction survey

Fixed-income products obtained a score of 83.2 points on the Satisfaction Survey, 0.1 points higher than in 2018.

This improvement was principally due to traders, whose score increased by 11 points from 69 in 2018 to 80 in 2019. In general, users highlighted the way in which bvc delivered Master Trader system improvements, offered efficient training, and invited feedback from the market.



5.3.3 Derivative Market

GRI:103-2

The derivative market showed resilience in 2019, in the face of lower dynamism around its most important products.

Although the number of contracts in COLCAP index futures and share futures grew by 73% and 71% respectively, there was a 31% contraction in the number of interest rate and exchange rate futures. The market closed the year with a total of 905,000 traded contracts, a fall of 15% compared to the previous year. The total number of operations fell by 5% to 59,066.

Volume and number of contracts by asset class

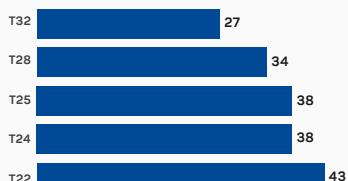
■ Interest rate ■ Exchange rate ■ Equities ■ Volume



Liquidity providers

One of the derivative market's principal achievements was the implementation of a new TES futures liquidity providers programme. The programme launched with eight organisations, has generated higher results than in previous years, and has contributed to reactivating interest among some participants. In 2019, we engaged two new organisations.

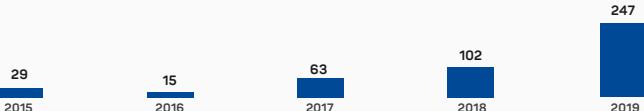
Nominal market average (COP\$ trillion) 05/11/2019 - 31/12/2019



Data in COP\$ MM

The COLCAP index futures liquidity providers programme continued to grow. In addition to a significant increase in volume and the engagement of a new provider in October (for a total of three), two new organisations carried out operations in the market compared to 2018.

Volume Evolution COLCAP Index Futures



Annual data to 31/12/2019 (COP\$ billion)

New products and initiatives

In November 2019, we concluded the derivative market migration to INET. This was an important milestone in bvc market integration, and facilitates multi-market algorithmic operation execution.

We developed tools for derivative operators that minimise trading operations, reduce supply and demand friction, and contribute to standardising trading.

We continued to facilitate speculation on the fixed-rate TES curve by listing futures on bonds maturing in 2034. With a view to energising index futures and attracting small investors, we listed COLCAP mini-futures. Finally, we put futures on bvc actions into production and activated the ability to speculate on investment and coverage on this underlying aspect.

Satisfaction survey

The derivative market obtained a score of 79.3 points in 2019, a fall of four points on the previous year. This year, Vice Presidents and other managers were surveyed, and they highlighted the aligning of market rules with international standards.

The perception of traders improved in four areas, principally the clarity of benefits for each product (+8.5 points), and the efforts made to align market rules with international standards (+4.5 points).

In general, the results indicate a need to improve market liquidity and provide a more user-friendly platform for operators.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	93	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.4 Issuer Services

5.4.1 Issuers

GRI: 103-2



IR recognition

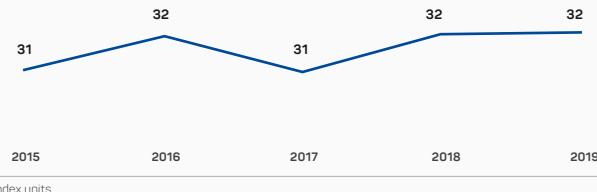
In the quest to position Colombia as a global reference country for information disclosure, bvc has been encouraging issuers to adopt best practice in information disclosure with regards to investors. In 2013, bvc created the IR recognition programme that encourages issuers to publish complete and detailed information in Spanish and English, periodically communicate financial results, and proactively manage investor relationships. In 2019, 32 issuers successfully renewed their IR recognition. For 2020, our goal is to attract more issuers from different areas to the programme.

To strengthen IR recognition, in 2016 we partnered with the Colegio de Estudios Superiores de Administración (College of Higher Administration Studies, CESA), to define minimum investor and market information disclosure frameworks for IR issuers. CESA evaluates compliance with the frameworks and makes recommendations to issuers to ensure the continuous improvement of information disclosed.

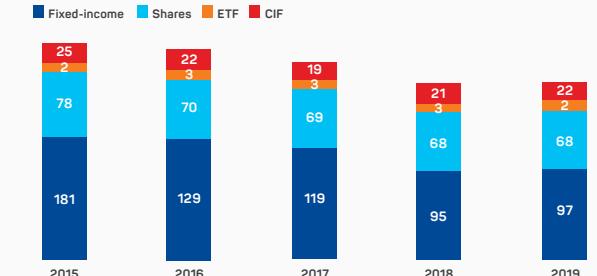
IR issuers with the best content standards



Number of issuers with IR recognition



Number of issuers



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Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			



541 Issuers

GRI: 103-2

164 issuers to 2019



Number of issues 2019

In 2019, COP\$13.6 billion were issued in fixed-income titles, making it the best year since 2011.

Five new fixed-income issuers were listed, including Coltel, BMPSur TMAS-1, the Bogota Mayoralty and the Interamerican Development Bank.

It is worth mentioning that the Bogota Mayoralty carried out the largest single issue in bvc history, with a total value of COP\$1.4 trillion.

The average bid to cover ratio in 2019 was 1.93, evidencing the appetite of investors to participate in this market.

We expect this tendency to continue into 2020. Domestic interest rates represent a huge opportunity for issuers looking for robust sources of financing with the best possible conditions.

\$13.6 billion

Private debt issues



Issuer committee

The Issuer Committee is comprised of the 12 most active issuers in the market, from different sectors, and is a discussion forum in which doubts, suggestions and other securities market topics are debated. The committee serves to promote and drive regulatory modifications with the bvc and the authorities.

In 2019, the Committee's working groups produced various legislative proposals that have been presented to the authorities, with a view to promoting development in the public securities market in conjunction with its participants.

These proposals include modifications to OTC securities lending legislation to enable pension funds and insurers to access this type of operation. In addition, a proposal was made to allow the electronic publishing of issues and, as a result, Decree 1351 was issued in 2019.



Satisfaction survey

In 2019, issuers gave bvc a satisfaction score of 84.6. This is extremely positive and, although there is room for improvement, there were no areas requiring critical or immediate attention.

High-impact areas that issuers identify as strengths in their relationships with bvc are: the ease with which they can communicate with our technical and client support areas, the attention provided in collocation processes, and issue administration.

With regard to areas for improvement, although none are of high impact, clients see room for improvement in support with issue analysis and the management of complaints.



5.4.2 Special Operations

GRI: 103-2

2019 saw an important recovery in fixed-income issue market dynamics, as well as some other high-value operations. 40 operations were carried out for a total value of COP\$22.8 trillion. The following chart summarises the different types of operation and the value of their respective transactions.

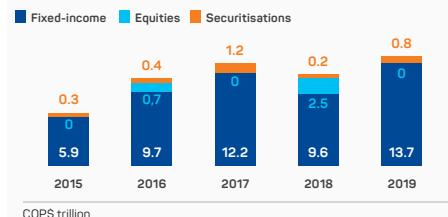
Class	Number of operations	Value [COP\$ trillion]	Billing [COP\$ million]	Observations
Fixed-income issues	32	13.7	1,067	
Stock certificate issue	1	0.8	141	PEI issue * Includes TIN development charge of \$20 million. Operation to be carried out in 2020.
Public acquisitions	4	8.1	2,635	Includes Opa Desilte Biomax* Includes \$1 billion OPA Éxito collateral management.
Disposals	3	0.3	1,375	First and second-stage disposal - Gasorienta (EPM) First-stage disposal - ISA (EPM)* Includes \$181 million basic charge Second-stage disposal ISA and \$229 million First-stage disposal Banco Popular (GEB) (2017)
Total	40	22.8	5,218	



► Primary market issues: fixed-income, equity and securitisations:

In 2019, 32 fixed-income issues worth COP\$13.7 trillion, and one share issue worth COP\$816.6 billion were completed. This makes 2019 our best year since 2015, with a total allocation of COP\$14.5 trillion.

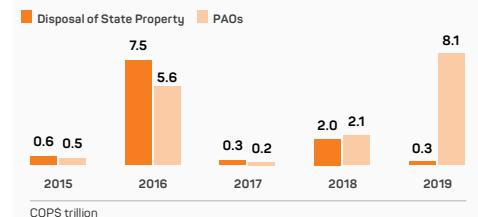
Allocation



► Secondary market disposals of state property and public acquisition offers

In 2019, we managed three disposals of state property, two offered to cooperatives and one to the general public, with a total value of COP\$269.2 billion, and four Public Acquisition Offers with a total value of COP\$8.08 trillion.

Allocation



Satisfaction Survey

The results of the 2019 satisfaction survey with regard to special operations shows a level of user satisfaction equivalent to 4.91.

4.91

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	96
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Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development	<	>
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5.4.3 Issue Depository

GRI: 103-2

The issue depository service corresponds to dematerialised security issues, their inscription, and administering issues for issuers.

In 2019, performance was positive and historic, due to growth in the securities market and positive performance in term

deposits and bond emissions. The consolidated value grew by COP\$86.9 trillion to a total of COP\$540.1 trillion at year-end. The COP\$71 trillion increase in other certificates was notable, and is associated with investment fund and private capital fund issues.

Class	2015	2016	2017	2018	2019	Var. \$ year	Var. % year
Share certificates	218.1	241.8	266.0	238.6	307.7	69.0	28.9%
Other certificates	9.8	12.3	18.5	21.7	28.9	7.1	32.8%
Term deposits	89.5	113.3	121.0	122.9	129.6	6.7	5.5%
Ordinary bonds	35.5	42.3	48.3	52.3	55.4	3.0	5.8%
Mortgage securities	3.2	3.1	3.7	3.5	4.2	0.7	20.0%
Public debt bonds	7.8	8.0	10.3	10.5	11.2	0.7	6.6%
Credit bonds	1.4	0.7	0.4	0.2	0.7	0.5	221.7%
Pension bonds	1.7	1.8	1.8	1.7	1.5	-0.2	-9.9%
Commercial papers	0.0	0.0	0.4	0.6	0.0	-0.5	-96.9%
TIDIS (tax refund certificates)	0.6	2.3	0.3	0.8	0.7	-0.1	-15.4%
Non-mortgage certificates	0.0	0.2	0.3	0.3	0.2	-0.1	-35.7%
Total	367.6	425.8	470.9	453.3	540.1	86.9	19.2%



Equity issues

Equity issues posted extremely relevant annual growth of 28.9%, the product of growth in balances in circulation, and the total balance was a historic COP\$307.7 trillion with market penetration above 77%.

Of note was the growth in other deposit certificates, principally in investment fund and private capital fund share certificates that posted growth of COP\$71 trillion (32.8%).

Class	Market Dec 19	Deceval Dec 19	Penetration (%)
Private debt market			
Shares	436.8	327.1	75%
Term deposits	168.2	129.8	77%
Bonds	66.4	66.4	100%
Other certificates	30.3	30.3	100%
Mortgage securities	4.2	4.2	100%
Sub-total	705.9	557.9	79%
Public debt market			
TES (treasury bonds)*	316.1	0.3	0%
Pension bonds	1.5	1.5	100%
TIDIS (tax refund certificates)	0.7	0.7	100%
Other Central Securities Depository securities*	1.3	0.0	0%
Finagro bonds*	9.7	0.0	0%
Sub-total	329.3	2.6	1%
Total domestic circulation	1,035.2	560.4	54%
External debt securities**	106.6	0.2	0%
Total circulation	1,141.8	560.6	49%



Satisfaction survey

Customer satisfaction obtained a score of 88 points. In 2020, our objective is to maintain service at the same level in areas such as friendliness, knowledge, opportunity and ease of communication.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	97	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			



5.4.3 Issue Depository

GRI: 103-2



Fixed-income issues

Bond performance was stellar in 2019, with gross issues of \$13.7 trillion. Of note are the Bogota Mayorality - COP\$1.4 trillion, Banco Davivienda - \$1.8 trillion, and EPSA - COP\$1.1 trillion.

At year-end, dematerialised term deposits totalled \$129.6 trillion, 5.5% higher than the previous year, with penetration of 77%.

In 2018, we began to construct a new value added product for market issuers and depositors, aimed at micro-investors. This product is still being evaluated for a possible 2020 launch.

► Dematerialised and immobilised promissory notes

In 2019, the issue and custody of dematerialised and immobilised promissory notes continued to grow, supported by progressive issue volumes and a greater number of active issuers. We engaged 29 new clients in 2019 – of note are new credit organisations – and this enabled us to achieve an annual volume of more than 2.4 million promissory notes, representing annual growth of 148%. We now have 3.99 million promissory notes in custody.

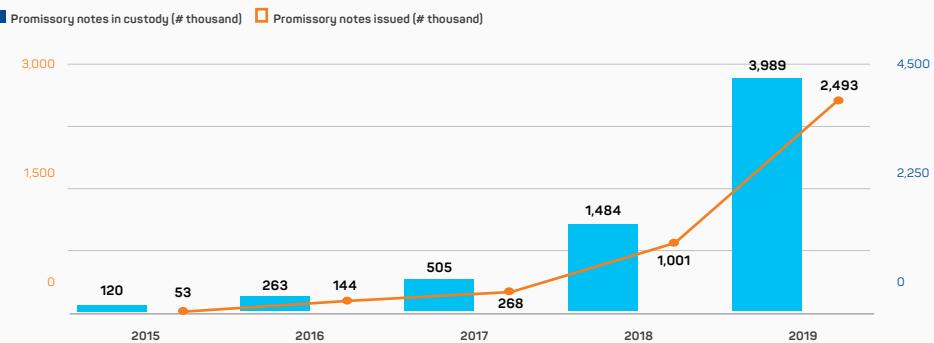
Following publication of new external regulations (DEFI – 360) by the Banco de la República Board of Directors, the depository provided liquidity loan simulation services to the Banco. 23 banking organisations participated in 2019, with 100% compliance.

► Satisfaction survey

Our score for promissory notes on the Satisfaction Survey was 76.3, an improvement of 28.7 points compared to 2018. This can be explained by customer service improvements in pre-sales, sales and post-sales processes.

In 2020, our objective is to broaden our relationship with existing clients; engage new clients, niches, segments and sectors as indicated in the commercial plan; and strengthen the technology platform, including modernisation as required by new product and market realities. We will also continue take the necessary actions to ensure continued client satisfaction.

Evolution of dematerialised promissory notes 2015 – 2019



Source: bvc.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	98	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			



5.4.4

a2censo
GRI: 103-2



Launch

During a high-impact event where we invited companies and investors to try out the new platform and activate their investments, **a2censo** was presented to the press, principal players in the innovation and entrepreneurship ecosystem, fintechs, strategic allies, and the general public. The results were as follows:

- **Attendees:** 184
- **Media:** 12 regional and domestic media organisations
- **Press:** 22 stories in digital & print media, and on radio
- **Platform visits in 2019:** 2,419,920



Collective financing model

In 2019, bvc launched **a2censo**, a digital ecosystem that connects Colombian SMEs to investors for project financing. This product provides a financing option to SMEs, and an investment opportunity to Colombians who, with or without experience, can invest their money and obtain favourable returns on even small amounts, using a 100% digital platform.

Since its launch, **a2censo** has become the principal crowdfunding financing platform in Colombia, and is monitored by the Colombian Financial Superintendence according to Decree 1357 regulations. This collective financing activity is enabled by issuing collective financing debt or capital securities. SME financing on **a2censo** is currently done using debt.

The public launch took place on 20 November 2019, and the **a2censo** Visionaries programme highlighted the first six companies with active financing campaigns on the platform.

SMEs and Projects

SME	Project	Conditions
Monbel Trading Partners S.A.S. Agro-industrial company dedicated to producing and selling sugar cane products.	Working capital to meet growing domestic and export demand.	Value: \$ 300,000,000 Rate: 8,75% EAR Term: 18 months Payment schedule: Monthly F.N.G. Guarantee*: 50%
3Biomat SAS Biotechnology company supporting health specialists.	Develop a biodegradable structural support for reconstructive surgery that improves healing times for mid-complex treatments.	Value: \$ 140,000,000 Rate: 11% EAR Term: 36 months Payment schedule: Quarterly F.N.G. Guarantee* 50%
Inelco SAS Energy company supporting the Colombian electricity market.	Finance the installation of solar energy panels for their clients, that will generate renewable energy to feed into their grids.	Value: \$ 150,000,000 Rate: 10,5% EAR Term: 24 months Payment schedule: Quarterly F.N.G. Guarantee*: 50%
Proteck SAS Engineering company offering process automation and optimisation processes.	Promote to SMEs their Proton IoT product that has been successful in large organisations. This industrial solution enables any process to be controlled and monitored anywhere.	Value: \$ 200,000,000 Rate: 10,2% EAR Term: 18 months Payment schedule: Monthly F.N.G. Guarantee*: 50%
Alegra POS Cloud-hosted administrative software provider for SMEs.	Develop the Alegra POS (Point of Sale) product – a complete, simple and agile invoicing solution for SMEs.	Value: \$ 250,000,000 Rate: 12,56% EAR Term: 24 months Payment schedule: Monthly F.N.G. Guarantee*: 50%
Ingelec Group Engineering in telecommunications, infrastructure, security and clean technologies.	Open the first hot immersion galvanisation plant in the Department of Huila.	Value: \$ 400,000,000 Rate: 9,5% EAR Term: 36 months Payment schedule: Monthly F.N.G. Guarantee*: 50%

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Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.5 Post-trade Services – Clearing, Settlement and Custody

GRI: 103-2



The clearing and settlement service corresponds to the registration of securities transfers, and the settlement of obligations transmitted by registration, trading and external clearing and settlement systems, in accordance with the instructions these systems transmit, at their own responsibility, to the depository.

Instructions may be FOP (only securities) or DVP (money and securities).

In 2019, clearing and settlement transaction volumes grew to 1,425,985: 1,258,454 FOP and 167,531 DVP.

In value terms, managed financial assets grew to COP\$543.3 trillion, representing growth of 11.2% compared to 2018, in spite of just 0.8% growth in the number of operations.

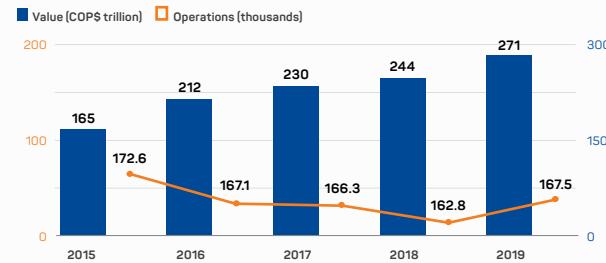
In 2019, **deceval** in conjunction with bvc, the Cámara de Riesgos Central de Contraparte (Central Counterpart Clearing House, CRCC), and the market, defined and implemented a clearing and settlement model using the CRCC for cash and

Clearing and settlement

Securities lending operations in the equity market using Individual Segregated Account (ISA) and Omnibus Segregated Account (OSA) models. This new model will begin operating in 2020, and will simultaneously process the delivery and payment of securities, thus ensuring complete asset availability (securities and funds).

In addition, in 2020 we hope to incorporate the clearing and settlement of collective real estate investment fund certificates that will begin to be traded in the equity market. We will also offer value added services designed to energise and add liquidity to this market. In the first half of 2020, we will also develop the OTC market securities lending service, and keep the client satisfaction score above 83 points

DVP Evolution 2015 – 2019



Source: bvc

FOP Evolution 2015 – 2019



Source: bvc

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	100	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.5 Post-trade Services – Clearing, Settlement and Custody

GRI: 103-2



Custody

This service corresponds to the safeguarding of physical or electronic securities certificates for market participants (direct depositors).

At 2019 year-end, the value of certificates in custody was COP\$560.1 trillion, COP\$89.6 trillion more than in 2018. December 2019 was a record month due to growth in asset values new market issues. Shares, mortgage bonds and other certificates grew by 20% in 2019. The dematerialised percentage remained stable at 96% and the depository is 1.6x larger than the Banco de la República Central Securities Depository in terms of the total balance in custody.

In 2020, we will continue to pursue commercial and product initiatives designed to attract a greater volume of more diverse certificates to the depository.

Custody by class (COP\$ trillion)

	2015	2016	2017	2018	2019	Var. 18-19 (\$)	Var. 18-19(%)
Shares	230.8	255.8	281.2	254.8	327.0	72.2	28.3%
Term deposits	89.7	113.4	121.3	123.1	129.8	6.6	5.4%
Ordinary bonds	43.3	50.3	58.7	63.0	67.8	4.8	7.6%
Other deceval certificates	11.4	12.9	18.8	23.1	28.5	5.4	23.2%
Mortgage securities	3.2	3.1	4.0	3.5	4.4	0.9	26.3%
Pension bonds	1.7	1.8	1.8	1.7	1.5	-0.2	-9.9%
TES (treasury bonds)	0.4	0.4	0.5	0.4	0.3	-0.1	-14.5%
TIDIS (Tax refund certificates)	0.6	2.3	0.3	0.8	0.7	-0.1	-16.0%
Total deceval	381.2	439.9	486.6	470.5	560.1	89.6	19.0%
Dematerialised balance	367.6	425.8	470.9	453.3	539.7		
Dematerialised %	96.4%	96.8%	96.8%	96.3%	96.4%		

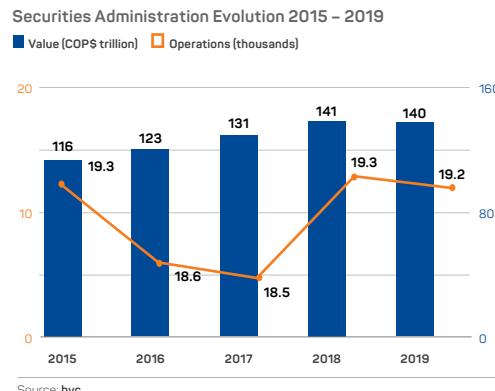
5.6 Securities Administration

GRI: 103-2

This corresponds to the asset rights issuers have on securities (yield, dividends, etc.), and payments to the investor through their depository.

In charges and payment, this service achieved the sum of COP\$139.5 trillion, a fall of 1.0% compared to 2018. This was principally due to term extension expiries in bonds and term deposits. Customer satisfaction remained above 80 points, with opportunities for improvement in timely foreign investor payments.

In 2019, we began to evaluate new payment schemes for final investors, for implementation in 2020, with a view to reducing costs and generating positive impact for micro-investors.



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	102	
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.7 Information Services and Electronic Media

GRI: 103-2



Information

Information products are divided into four lines of business: market information, index licensing, e-bvc information screens, and databases and reports.

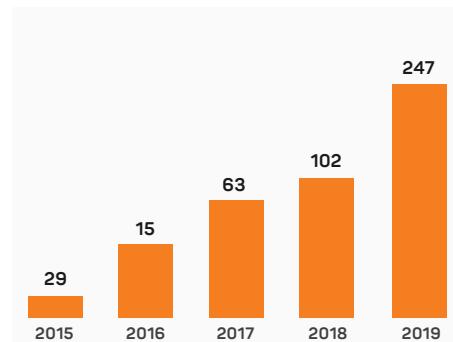
The good performance of information products is principally due to two factors:

1. Sales to the vendor segment, associated with information redistribution to third-parties via data-feeds, that grew by 53.6% in income in 2019.

2. COLCAP index licensing growth due to the 51% increase in the value of ETF COLCAP assets under administration in 2019, from COP\$4.16 trillion in 2018 to COP\$6.28 trillion.

ETF COLCAP

Assets under administration



Electronic media

Electronic media products are divided into three lines of business: electronic access services, the Master Trader terminal, and back-office terminals.

Growth in these products compared to 2018 is mainly due to the start of Master Trader terminal operations, the market's principal application for domestic fixed-income trading.

In 2019, we completed the migration of equity and derivative markets to X-Stream INET protocol FIX 4.4, giving us higher order reception capacity, allowing for high-frequency trading, latency reductions, and making viable managed access for all bvc administered markets.

Evolution of order routing



Main challenges 2020

- The main challenges are in guaranteeing permanent value creation for clients by developing new and improved solutions that automate and reduce friction in industry processes.



Phase 2 INET – Master Trader Project

During the second phase of the project, equity and derivative markets will begin to use Master Trader screens. This will give us integration with fixed-income screens that already use the terminal.



New information delivery channels

This initiative is designed to increase the value offer for local affiliates and international clients by facilitating the large-scale delivery of bespoke information to clients, and enabling the most important exchange and depository information.



Managed access

The enabling of Pre-Trade Risk Management (PTRM) functionality allows international users to connect and route orders directly through the INET trading engine on behalf of a securities exchange affiliate.



Analysis services

We plan to develop new lines of business focussed on providing cloud infrastructure services that allow clients to more efficiently access market information, conduct analyses, and facilitate the testing of algorithmic trading models.



Satisfaction Survey 2019

Information and electronic media products obtained a score of 832 in 2019, an improvement of 25 points over 2018. This shows that the client experience is at optimal levels. Clients most highly valued the volume and quality of information and the confidence they have in the platform. However, there are still opportunities for improvement in platform uptime and ease of use improvements to make access to all benefits more intuitive.

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Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development		

5.8 Internationalisation

5.8.1 Colombia Inside Out

GRI: 103-2

In 2019, bvc signed a strategic partnership with ProColombia, a government agency promoting investment in Colombia, and we joined forces to promote the country as a global direct and portfolio investment destination at "Colombia Inside Out", the country's primary international promotion event.



Government Participation



President
Iván Duque Márquez

Finance Minister
Alberto Carrasquilla

Strategic Partnership



- ▶ The eighth version of this event took place in London in June 2019, and achieved great results with regard to investor attendance, visibility and sponsorship. In attendance were the President of Colombia, Ministers, and presidents of the principal listed companies. Investors were able to hear first hand about Colombia's achievements and projects in infrastructure, energy, business and the capital market.

Company Presidents

Banco Davivienda	Efraín Forero
bvc	Juan Pablo Córdoba
Grupo Argos	Jorge Mario Vélez
Grupo Aval	Luis Carlos Sarmiento
Grupo Bancolombia	Juan Carlos Mora
Grupo Energía Bogotá	Astrid Álvarez
Grupo Nutresa	Carlos Ignacio Gallego
ISA	Bernardo Vargas
Promigas	Eric Flesch

14 Issuers:
9 CEOs – 17 VPs – 9 IRs

157 Meetings with Citi investment clients

22 Investment funds with 36 delegates

330 Attendees

► Direct Investment Projects

26 Presentations on infrastructure and energy projects

43 One to one meetings between project developers, investors and operators

ANI	Louis Kleyn
FDN	Carlos Sandoval
Alcaldía de Bogotá	Jean Philippe Pening
Regiotram	Álvaro Guasca
FUGA	Mónica Ramírez
IFC	Alberto Lozada
British Embassy Bogota	Greg Houston

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Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development			

5.8.2 Federations

GRI: 103-2



During the 59th WFE General Assembly, held in Singapore in October 2019, four Board members were elected. As a result of his performance as WFE President from 2014 - 2016, and as a Board member from 2016 - 2019, bvc President Juan Pablo Córdoba was re-elected as director for a period of three years.

Principal WFE activities in 2019 were:

- Cross-border regulatory coherence and dissonance, and its effect on capital markets.
- Technological change, with an emphasis on cryptocurrencies, ICOs, cyber-resilience, and blockchain, among others.
- Sustainability.
- Market information.
- The role and regulations of central counterparty clearing houses, especially related to capital.

bvc, represented by Juan Pablo Córdoba, participated in the four WFE Board meetings held in 2019, as well as the organisation's General Assembly and annual meeting.

In addition, bvc actively participated in the Work Committee and the Sustainability and Emerging Markets Working Groups (of which we are founding members), and in the Fintech Working Group.

In line with its work plan, in 2019 the following activities were developed by FIAB (Interamerican Federation of Exchanges):

- Improve the clearing and settlement model and complement it with a post-trade service model, specifically:
 - Clearing and settlement of cross-border operations.
 - Value added services through central depositories and central counterparty clearing houses.
 - An analysis of regulatory change in more developed markets and its impact on domestic markets.
- New uses for technology through FIAB tech forums.
- Sustainability.
- Sharing the FIAB agenda and priorities with regional authorities, organisations and bodies representing the diverse participants in Ibero-American securities markets, with a view to producing a common agenda.



ASCDA (American Association of Securities Depositories and Clearing Houses) celebrated its 20th anniversary during its 21st Assembly, with the attendance of past and current presidents. In addition, a new executive committee was elected.

ACSDA organised the 2019 Senior Leadership Summit around the following themes:

- Challenges and perspectives for financial market infrastructure.
- International collaboration and partnerships.
- Diversification within and beyond the core business.
- Industry tendencies and problems.
- Cybernetic security and resilience.
- Technological change: DLT, AI, Robotics.

ACSDA is actively involved in the WFE, and held conversations with FIAB to identify potential areas for collaboration between the two federations that would benefit their members and markets.

A large number of organisations and markets are members of both organisations, so these efforts should generate benefits for all.

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5.9 Capital Market Mission Recommendations

GRI: 103-2

With a view to identifying challenges for the Colombian capital market and defining a development route map, in October 2018 the Colombian government launched the second Capital Market Mission (CMM).

Following months of work that included three workshops with market agents, moderated by bvc President Juan Pablo Córdoba, in August 2019 the MMC published its initial report sketching out a series of recommendations. In December 2019, the Mission published its final report. This included a market diagnosis and an octo-dimensional series of recommendations, as detailed below:

I. Institutional composition

Institutional and competence composition

- The Ministry of Finance and Public Credit should be responsible for designing public policy to develop and promote the capital market
- The government should be responsible for the entirety of capital market intervention
- The Financial Regulation Unit should be the body responsible for studying, projecting and evaluating capital market regulations
- The Colombian Financial Superintendence should be the only organisation responsible for executive oversight capital market activities
- The self-regulation model should be fundamentally revised
- An independent study recommending how to ensure coherence of function between the different authorities
- The creation of a consultative committee to monitor public policy

II. Market structure

Market activities

- Broaden regulatory scope: a functionally focussed merging of intervention powers
- Homogenise administrative activity and asset management standards
- Homogenise securities brokerage standards
- Diversify brokerage agents
- Fundamentally strengthen corporate governance

Non-intermediate market regulatory scope

- Securities issue and promotion regulations should recognise different scenarios
- Reorganise the primary market, hereafter the "public market"
- Reorganise the secondary market, hereafter the "private market"
- Create a "springboard market" for SME issues
- Private capital investment regulation should distinguish between different segments and types of investor

Issuers

- More stringent corporate governance standards
- Revise conflict of interest and related party transaction rules
- Revise the independence criteria for board members
- Consider the possibility of allowing dual class share issues

Market infrastructure

- Relax ownership limits (10% max) applicable to securities exchanges
- Adopt new international practices
- Adjust trading schedules and clearing cycles to match international standards in FX and fixed-income markets
- Interoperability between trading and depository systems
- Obligatory dematerialisation of negotiable titles

III. Regulations and incentives

Pension funds

- Market discipline
- Regulation focussed on risk principles

- Risk management supervision for (i) administered resources and (ii) affiliate profile

- Investment regime: guided by principles, not rules
- Eliminate the minimum profitability regime
- Separate administration payments from the cost of fund insurance
- Pension fund remuneration incentives aligned with the best interests of affiliates
- Strengthen pension fund corporate governance

Insurers

- Regulation focussed on risk principles
- Risk management supervision focussed on (i) the type and (ii) the cycle of trades that strengthen reserves
- Investment regime: guided by principles, not rules
- A state guarantee mechanism for life annuities
- Participation of foreign organisations in fund insurance and life annuities

Custody

- Broaden the supply of custody services in accordance with international standards

- Incentivise administrator and promotor custody usage
- Obligatory custody usage for more activities
- Simplify and unify the securities loan market

Advice

- Revise the current regime for advice
- Regulations to ensure the discipline of diverse agents

Corporate governance

- Corporate governance as the mechanism to ensure market discipline, in accordance with the highest professional standards
- A mechanism to guarantee transparency, independence and professionalism, in the best interests of the consumer

Private debt

- Revise the regulatory framework for corporate debt

Access to information

- Move towards an open banking model
- Information on capital market transactions and operations should be considered as a public interest asset

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5.9 Capital Market Mission Recommendations

GRI: 103-2

► IV. Public asset management

Corporate governance of public holdings

- Create a National Agency for Public Holdings (NAPH) that regulates ownership of companies in which the nation has holdings
- NAPH takes charge of strategic orientation for the exclusive benefit of the nation

Public funds in social security

- Reform to align state and promotor interests
- The promotor selection process should increase the number of investment agents and decision makers

Disposal and democratisation of state holdings

- Reform Law 226 to distinguish between private and public capital market disposal processes
- With regard to public capital market transactions, Law 226 reform should be internationally compatible

Asset deterioration

- New ways of evaluating asset deterioration in public fund management

- The National Audit Office should incorporate into its Audit Guides the principal of asset deterioration in public fund management
- Universal regulations to ensure that investment processes are aligned with public interest, and adequate fiscal oversight of public fund management

► V. Products

Securitisation

- Promote migrating the balance of risk from state organisations to the capital market
- A public guarantee mechanism to underwrite credit risks in alternative assets (education, agriculture, infrastructure) that are susceptible to securitisations

Entrepreneurship funds

- The government should promote a fund of entrepreneurship funds as a multiplier that strengthens the supply of early-stage entrepreneurship resources
- The fund of funds should be professionally managed with high standards of corporate governance

Derivatives

- Revise the regulatory framework to energise derivative market development
- Encourage generalised usage of the IBR as the cost of money for all capital market agents
- Eliminate fiscal asymmetry with relation to derivative operations
- Change the compliance standards for FX, TES and derivative trading from T+0 to T+2

► VI. Market promotion and economics education

Market promotion

- Market promotion should seen as the formulation of public policy objectives, goals and metrics
- The Colombian Financial Superintendence should be a market promotion executor and safeguard sustainability
- The private sector is responsible for articulating its public policy efforts

Economics and financial education

- Financial education should be a capital market development and promotion

objective that is energised by the government

- The private sector should actively promote and run economics and financial education programmes

► VII. International environment

Leadership in regional integration

- The government should lead and align efforts to integrate regional capital markets
- The government should adopt regulatory measures that open the way to Pacific Alliance capital market integration

► VIII. Fiscal environment

Tax and the capital market

- The fiscal environment should be neutral, stable and competitive
- The registration tax should be eliminated as it inhibits the capitalisation of companies with shares listed in the securities market
- Capital market activities, services, operations and financial vehicles should be treated equally

► Capital Market Mission Decree projects in 2019 based on Mission recommendations

- Securities custody (30 November)
- Legal regime for voluntary pension schemes (20 December)

► Capital Market Mission Impact for bvc

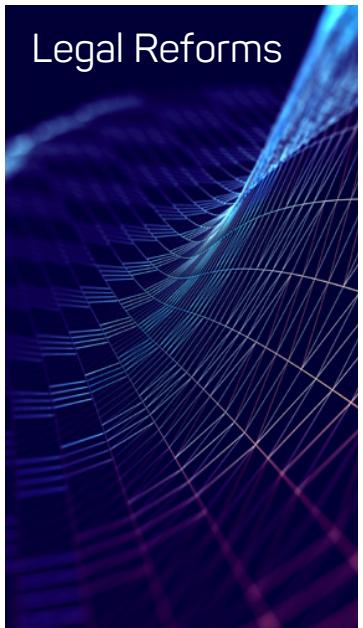
The Capital Market Mission is one of the most significant initiatives in recent years. It highlights the relevance of, and promotes interest in, Colombian capital markets. For bvc, a strategic ally of the financial and securities markets, and the leading operator of infrastructure in the Colombian capital market with presence throughout the value chain, this initiative is highly relevant and will guide our agenda in the coming years. In accordance with the reasons for its formation, the CMM will serve to support many of bvc's strategic projects.

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5.10 Progress and Results in the Market Development Focussed Regulatory Agenda for 2019

GRI: 103-1, 103-2

2019 saw the implementation of important changes in the capital market legal framework, aimed at promoting its development. Among the principal regulatory changes, the following are of note:



1. Capital Market Mission

Capital Market Mission Final Report: Considers the current state of the capital market and key elements related to its performance, and makes recommendations to energise its development.



2. OTC securities lending operations

Decree 1351, Ministry of Finance and Public Credit: Enables OTC market securities lending operations and facilitates security custodian participation as transfer agents. Details the conditions necessary for custodians to develop securities lending agent services.



3. Derivative and structured product operations

External circular 005, Colombian Financial Superintendence: Rules related to using cloud computing services.

External circular 031, Colombian Financial Superintendence: Instructions for derivative and structured product operations aimed at promoting market development and adopting international best practice.



4. Cloud usage

External circular 005, Colombian Financial Superintendence: Rules related to using cloud computing services.

External circular 029, Colombian Financial Superintendence: An update of minimum security and quality requirements for access, operations and financial consumer information. Establishes the conditions for using biometric data.



5. AML/CFT

External circular 018, Colombian Financial Superintendence: Modifies the forms used for reporting information to the UIAF (Financial Information and Analysis Unit) on AML/CFT risk management.

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5.10 Progress and Results in the Market Development Focussed Regulatory Agenda for 2019

GRI: 103-1, 103-2



Regulatory Modifications



General bvc regulations

- MILA trading through alternative mechanisms.
 - The incorporation of equity shares issued by closed collective investment funds, private capital funds, independent trusts, and securitisations, so that they may be traded on the equity market.
 - Modification of Exchange registration requirements to optimise this process and leverage the synergies created by bvc/deceval integration.
 - Implementation of the technological renovation project with a view to migrating equity and derivative trade operations to Nasdaq's high performance X-Stream INET system, in addition to implementing new INET functionalities in the fixed-income market.
- *TN: Used in Colombia to refer to the arts in general.



Derivative regulations

- Annual adjustment of the TES futures market creators programme.
- Implementation of the technology renovation project with a view to migrating derivative trade operations to Nasdaq's high performance X-Stream INET system.
- Scanning parameters for TRM and TRS (official exchange rate) futures contracts, COLCAP Index share contracts, and an update of Annex 13.
- Annulments of system operations and registers.
- Price ticks for TES futures contracts.



MEC regulations

- Income tax on debt securities traded on the Exchange.
- Schedule for registering public debt operations on the Master Trader system.
- Transition regime for migrating equity share trading and registration from the MEC system to the equity trading system.
- New INET functionality.
- Risk model criteria and eligibility requirements for REPO, RRP and securities lending operations.
- Extension of the PPP programme.
- Engagement of bridge banks.
- Other modifications related to market functioning.

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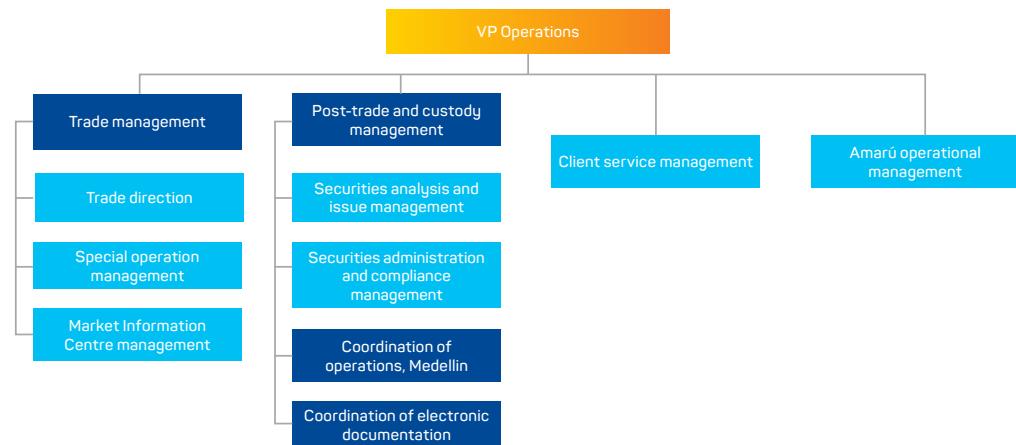
5.11 Operations Development and Evolution

GRI 103-1, 103-2, 103-3, 203-1



Structure

Since the bvc / deceval integration we have operated as a single organisation. The operations area supports the entirety of the Colombian capital market value chain in ensuring our global competitiveness by administering transaction and registry systems, securities clearing and settlement, and making available the information required by different interest groups. This guarantees efficient process management and ensures operational continuity.



The fundamental foundations for integral administrative management of markets and operations are as follows :

- Support the market's value offer with efficient and secure trading mechanisms and systems.
- Operational risk management.
- Collateral administration and management for trades, and clearing and settlement using market infrastructure.
- Complaints' management with a high level of service.
- Adoption of principal market administration standards.
- Process innovation to facilitate client trading, and clearing and settlement operations.
- Maintaining operational continuity and safeguarding transaction and registry systems.
- Developing strategic bvc projects that benefit the Colombian capital market.
- Participating in industry workshops that promote efficiency, liquidity and competitiveness.
- Participating in working groups and regional Associations such as FIABV and ACSDA.

Delivered improvements

In 2019, the operations area implemented processes that met value chain needs and consolidated the integrated organisation's structure.

Client services was strengthened by integrating the client centred integral agent attention process.

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5.11 Operations Development and Evolution

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Delivered Improvements

- One of the organisation's strategies is the RPA (robotic process automation) initiative. In 2019, we developed and implemented automated valuation processes for bond and share futures.
- We implemented a monitoring tool for the Colombian Global Market and ETFs.
- We developed XAI public debt securities creation automations and controls, a tool for validating monthly fixed-income risk model outputs and a tool for OTC derivative registration.
- Batch upload functionality was added to the fixed-income issue system.
- OPA and OPI operations were unified into one system, and MILA functionality was added to these operations.
- Fixed-income issue improvements were implemented with respect to backup creation and the transfer of operations to bvc back office systems. This created a more agile process that can be directly executed by the special operations team without the need for IT involvement.
- The generation and delivery of 30 information commitments was automated using Microsoft Reporting Services, representing 60% of all delivery commitments and reducing the operational load by 42%.
- We implemented the SUSI management tool for Office of the Attorney General information requirements, that optimises the response process and reduces paper usage.
- We optimised the compilation, processing and updating of quarterly fixed-income financial statements sent to the Colombian Financial Superintendence, and reduced the operational load by 60%.



Project participation

In 2019, the operations area participated in various bvc strategic projects.



INET + Master Trader phase 2

The operations area participated in defining and implementing the fixed-income, MILA and derivative market migration to the INET trading engine.



Income tax

Operations participated in making adjustments to ensure that income tax is not deducted from fixed-income transactions.



Amaru, New Securities Depository Core, TCS BANCs

At 2019 year-end, 96% of the software had been admitted into the test environment, prior to UAT. Software was tested against requirements received by providers, the market received reports on new system's impact, and working committees were set up with industry representatives to familiarise them with the transformation process.



We worked on implementing the collections and refund model for contributions to the platform, and yield payments for investors.



Clearing and settlement of cash, securities lending and equity operations through CRCC

Operations contributed to defining and testing the migration project during the technological development implementation phase.



Fixed-income market creators

Operations participated in implementing the measurement tool.



Dematerialised promissory notes

We worked on service optimization, the launch of 8 new functionalities, and significant improvements in the digital signature process for promissory notes. In addition, 28 ATL (Temporary Liquidity Support) simulations were conducted for the Banco de la República and credit establishments.

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5.11 Operations Development and Evolution

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Client services received 153,000 calls.

Levels of service and efficacy improved significantly compared to 2018, and client expectations were better met. We were able to classify by type 45.2% of calls received. In 2020 we will implement the new service model and its technology tools, and hope to increase the number of calls classified and the level of data analysis to better develop customer service and experience strategies.

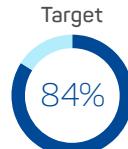
- Compliant
- Non-compliant
- Not technically possible to measure

Area / year	Calls received (volume)		Calls received (%)		Service level (target = 85%)		Efficacy (target = 95%)	
	2018	2019	2018	2019	2018	2019	2018	2019
Deceval CS	35,179	35,333	23.0%	25.3%	84.7% ■	89.8% ■	94.9% ■	96.1% ■
Call centre	29,554	27,731	19.3%	19.9%	88.4% ■	92.3% ■	96.8% ■	98.1% ■
Post-trade	24,375	20,723	15.9%	14.9%	68.5% ■	90.8% ■	90.4% ■	95.5% ■
bvc CS	18,818	16,091	12.3%	11.5%	71.8% ■	88.2% ■	92.1% ■	92.3% ■
Securities administration	15,500	14,147	10.1%	10.1%	- ■	- ■	92.1% ■	92.4% ■
Trade	7,889	7,464	5.2%	5.4%	43.3% ■	95.1% ■	97.1% ■	97.3% ■
Medellin branch	6,411	5,396	4.2%	3.9%	81.4% ■	89.5% ■	93.4% ■	96.2% ■
Issues and analysis	5,547	4,859	3.6%	3.5%	- ■	- ■	91.7% ■	88.9% ■
Operational closing	4,578	3,210	3.0%	2.3%	70.5% ■	85.2% ■	84.3% ■	92.8% ■
Special operations	2,960	2,328	1.9%	1.7%	80.3% ■	93.7% ■	96.7% ■	97.6% ■
CIB	1,298	1,495	0.8%	1.1%	72.8% ■	87.3% ■	92.4% ■	96.3% ■
Infrastructure	795	660	0.5%	0.5%	85.1% ■	92.4% ■	89.3% ■	93.3% ■
Total	152,904	139,437	100%	100%	77.3% ■	90.6% ■	93.5% ■	95.4% ■

Other service statistics:
Opportune response to requests

	Number	Opportune response
All bvc	145,615	95.1% ■
VP Operations	127,578	98.7% ■

Response target



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5.11 Operations Development and Evolution

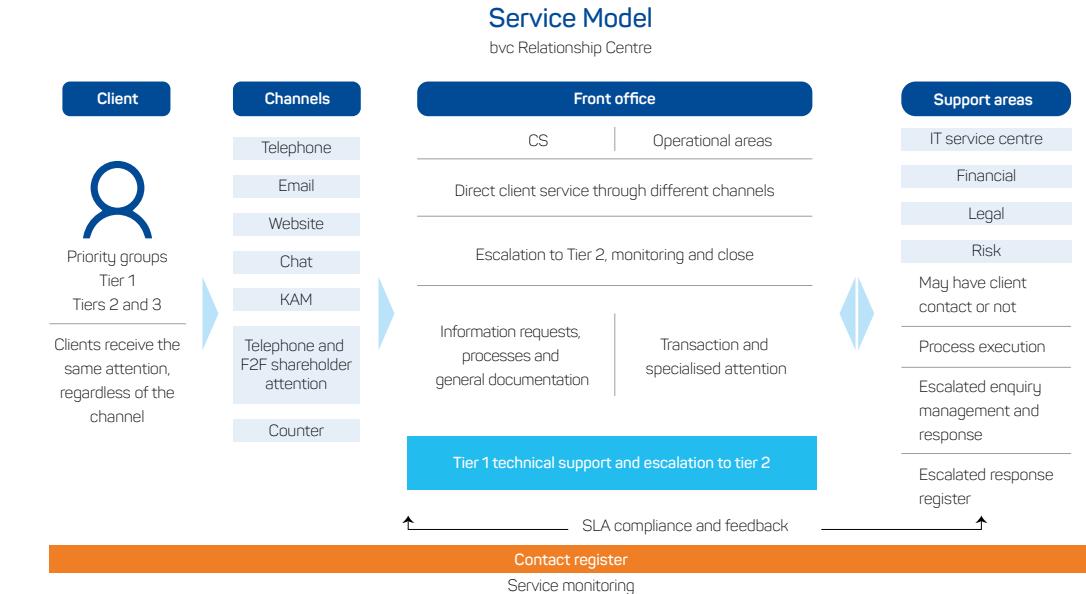
GRI 103-1, 103-2, 103-3, 203-1

New service model

As part of bvc's strategy to become a client focussed organisation, in 2019 Operations led the new service model implementation project. Its principal characteristics are:

- Unify the service area, that today is comprised of analysts with integrated knowledge and has 100% unified processes.
- Centralise responses to strengthen specialisation and first-contact resolution.
- Cross-company monitoring of the service provided by all areas, coordinated by the experience management area.
- Segmentation of client attention according to commercial model tiers.
- 14 new internal SLAs that will facilitate reducing response time to two days for requests related to impacted processes.
- The creation of a centralised client database to facilitate data analysis and service strategy development.
- The new model incorporates a latest generation tool for new digital channel implementation and self-service. We use PureCloud as the interaction manager and Salesforce as the data repository.

► Integrated model vision: bvc Relationship Centre

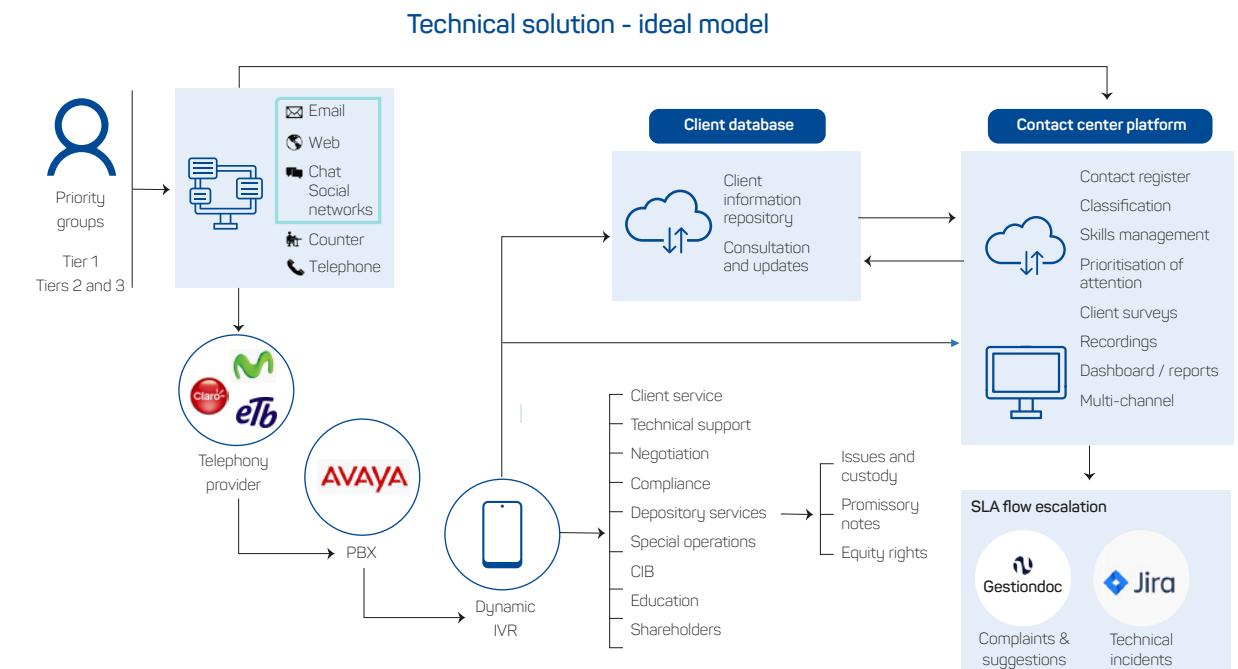


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Integrated model vision: bvc Relationship Centre



Implementation results

Type of request

382 types identified.

20 workshops and meetings

Familiarisation, analysis, validation and SLA approval workshops and meetings.

14 selected processes

The most relevant processes were selected and validated by trade and post-trade managers.

45+ participants (employees)

16 areas: Trade, post-trade, securities administration, compliance management, issues and analysis, electronic documentation, special operations, CIB, legal, treasury, commercial, IT, education, customer service, and processes & risk.

73 new SLAs by segment and complexity

47 optimised SLAs

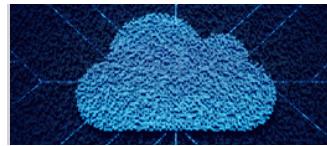
2 day average reduction in response time

20 quality and response time improvements

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5.12 IT Development, Evolution and Innovation

GRI 103-1, 103-2, 203-1



Summary and Strategy

Following the successful completion of bvc/deceval integration in 2018, we turned our attention in 2019 to implementing the consolidated trading platform, INET & Master Trader, and the a2censo crowdfunding platform.

We also energised the company's digital transformation by adopting new digital cultures and capacities designed to generate value for our clients and achieve greater process efficiencies.

To better understand current IT and digital capacity and start defining a route map, at the end of 2018 we started work on the Strategic Transformation and IT Plan. We received advice from Accenture and began to define a new IT Operating Model that establishes governance, capacity and management processes for the complete set of IT services, and the way these interact with the business, clients, the partner ecosystem and IT providers.

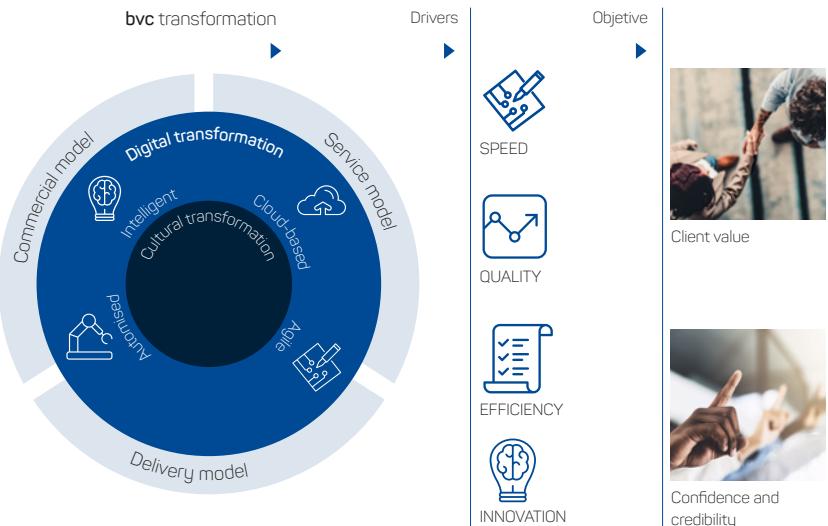


Strategic Transformation and IT Plan

The plan was approved by the Board of Directors and is aligned with bvc Group strategic vision. It analyses the current state of bvc, deceval and precia technological capacity, defines objectives that are aligned with short and medium-term organisational strategy (3-5 years), and establishes a technology route map.

Given that the technology market is highly dynamic, with new technologies emerging constantly, the plan is designed to be agile; It will be evaluated twice-yearly and modified as new realities emerge.

IT strategy is revolves around digital transformation, and this is the basis for implementing the Service Delivery Model that will facilitate client-focussed business growth.



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Strategic Transformation and IT Plan



Digital transformation and value creation capacity

Intelligent	Agile	Cloud-based
<ul style="list-style-type: none"> Digital culture and new ways of thinking Transformation of talent and ability Open innovation (Fintech, DLT, digital ecosystem) Data and analysis driven decision-making HR sourcing model ITOM, IT governance, IT metrics Vertical integration efficiencies Flexible, robust architecture and security 	<ul style="list-style-type: none"> New ways of working Prioritising client value Quick and continuous delivery of value Lean thinking and practices Greater productivity Focus on teams DevOps-style rapid delivery of solutions Continuous learning-based improvement 	<ul style="list-style-type: none"> New solutions and provisioning Standardised architecture and security Elasticity in capacity Variable IT cost based on usage Reduction in idle infrastructure Facilitator of innovation



Value for clients

In 2019, we executed the following projects aligned with the strategic objective of delivering value to clients

Master Trader 1.5	a2censo	Digitalisation of internal processes
System update in May 2019 that added new functionality.	In November we launched the first Colombian crowdfunding platform, with partners including the IDB. The platform connects investors with Colombian SMEs seeking project financing, with attractive yields and risk management guarantees.	In May 2019, we implemented a new digital people management platform, with monthly functionality updates, that generates efficiency gains and reduces process risk.

INET 2.0

In November 2019, we completed the transition of fixed-income, equities, derivatives and MILA to INET, a world-class platform that offers sophisticated real-time risk management and supervision functionality.

Service Model

The integrated company's new model for customer service incorporates cloud-based technologies that facilitate client interaction and management. In 2019, we defined the technical architecture, including client information storage tools and the capacity for complete sales cycle analysis and management.



New ways of thinking

In 2019, IT implemented a change in culture and ways of thinking through the introduction of the SCRUM model. This agile methodology is used worldwide in the IT industry.

To achieve this new way of working and offer value to clients, IT significantly transformed the way it is aligned with cultural change in the organisation, and took the lead in implementing projects and pilot initiatives related to new governance models and constructing technological solutions that increase client satisfaction.

In 2019, teams working on INET, Master Trader, automation testing, process digitalisation, and everyday issues like people management, implemented agile methodology. This allowed the team to change their ways of thinking and focus on the speedy delivery of value. In 2020 we will continue to build on 2019's achievements by further consolidating the agile thinking model, and measuring its impact on client satisfaction.

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5.12 IT Development, Evolution and Innovation

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Strategic Transformation and IT Plan



Automation

We implemented the following efficiency generating process automation initiatives that improve tracking, reduce operational risk and speed up processing: (i) Robotic Process automation (RPA), (ii) Automation testing, (iii) Automation integrators.

Of note is the RPA of operational processes for trade system valuation and data input; automation testing on INET & Master Trader, and FIX protocols, that achieved time reductions of 10% and 35%, respectively, and the implementation of digital tools that facilitate organisational management processes.



The cloud as a transformation tool

In 2019, we engaged Amazon Web Services as our public cloud provider, and Rackspace as our provider of cloud operation and administration services (security, best practice, cost control, architecture standards, legislative compliance, etc.).

In mid-November, a2censo became our first application with a native cloud architecture and a great cost-efficiency ratio for infrastructure as a service. We also deployed ten cloud-based project execution test environments.

The benefits were seen immediately. Cloud-based applications have better cost control (pay per use) and deployment speed (95% faster), allow for infrastructure to be scaled according to demand requirements, optimise TCO, and are able to quickly incorporate new technologies (artificial intelligence, machine learning, analysis, etc.).



IT Operating Model (ITOM)

In addition to having the right level of digital capacity and infrastructure, it is vital to have agile and efficient processes that ensure legislative compliance and comply with governance and management reference frameworks.

In 2019, we designed an ITOM that holistically defines technology processes in relation to business, client, provider, subsidiary and strategic partner ecosystems.

In 2020, we will continue to develop the ITOM, with the objective of being a strategic partner for the business and its clients, exploring disruptive culture, and focussing on delivering value.



Data-driven

Finally, for operational models to be effective, decision making must be based on opportune and precise information. To this end, IT has initiated the process of implementing business intelligence processes and tools that will become the drivers of data-driven business and capacity building initiative decision making.



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	117
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development		Project Development	

5.12 IT Development, Evolution and Innovation

GRI 103-1, 103-2, 203-1

Capacity growth

In parallel with technology platform modernisation at the Exchange and Depository, the IT Department has focussed on integrating and optimising cross-company services such as security, communications, monitoring, support, and digital services. We have kept availability high and achieved service synergies, standardised shared platforms and made savings in technology resource management.

Some of our principal activities in 2019 were:

Optimising and integrating connectivity and telecommunications services.

Integrating IT infrastructure preventative monitoring tools for security breaches, to improve event detection and response times.

Renovation of network devices in Bogota, Medellin and Cali, strengthening security and enabling improved threat response through adaptable, flexible and centralised access control.

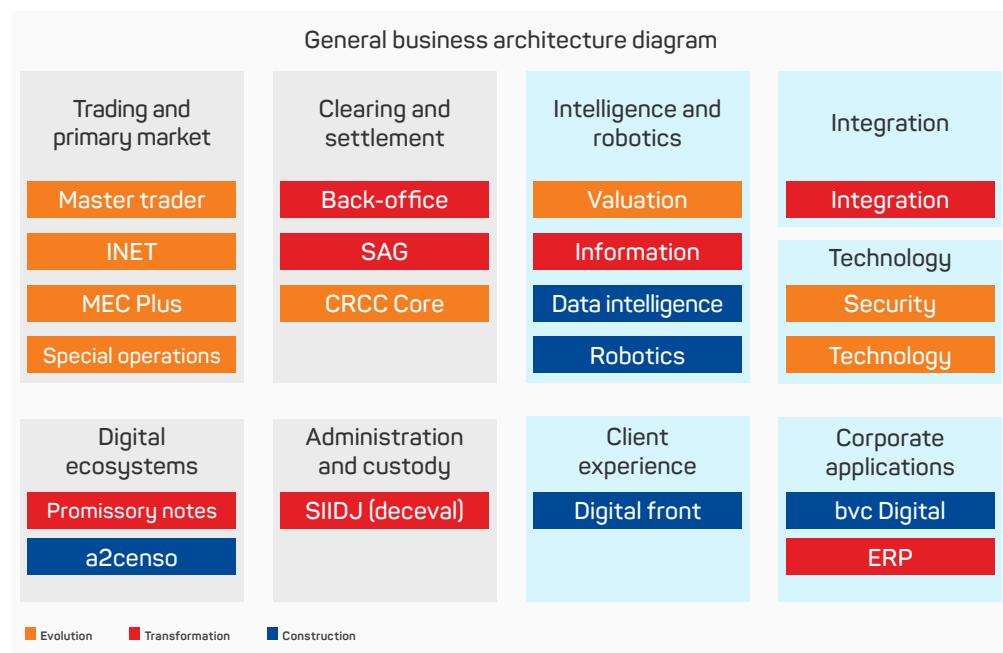
Unification of shared information management throughout the company.

Hardware updates for core platforms.

Security platform updates and integration.

The development of an IT service catalogue and operational service maps.

The technology team continues to pursue its goal of leading digital transformation, and promoting new ways of thinking and working that allow us to implement organisational objectives, efficiently operate services and execute processes, develop agile methodology projects, and continuously create value for clients.



Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	118
Commercial Management	Market Performance	Capital Markets	Issuer Services	Post-trade	Securities Administration	Information Services	Internationalisation	Capital Market Mission	Regulatory Development	Operations Development	IT Development	Project Development		

5.13 PMO Development and Evolution

GRI 103-2, 203-1

In 2019, the Project Management Office contributed to the implementation of strategic initiatives for the Colombian securities market, and ran an agile methodology pilot for new project development, with an innovative vision and a focus on value creation for clients.

There follows a summary of the main project implementation achievements in 2019.



INET + Master Trader

In 2019, the market trading engine was centralised and optimised with the implementation of a new X-Stream INET version.

In August, Master Trader version 1.5 was implemented in the fixed-income market, in accordance with client requests for improvement.

In November X-Stream INET was implemented for equity and derivative and MILA markets, and new risk management and administration tools were activated.

In 2020, we will continue to work on incorporating equity, derivative and MILA markets into Master Trader, with a view to facilitating trading and liquidity.



a2censo

In November 2019 Colombia's first crowdfunding platform was launched, giving SMEs access to financing through corporate bond and commercial paper issues, and offering Colombians new diversified portfolio investment options.

The project was implemented using agile methodology, with Grability's support as a strategic partner.

In 2020, a2censo will continue to evolve its value proposition and will offer access to new products focussed on its clients' needs.



amarú

amarú will transform post-trade processes in the Colombian securities market. The use of ISO 20022 communications standards and protocols, and security and efficiency improvements, will benefit all participants in the value chain.

In 2019, the software was delivered by our partner, TATA Consulting Services, for internal testing. In the second half of 2020 market testing will take place, and we anticipate a full launch in Q1 2021.



CRCC Post-trade

In 2019 we finalised internal project development and readiness. The result of this project will be a new clearing and settlement model for cash operations and securities lending in the equity market, and will enable T+2 compliance.

The new model will generate efficiencies in liquidity management, reduce counterpart risk, and adopt international standards.

It is estimated that the project will be implemented in Q1 2020.



Promissory Notes

This project marked the first to employ agile methodology. In 2019, bvc developed functional improvements that positively impacted the client experience, optimised the application, and generated response-time benefits for physical and electronic promissory note issue, register, custody and trading.

In 2020, we will begin migrating to a cloud-based infrastructure that will add elasticity to the application and support continued growth in demand.

Project Management Office 2020

Digital platform

The integration of all digital assets and bvc information sources into a unified web platform that will become a connection hub between bvc, clients and users.

ERP

bvc and Deceval accounting and financial processes will be updated and unified into one ERP. A new SAP version will be implemented that allows processes to be transformed, consolidates information sources, standardises policy and methodology, and increases accounting and financial process efficiency.

OTC securities lending

The incorporation of an OTC market for securities lending into the equity market, with a view to energising growth and consolidating securities lending in the Colombian market. The project will implement international best practice to facilitate operations for domestic and foreign investors.

RPA

The Robotic Process Automation platform will enhance internal process execution with a digital labour force that complements the human team, and automates manual tasks. The platform will enable greater speed and improve operational risk management, improving productivity across the organisation.

Our Employees



6.1 Strategic Capital 2019

GRI 103-1, 402-1

bvc's most important and strategic capital is its human capital. In 2019, HR focussed on consolidating talent and cultural consolidation through the "Somos bvc, Somos Transformación" (We are bvc, We are transformation) strategy, that emphasises our evolution towards agility, efficiency and client focus.



The strategy is articulated through four umbrella themes:



bvc people
we are the best version of ourselves

Consolidating bvc culture through value-based management that focusses on the client, innovation and agility.

Creating networks that positively impact the work environment.



bvc effect
we are transformation

Supporting cultural transformation through change management in operations, projects and the new commercial and service model.

Reinforcing INET & MT, CCRC and a2censo automation processes and projects through change management.



bvc action
we are high performance

Developing employees' capacity to achieve the highest organisational standards.

Implementing an organisational competence model.
Consolidating leadership and management styles.



bvc style
a brand with a purpose

Adopting agile practices to raise awareness on the ways our identity makes us unique.

Recognising who we are and what we do, attracting top talent, and positioning bvc as a potent employer in the job market.

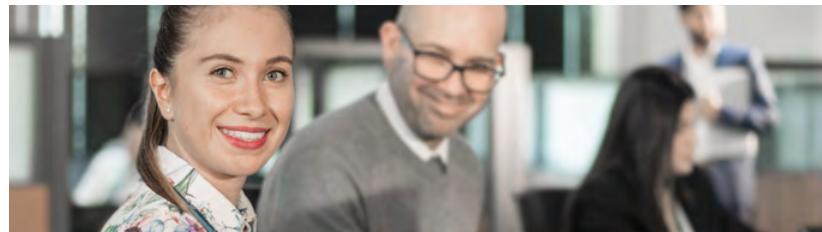
Somos Transformación focusses on cultural change and consolidating organisational integration.

6.11 Principal Employment Rights

GRI 102-8, 102-16, 102-17, 102-41, 103-2, 205-1, 402-1

Employment rights are aligned with current Colombian legislation and the legal team ensures compliance.

Internal audits, periodic meetings and open procedures ensure that working conditions are clear and decent, and that employee rights are protected.



To improve employee wellbeing and promote an excellent work environment, bvc Group offers benefits that go beyond the legal minimum requirements. Our employees have not felt the need to unionise to guarantee their rights, as these are already part of company practice.

In accordance with the law, in 2019 bvc set up an employment committee, as follows:

Employment committee

Employee representatives



Luz Dary Pacheco

Post-trade Analyst

Paola Ramírez

Securities Administration Specialist

David Fajardo

Electronic Documentation Analyst

Sebastián Corredor

Risk Coordinator

Company representatives



Angela Sierra Sierra

Human Resources Manager

Alfonso Parías

Process and Risk Manager

Celso Guevara

Operations Manager

Catalina Ruiz Vergara

Human Resources Specialist

The relationship between bvc and employees is aligned with current Colombian legislation, the Constitution, Labour Code, ILO agreements, and high court jurisprudence.

The bvc legal and employee relations teams, ensure that employment legislation is correctly implemented. Internal audits, periodic meetings with legal advisers and open procedures contribute to creating clear and decent working conditions. This generates a healthy, peaceful working environment where employee rights are protected through employer compliance with employment legislation.

bvc employees have not felt the need to unionise to protect and guarantee their employment rights,

as these are properly respected and guaranteed by the company. The company would, however, abide by employment legislation if employees were to decide to unionise, and it would not place any restriction on people's right to association.

In the last two years there have been no complaints of any type. An Ethics Line exists for this purpose, and evaluates complaints or doubts on workplace harassment or relationships that are then revised by the Employment Committee.

There are no unions nor collective bargaining agreements in place due to the transparent and honest two way communication between employer and employee.

Complaints

Year	2015	2016	2017	2018	2019
Number of complaints	1	1	1	0	0

6.1.2 Training Management

GRI 103-2, 404-2

Corporate training supports organisational strategy and strengthens cultural alignment. Needs are identified and skill gaps managed through the corporate training plan, using the following categories:

- ▶ • Corporate training
- Skill gap training
- Specialised training abroad
- Leadership training
- Individual development
- bvc action
- Performance management



In 2019, we reinforced competences and corporate strategy at 36 corporate training sessions, closed employee and leader skill gaps at 22 sessions with 83 attendees, approved 11 subsidies for specialised training, enrolled 51 employees in the English club and 25 leaders attended the 3rd Leadership School.

Sophos invested COP\$227 million in training in 2019. Each of the planned actions contributed to employees' education and supported compliance with strategy.

A total of 63 presential and virtual technical training courses were completed by 350 employees, and 73 people were certified in key business technologies. Soft skills were a key priority in 2019; 25 observation spaces were created for teams to connect with organisational culture.

It should be noted that in previous years, sophos training was reported as the number of people not the amount invested; this year the figures reported are the amount invested.

Investment in training



bvc competences



Global vision



Interpersonal communication



Network building



Service focussed



Value proposition



Results driven

6.13 Occupational Health Management

GRI 103-2, 403-1,

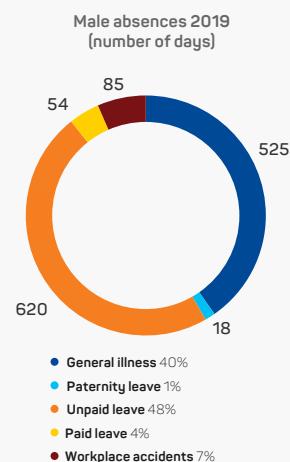
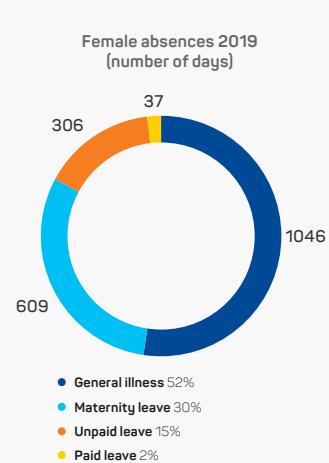
bvc understands the connection between quality of life and working environment, and has implemented a workplace health and safety system that focusses on prevention and promotion to stimulate a culture of self-care.

In 2019, bvc continued to strengthen management system efficiency and effectiveness; 158 activities were carried out to promote a healthy lifestyle, prevent muscular and skeletal disorders and protect hearing. We also ran a health month during which we offered occupational health check-ups, specialised check-ups, relaxation activities and workshops that focussed on health promotion and prevention for our employees and contractors.

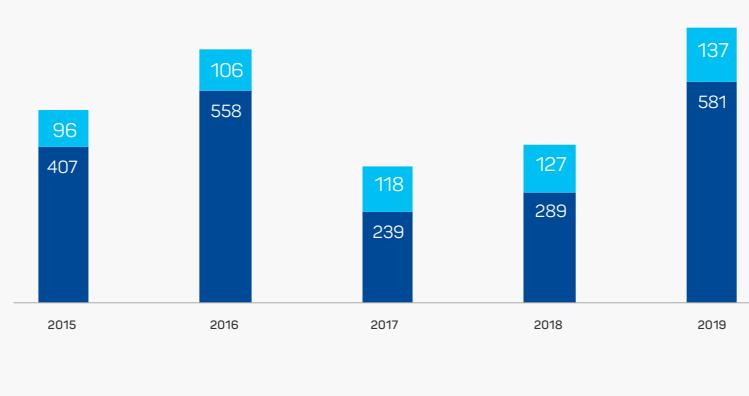
The Health Committee met 12 times over the year to monitor the work plan and promote health and safety at all levels of the organisation through best practice in self-care. The committee motivated employees to acquire safe habits, and to work hand in hand with their directors and those responsible for workplace health and safety.

We have an emergency brigade composed of 35 employees from all areas who help develop emergency planning and support business continuity planning.

► Best practice and a culture of care at bvc mean that in recent years there have been no workplace accidents. This has been validated by our ARL (workplace accident insurance provider), whose health and safety management system has received no reports of workplace related illness.



Investment in occupational health (\$COP million)



The value of ARL contributions rose in 2019 due to an increase in the number of employees and projects.

6.14 Welfare Management

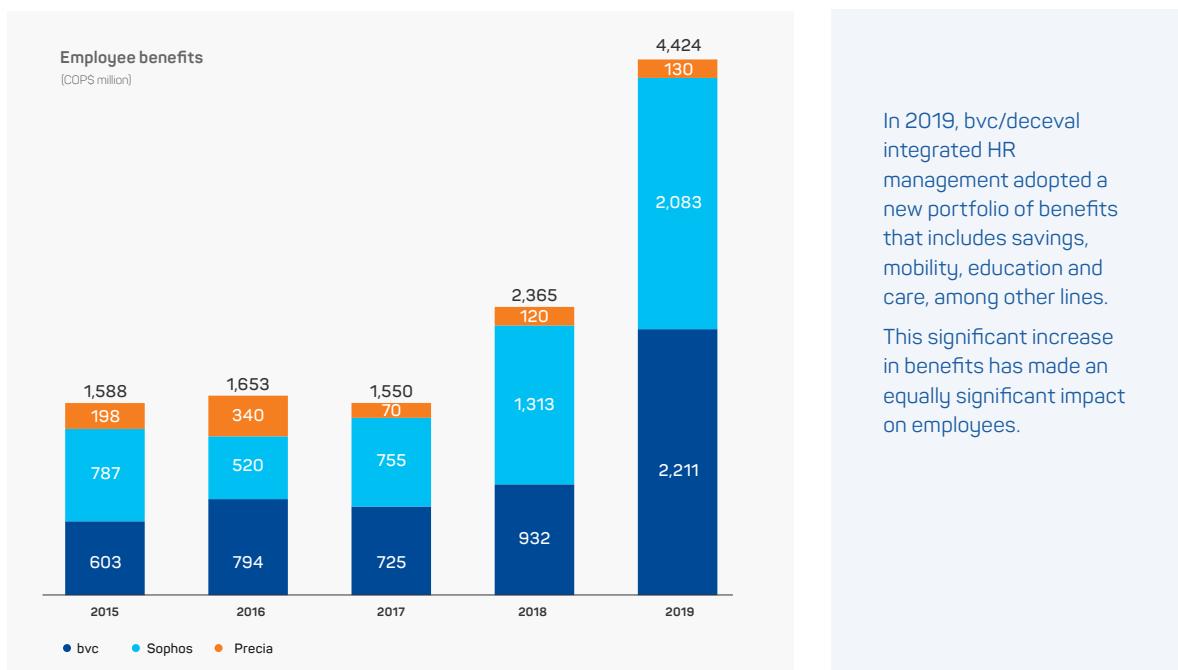
GRI 103-2, 401-2

bvc Group offers its employees the best possible work environment to help them achieve their goals and dreams. The organisation completely revised its portfolio of benefits for 2019, as evidenced by the significant increase in investment shown right.

The portfolio aims to provide benefits for employees according to where they are in life. We have an annual welfare programme that in 2019 included running the first bvc Olympics, an initiative that incentivises participation in sport by setting targets for physical development and acquiring healthy habits.

We are an organisation that celebrates our achievements at different times throughout the year and we encourage our employees' families to participate.

In 2019, sophos launched its new a la carte menu of benefits that employees can access using the GO4+ app, a tool that was designed and developed using internal talent. The app contributes to strengthening our relationship with employees and their interactions with the organisation.



6.2 Remuneration Model

GRI 102-38, 102-39, 103-2

Our remuneration policy is the result of a responsible, disciplined process of comparison with best practice in the market. We used Hay Group methodology to carry out a salary diagnostic, and produced the following remuneration policy.



- Recognise the value of similar roles in the reference market and be competitive, while ensuring internal fairness within defined policy guidelines.
- Strengthen bvc's ability to attract and retain key talent for the business.



- Share profits in accordance with individual performance.
- Encourage loyalty to the organisation and contribute to employees' quality of life.

Total remuneration is comprised of salary, benefits and bonuses. It recognises the value of each role in the reference market, ensures internal fairness within defined policy, allows us to be competitive and strengthens the bvc's ability to attract and retain key talent for the business.

Remuneration policy is based on principles of internal fairness and external competitiveness. The policy is

transparent and ensures equality of conditions independent of gender.

Through the bonus scheme the company, at its discretion, shares profits in accordance with performance.

In recent years, salary increases have been based on inflation plus 1%.

Salary increase %



6.3 Employees

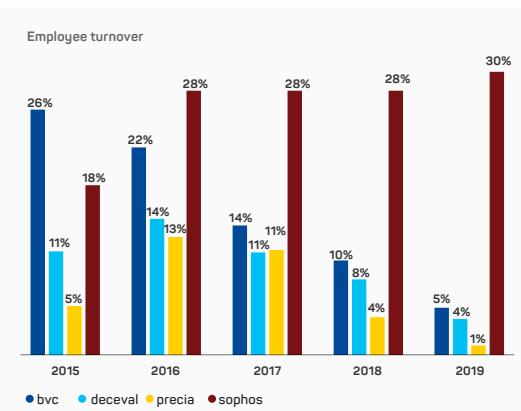
GRI 102-8, 103-2, 401-1



► Values based management strengthens organisational culture and bvc leaders inspire, recognise, and connect people to achieve results and strengthen their teams. This is one of the ways bvc talent works to transform and develop Colombia.

The following table shows bvc employees by subsidiary, type of contract and gender. The tendency is to offer indefinite contracts that generate stability, confidence and commitment.

	Contract term	bvc+deceval	sophos	precia	bvc Group
2018	Indefinite	Men	48%	69%	61%
		Women	45%	27%	35%
	Fixed-term	Men	3%	3%	3%
		Women	4%	1%	0%
2019	Indefinite	Men	50%	70%	61%
		Women	48%	27%	38%
	Fixed-term	Men	1%	2%	0%
		Women	2%	1%	1%



Exit interview data shows that bvc/deceval employees who left in 2019 were motivated by professional growth opportunities. Since 2018, employee turnover has fallen across the organisation as a result of good unified policy management.

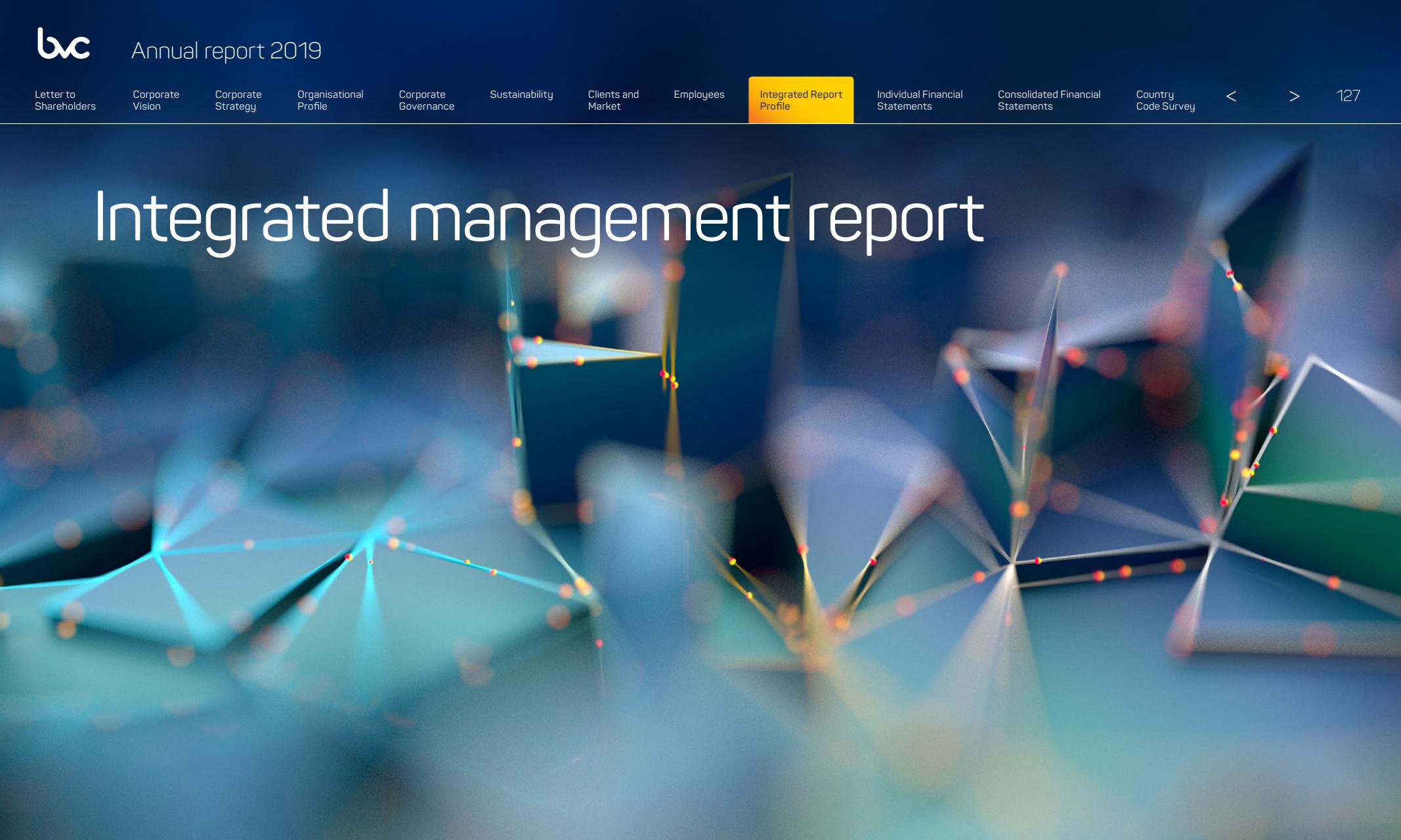
sophos employee turnover increased by 2% due to industry demand for IT professionals.

Although the total number of employees has increased due to growth in the business, the proportion of roles is stable at bvc and subsidiaries. The following table shows bvc and subsidiary composition, structure and employees by role.

Role	bvc+deceval	sophos	precia
President	1	1	0
Vice President	6	3	0
Manager	18	16	1
Director	47	28	5
Coordinator	32	26	4
Specialist	82	7	5
Senior Analyst	78	361	5
Analyst	123	570	8
Junior Analyst	17	200	4
Assistant	3	17	2
Other roles	22	1	2
TOTAL	429	1,230	36

Our Management Committee oversees organisational strategic direction and compliance, supports integration, builds networks, encourages multidisciplinary work on projects and aligns practices. bvc committees have weekly monitoring agendas and use communications channels with teams that ensure information is shared, and aligned throughout the organisation in the pursuit of a common goal.

Integrated management report



71 Stakeholder Groups

GRI: 102-4Q, 102-42, 201-1



At bvc, stakeholders are classified by the type of relationship their members have with the organisation. With reference to the public interest nature of securities trading, we consider key stakeholders to be:



Shareholders



Employees



Issuers



Intermediaries



Investors



Media



Government



Providers



General public

In view of the importance of each of these stakeholder groups to bvc's continued evolution, we recognise and adopt the following principles:



- We respect stakeholder rights and our legal and contractual duties.



- We view information disclosure as a fundamental element of Exchange-stakeholder relationships, and therefore guarantee access to information and communications as specified in the bvc Good Governance Code.



- We recognise that stakeholder relationships should be periodically evaluated to identify areas where benefits could be better leveraged, both by bvc and stakeholders.

7.2 Stakeholder Engagement

GRI: 102-43, 102-44, 102-47, 102-48, 102-49, 103-1, 103-2, 103-3

In 2019, bvc continued to actively communicate with stakeholders, especially clients who are also shareholders, issuers, intermediaries or investors. This active communication has contributed to strengthening long-term relationships with our stakeholders.

Following the successful implementation of our new client-centred commercial strategy, bvc listened to opinions, suggestions and expectations regarding the value proposition we offer to clients. In 2019, new client experience survey methodology was used and results were very positive, with clear development challenges identified by client segment and process.

For the fifth year running, bvc evaluated its reputation and perception among financial journalists.

Finally, among bvc's most important stakeholders are our employees, and we measure performance in this regard using Great Place to Work methodology. In 2019, we measured the following factors: transactional (benefits, remuneration, development), commitment, bond and environment.

On the following pages we detail our 2019 stakeholder survey results.



Methodology

To understand the client experience, we asked clients to complete a quantitative survey (applied between 29 October and 3 December 2019).

609 bvc clients were surveyed as follows:

235 Brokers (39%)

57 Issuers (9%)

31 Dematerialised promissory note clients (5%)

126 Education clients (21%)

160 Shareholders (26%)

We evaluated: a) Satisfaction b) Effort c) Recommendation d) Perceived value offer.

We also evaluated product and process specific attributes to get greater insight into responses.

The client sample was random and homogeneous, without bias towards any specific segment, in accordance with the following income-based considerations:

7.2.1 Client Experience Survey Results 2019

GRI: 102-3, 103-3

55% Brokers

35% Issuers

5% Promissory note clients

5% Education clients

Data analysis used a multivariate model of satisfaction that has been widely validated by our survey vendor Ipsos Napoleon Franco with more than 450 companies in all economic sectors, and uses the following ranges to determine client satisfaction:

- Below 73.3 points – Requires immediate intervention.
- Between 73.3 and 85.5 points – Requires optimisation actions.
- Above 85.5 points – Requires maintenance actions.

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7.21 Client Experience Survey Results 2019

GRI: 102-3, 103-3

Results

The overall client satisfaction score obtained by the organisation was 82 points, an improvement of 2 points compared to 2018.

With regard to the ranges mentioned above, the bvc client experience is at optimal levels and only requires optimisation actions and continual improvement. No clients identified elements that require immediate corrective action.

► Of note are the following aspects of the bvc client relationship experience:

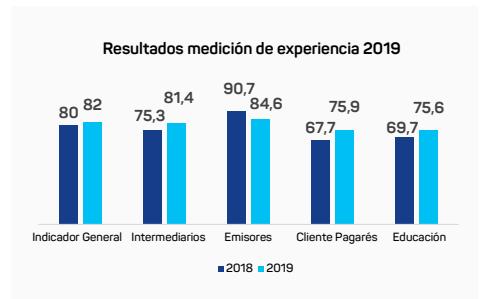
- a) Commercial support is highly valued by our clients, although it could still be optimised by our commercial team becoming a facilitator and generator of synergies in administrative and legal areas that our clients find difficult to manage.
- b) Client service and support actions generated increased satisfaction compared to 2018. However, there is still work to be done on communicating progress and owning processes.
- c) Satisfaction with the enrolment and start of work process

improved significantly in 2019, and clients mentioned the advice, product testing and training they receive during the initial stages of the relationship. This way of working should be maintained and homogenised throughout the organisation.

- d) Technical support during the stabilisation phase was a key driver of increased client satisfaction in 2019, and should be maintained.

In conclusion, huge advances have been made in the process of becoming 100% client focussed, and our hard work is bearing fruit. The company is aware of the continued need to improve process management, implement technology that facilitates this and that requires less time and effort on the part of clients, and improve timely information delivery that minimises uncertainty.

The bvc experience management office recommends that in 2020 we work hand in hand with client services to implement the new service model, and that we implement new client experience measurement methodologies that will quickly identify areas for improvement.



Process/Segment	Brokers		Issuers		Promissory note clients		Education	
	2019	Var vs 2018	2019	Var vs 2018	2019	Var vs 2018	2019	Var vs 2018
Product	81.3	2	91.7	6.1	76.3	28.7	67.1	-9.3
Commercial	85.5	1.6	89.5	0.2	83	101	80.2	-3.2
Operations and client services	84.4	17.6	90.7	-2.6	81.9	40.7	43.1	14.1
Tecnology	81.4	10	89.8	-3.1	87.2	18.8	NA	

7.21 Client Experience Survey Results 2019

GRI: 102-3, 103-3



Intermediaries

This client profile includes traders, back office staff and directors trading fixed-income, equity and derivative securities. Their combined experience score was 814 points, indicating that satisfaction is at an intermediate level and that no immediate or critical intervention actions are necessary. There are, however, opportunities to optimise their bvc experience. They positively identified the support received during technology platform rollout, implementation and stabilisation; client services' response to and resolution of back office requests; and the consultative commercial support received by intermediary directors. Areas for improvement are related to making Master Trader more user friendly to reduce barriers to entry, and improving response times and making communication easier in securities administration operational processes.



► Fixed income

Fixed-income products obtained a score of 83.2 points, indicating that this area is at optimal levels of satisfaction.

Identified strengths are the clear fees for back office clients and the efforts made to ensure that products respond to market dynamics.

Areas for improvement are related to making platform access easier to understand.



► Equities

Equity products obtained a score of 83.8 points, meaning that this area only needs optimisation actions.

Strengths are ease of operation, alignment with international standards and a perception of dynamism and adaptation to client expectations.

Areas for improvement are related to market infrastructure capacity (-6.8 points), and the reaction of products to market dynamics (-4.7 points).



► Derivatives

Derivative products obtained a score of 79.3 points, suggesting that this area only needs optimisation actions.

Identified strengths are the benefits obtained from equity products and the efforts made to align the market with international standards.

Directors identified opportunities for the market to better adapt to their needs, and for greater infrastructure capacity.

Trader satisfaction reached 87.3 points, with a need to improve the way fees are communicated.

Back office staff satisfaction was 83.7 points, with improvements possible in the communication and clarity of benefits and product fees.



► Information and Electronic Media

Information and electronic media products obtained a score of 80.7 points, placing this product in the optimisation scenario.

Strengths are associated with the quantity and quality of information and the level of confidence the platform generates.

Areas for improvement are related to platform uptime and ease of use.



► Promissory Notes

Promissory notes obtained a score of 76.3 points, an improvement of 28.7 points compared to 2018. This increase was due to positive evaluations in the tool's functionality during testing, technical support during the implementation phase, and the tool's stability and security.

Areas for improvement are related to the tool's user-friendliness, mechanisms for communicating improvement requests to bvc, and post-implementation technical support.

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7.2.2 Media Survey

GRI: 103-3



Corporate Reputation Survey

This survey of journalists and reporters produced a general score of 4.53/5.00. All 14 reputation variables obtained a score above 4.0, an improvement of 0.52 points compared to 2018.

Following 2018's results, in 2019 a robust strategy was implemented with leading domestic and regional media outlets reporting on economic and financial issues. We implemented a training plan called "+Conocimiento, mejor información" (+Knowledge, better information), that covered key topics such as leadership, vision, sustainable, diversified economic performance and growth, education and training, internationalisation, and corporate governance.

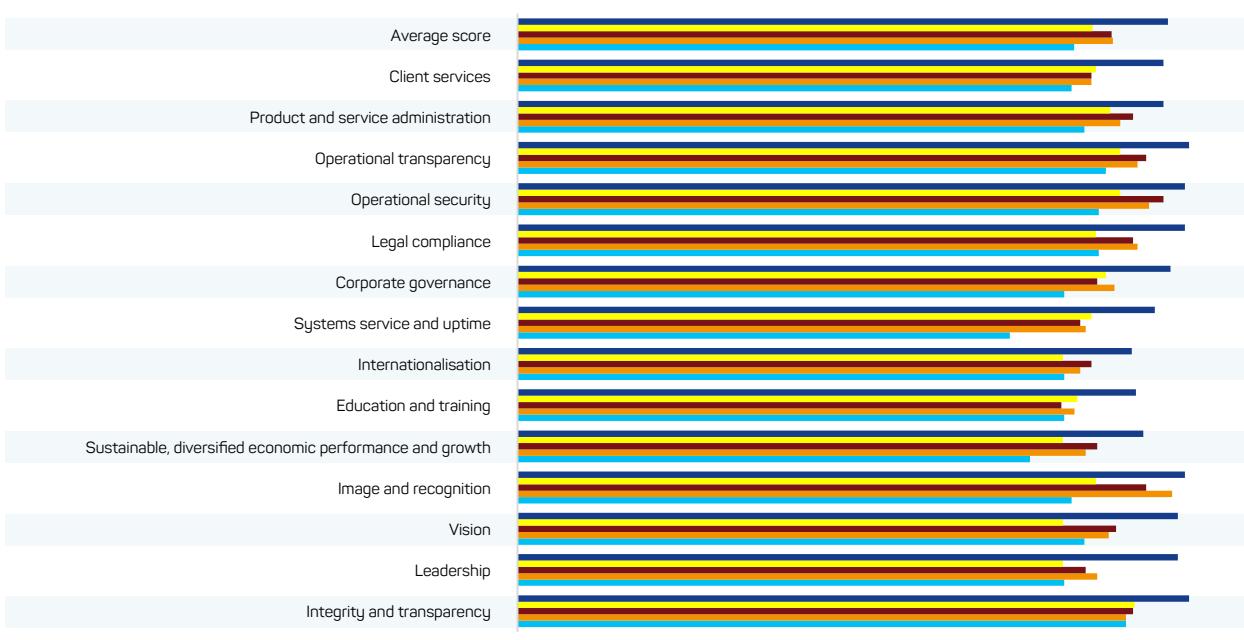
Training sessions included support from strategic allies such as Global Reporting Initiative (GRI) and experts in the derivative

and equity markets, and were focussed on widening the context and improving precision in the language journalists use when writing reports.

This strategy contributed to improve scores across almost all aspects of the survey, as follows: Leadership +0.38 points; vision +0.8 points; sustainable, diversified economic performance and growth +0.56 points; education and training +0.41 points; internationalisation +0.48 points; and corporate governance +0.45 points.

2020 Challenges

Principal challenges in 2020 are to consolidate results, increase content coverage, and develop a strategy and new project training cycle for reporters, as we transform and move further into the digital world and implement the government's Capital Market Mission proposed changes.



■ 2019 ■ 2018 ■ 2017 ■ 2016 ■ 2015

7.2.3 Great Place to Work Survey

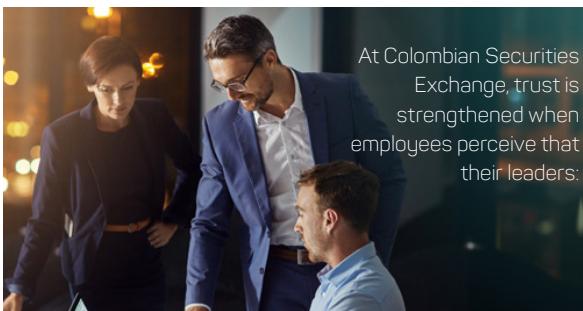
GRI: 103-3

The work environment survey was applied in October 2019 at the Exchange and Depository as an integrated organisation. An evaluation of Very Satisfactory was obtained, making bvc an Attractive employer. This Great Place To Work certification shows that bvc is making Colombia a better country for all.

The work environment is both a target and value added for the organisation. In 2019, we improved in three areas compared to the previous evaluation.

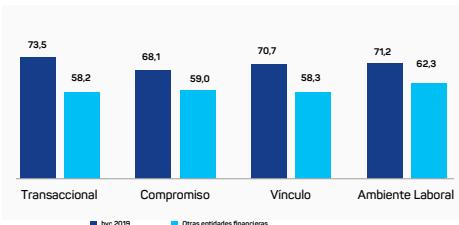
Participation was 98% and the margin of trust was 95%. The institute highlighted that these percentages are not common and that they reflect a high level of commitment to and trust in the survey.

Of note in 2019 was the trust score, indicating that our employees perceive their leaders as being competent, recognising effort and extra work, and promoting fair treatment regardless of age.



At Colombian Securities Exchange, trust is strengthened when employees perceive that their leaders:

are competent
recognise effort and extra work
promote fair treatment
regardless of age



Evaluation			
Dimension	Previous	Current	Tendency
Credibility	Medium (-)	Medium (+)	Favourable
Respect	Medium (+)	Medium (+)	Stable
Impartiality	Medium (-)	Medium (+)	Favourable
Trust	Medium (-)	Medium (+)	Favourable

Great Place to Work® Colombia certifies that the Work Environment at The Colombian Securities Exchange S.A. – bvc, is in a Very Satisfactory state, making the organisation an Attractive and exemplary employer in the country.

Great Place to Work® Colombia and Icontec congratulate The Colombian Securities Exchange S.A. –bvc for this achievement that contributes to making Colombia a better country for all.



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7.2.4 List of Material Topics 2019

GRI: 102-47, 103-1

Material Topics by Level of Impact on Stakeholders		Stakeholders								bvc		
		Shareholders	Employees	Issuers	Intermediaries	Investors	Media	Other organisations*	Students			
Securities market												
Product and service administration		x	x	✓	✓	✓	✓	✓	✓			✓
Legislative compliance		x	x	✓	✓	x	✓	✓	x			x
Securities market development		x	x	✓	✓	x	✓	✓	✓			x
Systems uptime		x	x	✓	✓	x	✓	✓	✓			x
Technology evolution and updates		x	x	✓	✓	x	x	✓	✓			x
Internationalisation		x	x	✓	✓	x	✓	✓	✓			x
Public policy		x	x	x	x	x	x	x	x			x
Operational security		x	x	✓	✓	x	✓	✓	✓			x
Company												
Sustainable, diversified economic performance and growth		x	x	x	x	x	✓	x	x			x
Corporate governance		x	x	x	x	x	✓	x	x			x
Image and recognition		x	x	✓	✓	x	✓	✓	✓			x
Client services		x	x	✓	✓	✓	✓	✓	✓			x
Work environment												
Transactional [benefits, remuneration, compensation, development]		x	✓	x	x	x	x	x	x			x
Commitment		x	✓	x	x	x	x	x	x			x
Bond		x	✓	x	x	x	x	x	x			x
Work environment		x	✓	x	x	x	x	x	x			x

Qualification : ■ 4-5 ■ 3-4 ■ 0-3 Evaluated criteria ✓ Non-evaluated criteria x

Other **deceval** promissory note client organisations in the financial and real sectors.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	135
Stakeholders	Commitment	Management Report	GRI Index											

7.3 Integrated Management Report

GRI 102-45, 102-46, 102-47, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56

Scope of the Integrated bvc Management Report

Scope 2019

2019 GRI 102-45

bvc corporate and financial performance, including subsidiaries, permanent investments and joint ventures with companies that are part of the Colombian securities market value chain.

Subsidiaries:

- Depósito Centralizado de Valores S.A. – **deceval**
- Sophos Solutions S.A.S
- Precia S.A.
- Invesbolsa S.A.S

Permanent investments:

- Cámara de Riesgo Central de Contraparte S.A. – CRCC
- Cámara de Compensación de Divisas de Colombia S.A. – CCDC
- XM Expertos en Mercados S.A.

Joint ventures:

- Set-Icap S.A.
- Derivex S.A.

*In February 2019, Cámara de Riesgo Central de Contraparte became a bvc subsidiary.

Reporting period

GRI 102-50

Calendar year from 1 January to 31 December 2019.

► Reporting cycle

GRI 102-52

Annual

Previous report

GRI 102-51

Published following approval by shareholders on 28 March 2018.

Accounting standard

IFRS for individual (bvc only) and consolidated (bvc and subsidiaries) reports. IFRS financial reports contain previous year comparative data.

Standards

GRI 102-54

- For the fifth consecutive year, bvc's integrated annual report is aligned to Global Reporting Initiative (GRI) standards.
- This report was produced using the GRI Core option.
- The report presents quantitative and qualitative corporate information, with sustainability and stakeholder relationship guidelines.

► Stakeholders

GRI 102-51

In 2019 evaluated stakeholders were:

- Employees
- Issuers
- Intermediaries
- The media
- Students

Material topics

GRI 102-47

The material topics evaluated in 2019 were:

Securities market:

- Product and service administration
- Legislative compliance
- Securities market development
- Systems uptime
- Internationalisation
- Operational security

Organisation:

- Sustainable, diversified economic performance and growth
- Corporate governance
- Image and recognition
- Client service

► Work environment:

- Camaraderie
- Credibility
- Impartiality
- Pride
- Respect

Scope

GRI 102-46

In 2019, bvc and market defined material topics were evaluated through: client satisfaction surveys that focussed on evaluating three stakeholder groups (issuers, intermediaries and educational institutions); the media survey; and the Great Place to Work Survey of bvc, deceval and sophos employees.

With a view to broadening information on subsidiaries, in this 2019 report bvc will offer greater coverage and scope on some material topics compared to the 2018 report.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	136
Stakeholders	Commitment	Management Report	GRI Index											

7.3 Integrated Management Report

GRI 102-45, 102-46, 102-47, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56

External assurance

GRI 102-56

Statutory auditor

KPMG was appointed as our statutory auditor by shareholders, and independently audited the individual and consolidated financial statements to 31 December 2019.

Scope of financial statement assurance

GRI 102-47

The auditor validates that the data is consistent with the company's financial information, contained within its financial statements, and proceeds to determine compliance with Article 38, Law 222, 1995, that states: "The certified financial statements are attached to the auditor's professional opinion, or failing that, the opinion of an independent public accountant that has examined them in accordance with generally accepted audit standards."

When financial statements are presented together with a management report, the auditor must include in their report an opinion on whether the data in both reports concurs.

Scope of management report assurance

GRI 102-47

The auditor is responsible for revising the management report included with the financial statements, and its respective notes and disclosures.

The audit's scope with regard to the management report is to validate that it complies with the minimum requirements laid out in Article 47, Law 222, modified by Law 603, 2000, and contains "(...) a faithful report of the business's evolution and

economic, administrative and legal situation".

The auditor, therefore, verifies the existence of:

- 1. Any important events that occurred after year-end.
- 2. The company's foreseeable development.
- 3. Transactions with partners or administrators

Identifying relevant content for stakeholders

GRI 102-46

- 4. Compliance with IP and copyright regulations.
 - Identify Colombian regulatory requirements.
 - Identify bvc Good Governance Code requirements.
 - Identify GRI suggested content.
 - Identify company stakeholders.

Determining and prioritising content

- Verify the material importance of management report content with the areas responsible for its production.
- Define report content.
- Define management report topic boundaries.

Preparing, validating and presenting content

- Compile the following information: administered markets, products and services, financial statements, risk management, corporate governance, sustainability and human resource management.
- Select, compile and report the information.

► Detailed management revision of information reported by each area.

- Revision and approval of the report by bvc Board of Directors.
- Independent audit of the financial statements and their notes to guarantee accuracy, trustworthiness and transparency.
- Revision and approval of the financial statements by the bvc Shareholders Assembly.
- Report submission to the Colombian Financial Superintendence and publication on bvc's website.

► Marketing Management
VP Technology
VP Operations
PMO Management

For more information:
Contact: GRI 102-53

Carlos Barrios, Investor Relations and Sustainability Director
Email: cbbarrios@bvc.com.co
atencionalaccionista@bvc.com.co
Tel +571 313 9800 Ext:1167

Contributors

President

VP Finance and Administration

- Investor Relations and Sustainability Management
- Finance Management
- Communications Management
- Administrative Management

Risk Management

Audit Management

Human Resources Management

VP Legal

- Legal Management

VP Commercial and Product:

- Intermediaries Management
- Issuers Management
- Derivatives Management
- Equities Management
- Fixed-income Management
- Information and Electronic Media Management
- deceval Product Management

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	137
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI 102-55

GRI content index

Colombian Securities Exchange S.A. - bvc

Core option GRI index contents

The GRI Content Index Service has confirmed that the GRI Index content of this report is clear and that the included references for each item correspond to the sections indicated in the report.



Apr 2020

Service

GRI standard	Content			Page	Omissions	bvc Management Report 2019
GRI 101: Foundation 2016						
	General disclosures					
	Organisational profile					
GRI 102: General disclosures 2016	102-1	Name of the organisation		22		2.1 bvc : Colombian Securities Exchange
	102-2	Activities, brands, products and services		22 23 24		2.1 bvc : Colombian Securities Exchange 2.2 Principal Activities, Products and Services 2.3 bvc Brands
	102-3	Location of headquarters		22		2.1 bvc : Colombian Securities Exchange
	102-4	Location of operations		23		2.2 Principal Activities, Products and Services
	102-5	Ownership and legal form		22 26		2.1 bvc : Colombian Securities Exchange 2.4 bvc Shareholders
	102-6	Markets served		22 23		2.1 bvc : Colombian Securities Exchange 2.2 Principal Activities, Products and Services
	102-7	Scale of the organisation		27 312 319		2.5 bvc Scale Footnote 40 Related Parties Footnote 44 - Occurrences after the reporting period
	102-8	Information on employees and other workers		31 126 121		2.6 bvc Employee Profile 6.3 bvc Employees Global Compact: Human rights principles 1 and 2, Employment rights 3, 4, 5 and 6
	102-9	Supply chain		32		2.7 Supply chain
	102-10	Significant changes to the organisation and its supply chain		32		2.7 Supply chain
	102-11	Precautionary principle or approach		34 43		2.8 Precautionary Principle 2.9 Audit report
	102-12	External initiatives		22		2.1 bvc : Colombian Securities Exchange
	102-13	Membership of associations		22		2.1 bvc : Colombian Securities Exchange

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	138
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard	Content			Page	Omissions	bvc Management Report 2019
	Strategy					
	102-14	Statement from senior decision-maker		3		Letter to shareholders
	102-15	Key impacts risks and opportunities		15 17 19		11 bvc Group Strategic vision 1.2 Perspectives 13 Strategy 2019
	Ethics and integrity					
	102-16	Values, principles, standards and norms of behaviour		70 121		3.8.1. bvc values, principles, standards and norms Global Compact: Anti-corruption principle 10
	102-17	Mechanisms for advice and concerns about ethics		70 121		3.8.2 Anti-corruption 6.11 Employment rights Global Compact: Anti-corruption principle 10*
	Governance					
	102-18	Governance structure		48		3.1. Board of Directors
	102-19	Governance structure		51		3.1.2. Board of Directors and senior management functions
	102-20	Executive level responsibility for economic, environmental and social topics		57		3.1.6. bvc President and senior management evaluation
	102-21	Consulting stakeholders on economic, environmental and social, topics		66 67		3.4. Shareholder rights 3.5. Good governance code
	102-22	Composition of the highest governance body and its committees		52		3.1.3. Board of Directors and Committees
	102-23	Chair of the highest governance body		48		3.1.1. Board of Directors
	102-24	Nominating and selecting the highest governance body		51		3.1.3. Board of Directors and Committees
	102-25	Conflicts of interest		56		3.1.4. Conflicts of interest
	102-26	Role of the highest governance body in setting purpose, values and strategy		51		3.1.2. Board of Directors and senior management functions
	102-27	Collective knowledge of the highest governance body		59 60 322		3.2. Corporate governance 3.2.1. bvc Statutes 3.2.2. Good governance code 3.2.3. AGM Código País survey results 2019
	102-28	Evaluating the highest governance body's performance		57		3.1.5. Board of Directors self-evaluation 3.1.6. bvc President and senior management evaluation

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	139
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7.4 GRI Content Index

GRI: 102-55

GRI standard	Content	Page	Omissions	bvc Management Report 2019
	102-29 Identifying and managing economic, environmental and social impacts	61		3.3. Audit report
	102-30 Effectiveness of risk management processes	61		3.3. Audit report
	102-31 Review of economic, environmental and social topics	61		3.3. Audit report
	102-32 Highest governance body's role in sustainability reporting	52		3.13. Board of Directors and Committees
	102-33 Communicating critical concerns	66 67 68		3.4. Shareholder rights 3.5. Good governance code reports 5.6. Compliance with authorities
	102-34 Nature and total number of critical concerns	66 67 68		3.4. Shareholder rights 3.5. Good governance code reports 5.6. Compliance with authorities Global Compact: Anti-corruption principle 10
	102-35 Remuneration policies	58		3.17. Board and senior management remuneration policy
	102-36 Process for determining remuneration	58		3.17. Board and senior management remuneration policy
	102-37 Stakeholder's involvement in remuneration	58		3.17. Board and senior management remuneration policy
	102-38 Annual total compensation ratio	125		6.2 Remuneration model
	102-39 Percentage increase in annual total compensation ratio	125		6.2 Remuneration model
	Stakeholder engagement			
	102-40 List of stakeholders	128		7.1 Stakeholder groups
	102-41 Collective bargaining agreements	121		6.11. Employment rights Global Compact: Human rights principles 1 and 2, employment rights 3, 4, 5 and 6
	102-42 Identifying and selecting stakeholders	128		7.1 Stakeholder groups
	102-43 Approach to stakeholder engagement	129		7.2 Commitment to stakeholder groups
	102-44 Key topics and concerns raised	129		7.2 Commitment to stakeholder groups
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	135		7.3 Integrated management report
	102-46 Defining report content and topic Boundaries	135		7.3 Integrated management report
	102-47 List of material topics	129 134 135		7.2 Commitment to stakeholder groups 7.2.4 List of material topics 2019 7.3 Integrated management report

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	140
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard		Content		Page	Omissions	bvc Management Report 2019
		102-48	Restatements of information	129		7.2 Commitment to stakeholder groups
		102-49	Changes in reporting	129		7.2 Commitment to stakeholder groups
		102-50	Reporting period	135		7.3 Integrated management report
		102-51	Date of most recent report	135		7.3 Integrated management report
		102-52	Reporting cycle	135		7.3 Integrated management report
		102-53	Contact point for questions regarding the report	135		7.3 Integrated management report
		102-54	Claims of reporting in accordance with GRI Standards	135		7.3 Integrated management report
		102-55	GRI content index	137		7.3 Integrated management report
		102-56	External assurance	135		7.3 Integrated management report
		Material topics				
		Economic performance				
GRI 103: Management approach 2016		103-1	Explanation of material topic and its Boundary	129 3 15		7.2.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision
		103-2	The management approach and its components	17 27 312 72		12 Perspectives and future vision 2.5 bvc results Footnote 40 Related parties 4.1 Sustainability focus and vision*
		103-3	Evaluation of management approach	19		13 Evaluation of 2019 strategy
GRI 201: Economic performance 2016		201-1	Direct economic value generated and distributed	72		4.1 Sustainability focus and vision
		201-4	Financial assistance received from government	312		Footnote 40 Related parties
Financial assistance received from government						
GRI 103: Management approach 2016		103-1	Explanation of the material topic and its Boundary	129 3 15		7.2.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision
		103-2	The management approach and its components	17 75 78 118		12 Perspectives and future vision 4.2 Corporate social responsibility 4.4 Financial education programme 5.13 Development and evolution of PMO projects
		103-3	Evaluation of management approach	19		13 Evaluation of 2019 strategy
GRI 203: Indirect economic impacts 2016		203-1	Infrastructure investments and services supported	109 114 118		5.11 Development and evolution of operations 5.12 Technological development 5.13 Development and evolution of PMO projects
		203-2	Significant indirect economic impacts	75 78		4.2 Corporate social responsibility 4.4 Financial education programme

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	141
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard	Content			Page	Omissions	bvc Management Report 2019
GRI 103: Management approach 2016	Procurement practices	103-1	Explanation of the material topic and its Boundary	129 3 15		72.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision
		103-2	The management approach and its components	17 27 32		1.2 Perspectives and future vision 2.5 bvc results 2.7 Supply chain
		103-3	Evaluation of the management approach	19		1.3 Evaluation of 2019 strategy
GRI 204: Procurement practices 2016		204-1	Proportion of spending on local providers	32		2.7 Supply chain
GRI 103: Management approach 2016	Anti-corruption	103-1	Explanation of the material topic and its Boundary	129 3 15		72.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision
		103-2	The management approach and its components	3 17 34 61 70 72 121		Letter to shareholders 1.2 Perspectives and future vision 2.8 Precautionary Principle 3.3 Annual audit report 3.8 Ethics and integrity 4.1 Sustainability focus and vision 6.1 Principal employment rights
		103-3	Evaluation of management approach	19		1.3 Evaluation of 2019 strategy
GRI 205: Anti-corruption 2016		205-1	Operations assessed for risks related to corruption	61 121		3.3 Annual audit report 6.2 Principal employment rights
		205-2	Communication and training about anti-corruption policies and procedures	3 34 70 72		Letter to shareholders 2.8 Precautionary Principle 3.8 Ethics and integrity 4.1 Sustainability focus and vision
GRI 103: Management approach 2016	Tax	103-1	Explanation of the material topic and its Boundary	308		Footnote 39 Consolidated financial statements
		103-2	The management approach and its components	308		Footnote 39 Consolidated financial statements
		103-3	Evaluation of the management approach	52 308		31.3 Board of Directors and Committees Footnote 39 Consolidated financial statements
GRI 207: Tax 2019		207-1	Approach to tax	52		31.3 Board of Directors and Committees
		207-2	Tax governance, control, and risk management	52		31.3 Board of Directors and Committees
		207-3	Stakeholder engagement and management of concerns related to tax	308		Footnote 39 Consolidated financial statements
		207-4	Country-by-country reporting	308		Footnote 39 Consolidated financial statements

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	142
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7.4 GRI Content Index

GRI: 102-55

GRI standard		Content	Page	Omissions	bvc Management Report 2019
GRI 103: Management approach 2016	Energy	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 3 15 17 75 77 19 129 77		7.2.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision 12 Future vision and perspectives 4.2 Corporate social responsibility 4.3 Environmental management 1.3 Evaluation of 2019 strategy 7.2 Commitment to stakeholder groups 4.3 Environmental management
GRI 302: Energy 2016		302-1 Energy consumption within the organisation	77		
GRI 103: Management approach 2016	Employment	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 120 124 121 125 126 19 133		7.2.4 List of material topics 2019 6.1 Strategic capital 2019 6.1.4 Wellbeing 6.11 Principal employment rights 6.2 Remuneration model 6.3 bvc employees 1.3 Evaluation of 2019 strategy 7.2.3 Great Place to Work survey 6.3 bvc employees 6.1.4 Wellbeing management
GRI 401: Employment 2016		401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	126 124		
GRI 103: Management approach 2016	Labour/management relations	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 120 126 121 125 19 133		7.2.4 List of material topics 2019 6.1 Strategic capital 2019 6.3 bvc employees 6.11 Principal employment rights 6.2 Remuneration model 1.3 Evaluation of 2019 strategy 7.2.3 Great Place to Work survey
GRI 402: Labour / management relations 2016		402-1 Minimum notice periods regarding operational changes	120 121		6.1 Strategic capital 6.11 Principal employment rights

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	143
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard	Content			Page	Omissions	bvc Management Report 2019
GRI 103: Management approach 2016	Occupational health and safety					
	103-1	Explanation of the material topic and its Boundary		129 120		7.2.4 List of material topics 2019 6.1 Strategic capital 2019
	103-2	The management approach and its components		126 123 121 125		6.3 bvc employees 6.1.3 Occupational health and safety 6.1.1 Principal employment rights 6.2 Remuneration model
GRI 403: Occupational health and safety 2016			103-3	Evaluation of management approach		1.3 Evaluation of 2019 strategy 7.2.3 Great Place to Work survey
GRI 103: Management approach 2016			403-1	Occupational health and safety management system		6.1.3 Occupational health and safety
Training and education						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		129 120		7.2.4 List of material topics 2019 6.1 Strategic capital 2019
	103-2	The management approach and its components		126 122 121 125		6.3 Employees 6.1.2 Training 6.1.1 Principal employment rights 6.2 Remuneration model
	103-3	Evaluation of the management approach		19 133		1.3 Evaluation of 2019 strategy 7.2.3 Great Place to Work survey
GRI 404: Training and education 2016			404-2	Programs for upgrading employee skills and transition assistance programs		6.1.2 Training
Local Communities						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		129		7.2.4 List of material topics 2019
	103-2	The management approach and its components		3 15 17 75		Letter to shareholders 11 bvc Group strategic vision 12 Future vision and perspectives 4.2 Corporate social responsibility
	103-3	Evaluation of management approach		19 75 129		1.3 Evaluation of 2019 strategy 4.2 Corporate social responsibility 7.2 Commitment to stakeholder groups
GRI 413: Local communities 2016			413-1	Operations with local community engagement, impact assessments, and development programs		4.2 Corporate social responsibility

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	144
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7.4 GRI Content Index

GRI: 102-55

GRI standard	Content	Page	Omissions	bvc Management Report 2019
GRI 103: Management approach 2016	Public Policy 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 107 107 19		7.2.4 List of material topics 2019 5.10 Regulatory agenda 2019 5.10 Regulatory agenda 2019 1.3 Evaluation of 2019 strategy Footnote 40 Related parties
GRI 415: Public policy 2016	415-1 Political contributions	312		
GRI 103: Management approach 2016	Customer Privacy 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 68 69 19		7.2.4 List of material topics 2019 3.6 Compliance with authorities 3.7 State of compliance with legislation 1.3 Evaluation of 2019 strategy 3.7.3 Data protection compliance
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	69		
GRI 103: Management approach 2016	Socioeconomic compliance 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 68 68 69 19		7.2.4 List of material topics 2019 3.6 Compliance with authorities 3.6.2 Legal action against bvc 3.7 State of compliance with legislation 1.3 Evaluation of 2019 strategy 3.6.2 Legal action against bvc
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	68		
GRI 103: Management approach 2016	Products and services management 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of management approach	129 81 23 24 93 95 96 99 101 102 81 19		7.2.4 List of material topics 2019 5.1 Commercial management 2.2 Principal Activities, Products and Services 2.3 bvc brands 5.4.1 Issuer services 5.4.2 Special operations 5.4.3 Issue depository 5.5 Post-trade services 5.6 Securities administration 5.7 Information and electronic media 5.1 Commercial management 1.3 Evaluation of 2019 strategy

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	145
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GRI: 102-55

GRI standard	Content			Page	Omissions	bvc Management Report 2019
Own disclosure		Principal activities, products and services		23		2.2 Principal Activities, Products and Services
		Legislative compliance				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		129 68		72.4 List of material topics 2019 3.6 Compliance with authorities
	103-2	The management approach and its components		69		3.7 State of compliance with legislation
	103-3	Evaluation of the management approach		19		1.3 Evaluation of 2019 strategy
Own disclosure		Compliance with authorities		59		3.6 Compliance with authorities
		Securities market development				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		129 3 15		72.4 List of material topics 2019 Letter to shareholders 11 bvc Group strategic vision
	103-2	The management approach and its components		17 86 88 90 92 101 93 95 96 99 102		12 Perspectives and future vision 5.2 Macroeconomic environment and market development 5.3.1 Equity markets 5.3.2 Fixed income markets 5.3.3 Derivative markets 5.6 Securities administration 5.4.1 Issuers 5.4.2 Special operations 5.4.3 Issue depository 5.5 Post-trade services - Compensación, Liquidación y Custodia 5.7 Information and electronic media*
	103-3	Evaluation of management approach		19		1.3 Evaluation of 2019 strategy

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	146
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard	Content			Page	Omissions	bvc Management Report 2019
Own disclosure		Strategy: Mission and vision		15		1.1 bvc Group strategic vision
GRI 103: Management approach 2016	Systems uptime					7.2.4 List of material topics 2019 2.8.3 Risk management
	103-1	Explanation of the material topic and its Boundary		129 41		
	103-2	The management approach and its components		41 43		2.8.3 Risk management 2.9 Audit report
	103-3	Evaluation of management approach		19		1.3 Evaluation of 2019 strategy
Own disclosure	Risk management			41		2.8.3 Risk management
GRI 103: Management approach 2016	Technology evolution and updates					7.2.4 List of material topics 2019 5.12 Technology development and evolution
	103-1	Explanation of the material topic and its Boundary		129 117		
	103-2	The management approach and its components		117 118		5.12 Technology development and evolution 5.13 PMO project development and evolution
Own disclosure	103-3	Evaluation of management approach		19		1.3 Evaluation of 2019 strategy
		Technology evolution and updates		117		5.12 Technology development and evolution

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	147
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard	Content	Page	Omissions	bvc Management Report 2019
GRI 103: Management approach 2016	Internationalisation			
	103-1 Explanation of the material topic and its Boundary	129 165		7.2.4 List of material topics 2019 11 bvc Group strategic vision
	103-2 The management approach and its components	86 88 90 103		5.2 Macroeconomic environment and market development 5.3.1 Equity markets 5.3.2 Fixed income markets 5.8.1 Colombia Inside Out
	103-3 Evaluation of management approach	15		11 bvc Group strategic vision
	Strategy: Mission and vision	15		11 bvc Group strategic vision
Own disclosure	Operational security			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	129 34		7.2.4 List of material topics 2019 2.8 Precautionary Principle
	103-2 The management approach and its components	34 61 109		2.8 Precautionary Principle 3.3 Annual audit report 5.11 Development and evolution of operations
	103-3 Evaluation of management approach	19		1.3 Evaluation of 2019 strategy
	Precautionary principle	34 61 109		2.8 Precautionary Principle 3.3 Annual audit report 5.11 Development and evolution of operations
Own disclosure	Corporate governance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	34 48 59		7.2.4 List of material topics 2019 3.1 Governance structure 3.2 Corporate governance report
	103-2 The management approach and its components	48 59		3.1 Governance structure 3.2 Corporate governance report
	103-3 Evaluation of the management approach	53 57 322		31.3 Board of Directors and Committees 31.5 Board of Directors self-evaluation 31.6 bvc President and senior management evaluation Código País 2019 survey results

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	148
Stakeholders	Commitment	Management Report	GRI Index											

7.4 GRI Content Index

GRI: 102-55

GRI standard		Content		Page	Omissions	bvc Management Report 2019
Own disclosure		Governance structure		48		3.1 Governance structure
GRI 103: Management approach 2016		Image and recognition				
		103-1 Explanation of the material topic and its Boundary		34		7.2.4 List of material topics 2019
		103-2 The management approach and its components		3 15 17		Letter to shareholders 11 bvc Group strategic vision 12 Future vision and perspectives
		103-3 Evaluation of management approach		19 129		13 Evaluation of 2019 strategy 7.2 Commitment to stakeholder groups
Own disclosure		Strategic direction: Mission, vision, media survey		15 132		1.1 bvc Group strategic vision 7.2.2 Media survey
GRI 103: Management approach 2016		Customer service				
		103-1 Explanation of the material topic and its Boundary		34		7.2.4 List of material topics 2019
		103-2 The management approach and its components		3 15 17 81		Letter to shareholders 11 bvc Group strategic vision 12 Future vision and perspectives 5.1 Commercial management
		103-3 Evaluation of management approach		19 130		13 Evaluation of 2019 strategy 7.2.1 Client experience survey 2019
Own disclosure		Client experience survey		130		7.2.1 Client experience survey 2019

Individual Financial Statements





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STATUTORY AUDITOR'S REPORT
(Free translation of the report previously issued in Spanish)

To the Shareholders
Bolsa de Valores de Colombia S.A.:

Report on the Audit of the Separate financial statements

Opinion

I have audited the separate financial statements of Bolsa de Valores de Colombia S.A. (the Company), which comprise the separate statement of financial position as at December 31st, 2019 and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and their respective notes, which include significant accounting policies and other explanatory information.

In my opinion, the accompanying separate financial statements present fairly, in all material aspects, the financial position of the Company as at December 31st, 2019, the financial performance and its cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with the previous year.

Basis for the Auditor's opinion

I conducted my audit in accordance with the International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Separate financial statements" section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia along with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

I have determined that there are no key audit matters that should be communicate in my report.

Other matters

The separate financial statements of Bolsa de Valores de Colombia S.A. as of December 31st, 2018 are exclusively presented for comparative purposes. Those separate financial statements were audited by me, on which I expressed my unmodified opinion on February 20th, 2019.

Responsibilities of Management and Those Charged with Governance for the Separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining the internal control that Management considers necessary to allow the preparation of separate financial statements free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; as well as making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Statutory Auditor's Responsibilities for the Audit of the Separate financial statements

My objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:



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- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide those charged with governance a confirmation that I have met the relevant ethical requirements for independence and that I have communicated to them all relationships and other matters that can reasonably be considered to influence my independence and, where applicable, related safeguards.

Based on the matters communicated with those charged with governance, I determine the matters that were of the greatest importance in the audit of the separate financial statements for the current period and, therefore, are the key audit matters. I describe these matters in my Statutory Auditor's report unless the law or regulation prevents public disclosure of the matter or when, in extremely exceptional circumstances, I determine that a matter should not be



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reported in my report because the adverse consequences of doing so would be reasonably greater than the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on the outcome of my audit tests, in my opinion during the year ended in 2019:
 - a) The Company's accounting records were kept in conformity with legal regulations and accounting technique.
 - b) The operations recorded in the books and the acts of management officials were adjusted to the bylaws and decisions of General Shareholders' Meeting.
 - c) The correspondence, the accounting vouchers and the minutes book and stock register were properly kept and safeguarded.
 - d) The Company has fulfilled the regulations and instructions of Financial Superintendence of Colombia in relation to the implementation and impact on the statement of financial position and the statement of comprehensive income of the applicable risk management systems.
 - e) There is consistency between the separate financial statements and the accounting information included in the management report prepared by the Company Managers, which includes the compliance regarding the free circulation of endorsed invoices issued by vendors or suppliers.
 - f) The information included in the declarations of the contributions to the Integral Social Security System, and particularly the data relating to the affiliates and their incomes on which quotations to the system were based, was taken from the accounting records and supporting documents. The Company is not in delay of payment of contributions to the Integral Social Security System.

In accordance with articles 1.2.1.2 and 1.2.1.5 of Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in the article 209 of the Commerce Code, related to evaluation whether the actions of Managers is in accordance with the bylaws and the instructions of the Shareholder's Meeting and if the Company followed adequate internal control and conservation and custody measures for its assets and those of third parties under its custody. I issued a separate report on February 26th, 2020.



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2. I followed up on the responses to the management letters and there are no outstanding material issues that may affect my opinion.

Original signed

Gloria Margarita Mahecha García
Statutory Auditor of Bolsa de Valores de Colombia S.A.
Registration 45048 - T
Member of KPMG S.A.S.

February 26th, 2020

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**STATUTORY AUDITOR'S REPORT ON THE COMPLIANCE WITH NUMERALS 1st) AND 3rd) OF
ARTICLE 209 OF COMMERCE CODE
(Free translation of the report issued in Spanish)**

To the Shareholders
Bolsa de Valores de Colombia S.A.:

Main Subject Description

As part of my responsibilities as Statutory Auditor and in compliance with articles 1.2.1.2 and 1.2.1.5 of Decree 2420 of 2015, modified by articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance of Bolsa de Valores de Colombia S.A. (the Company) with numerals 1st) and 3rd) of article 209 of the Commerce Code, detailed as follows, as at December 31, 2019, in the form of an independent reasonable assurance conclusion, that management actions have complied with the bylaws and Shareholder Assembly instructions and that there are adequate measures of internal control, in all material aspects, in accordance with the criteria indicated in the paragraph called "Criteria" of this report:

- 1st) If the Company's management actions are in conformity with the bylaws and the decisions and instructions of the Shareholders' Meeting, and
3rd) If the Company has adopted adequate measures of internal control, preservation and custody of the Company's assets or third parties' assets in its possession.

Responsibilities of Management

Management is responsible for the compliance with the bylaws and the Shareholders' Meeting decisions and for designing, implementing and maintaining adequate internal control measures that include risk management systems implemented, the preservation and custody of the Company's assets and third parties' assets in its possession, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part II).

Statutory Auditor's Responsibilities

My responsibility is to examine whether management actions are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting, and if the Company has adopted adequate internal control, conservation and custody measures of the assets of the Company or third parties that are in their possession and report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained.

I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000 issued in April 2009 by the International Auditing and Assurance Standards Board - IAASB). Such standard requires that I plan and carry out the procedures that I deem necessary to obtain reasonable assurance about whether management



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actions comply with the bylaws and the decisions of the Shareholders' Meeting and whether there adequate internal control measures, which include the risk management systems implemented, conservation and custody of the assets of the Company and those of third parties that are in their possession, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part I), in all material aspects of evaluation.

The Firm to which I belong and who appointed me as the Statutory Auditor of the Company, applies the International Standard on Quality Control No. 1 and, consequently, maintains a comprehensive quality control system that includes documented policies and procedures on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the requirements of independence and ethics of the Code of Ethics for Professional Accountants issued by the International Standards Board of Ethics for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the assessment of the risk that management actions do not comply with the bylaws and the decisions of the Shareholders' Meeting and that the internal control measures, which include the risk administration systems implemented, conservation and custody of the assets of the Company and those of third parties that are in their possession are not properly designed and implemented, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part I), in all material aspects of evaluation.

This reasonable assurance engagement includes obtaining evidence for the year ended December 31st, 2019. Procedures include:

- Obtaining a written representation from Management on the compliance with the bylaws and the Shareholders' Meeting decisions and the adoption of adequate internal control measures that include the systems of risk management implemented, preservation and custody of the Company's assets and third parties' assets in its possession, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part I).
- Reading and verifying compliance with the Company's bylaws.
- Obtaining a certification from Management about the meetings of Shareholders, documented in the minutes.
- Reading of the Shareholders' Meeting minutes and the bylaws and verify the fulfillment of these by Management.
- Inquiries with Management about changes or any amendment to the Company's bylaws during the period covered and the review of its implementation.
- Evaluating the adequate measures of the internal control, which include the risk management systems implemented, preservation and custody of the Company's assets and third parties'

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assets that are in its possession, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part II), which includes:

- Evaluating the design, implementation and operating effectiveness of relevant controls of the components of internal control over the financial reporting process and the elements established by the Company, such as: control environment, process of risk assessment by the entity, the information systems, control activities and monitoring of controls.
- Evaluating of the design, implementation and operating effectiveness of manual and automatic relevant controls of the key processes related to the significant accounts of the financial statements.
- Verification of compliance with the standards and instructions on the Risk Management Systems that apply to the Company: Money Laundering and Terrorist Financing Risk and Operational Risk.
- Issuance of management letters with my recommendations over the non-significant internal control deficiencies that were identified during the statutory audit work.
- Follow-up on the matters included in the management letters that I issued regarding non-significant internal control deficiencies.

Inherent limitations

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that may change that condition during the period reviewed, because my report is based on selective tests. Additionally, the evaluation of internal control has the risk of becoming inadequate due to changes in conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate override of controls by Management.

Criteria

The criteria considered for the evaluation of the matters mentioned in the previous paragraph include: a) the bylaws and the minutes of the Shareholders' Meeting and, b) the components of internal control implemented by the Company, such as the control environment, risk assessment procedures, information and communications systems, and monitoring of controls by Management and those in charge of corporate governance, which are based on the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part I).



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Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the bylaws and the Shareholders' Meeting's decisions have been fulfilled and the internal control measures, which include the risk management systems implemented, preservation and custody of the Company's assets or third parties' assets in its possession are adequate, in accordance with the requirements established by the Financial Superintendence of Colombia under Circular Letter 029 of 2014 (Chapter IV, Title I of Part I).

Original signed



Gloria Margarita Mahecha García
Statutory Auditor of Bolsa de Valores de
Colombia S.A.
Registration 45048-T
Member of KPMG S.A.S.

February 26th, 2020

Individual Financial Statements

(COP\$ thousand)

	Footnote		At 31 December 2019	31 December 2018
Assets				
Current Assets				
Cash and cash equivalents	5	\$	11,888,133	10,692,073
Financial assets - investments	6		242,420	2,043,239
Accounts receivable from related parties	27		591,535	422,317
Net trade and other accounts receivable	8		7,012,848	7,125,352
Net current tax assets	9		7,168,017	4,290,301
Other non-financial assets	10		6,934	11,180
			26,909,887	24,584,462
Noncurrent assets				
Noncurrent financial assets - investments	6		2,625,868	2,115,941
Investments in associates and joint ventures	11		30,254,581	28,302,883
Investments in subsidiaries	11		443,397,196	440,101,244
Net Property, plant and equipment	12		21,843,633	20,684,609
Net intangible assets	13		27,560,118	21,219,752
Other non-financial assets	10		2,906,789	3,675,697
Accounts receivable from related parties	27		500,000	500,000
			529,088,185	516,600,126
Total assets		\$	555,998,072	541,184,588
Liabilities and Shareholder Equity				
Liabilities				
Current liabilities				
Financial liabilities	14	\$	9,458,614	4,097,472
Trade and other accounts payable	15		14,648,012	10,256,265
Accounts payable to related parties	27		595,339	583,244
Employee benefits	16		3,994,224	5,327,272
Deferred revenue	17		125,920	56,250
			28,822,109	20,320,503
Noncurrent liabilities				
Financial liabilities	14		10,362,464	14,000,000
Estimated liabilities and provisions	8		596,737	6,574,960
Net deferred tax liabilities	28		4,911,264	5,521,345
Other liabilities			1,191,634	1,191,634
			17,062,099	27,287,939
Total liabilities			45,884,208	47,608,442
Shareholder Equity				
Capital and reserves attributable to shareholders				
Subscribed and paid-up capital	19		30,256,734	30,256,734
Share premium	19		298,397,252	298,397,252
Reserves	19		127,229,645	121,369,564
Net profit			50,586,007	39,142,489
Accumulated profit			114,923	3,008,653
Other comprehensive income	19		1,315,487	1,712,418
IFRS first time adoption	19		2,213,816	(310,964)
Total shareholder equity			510,113,864	493,576,146
Total liabilities and shareholder equity		\$	555,998,072	541,184,588

The footnotes are an integral part of the individual financial statements.

Diego Javier Fernández Perdomo

Legal Representative (*)

Nancy Fuquen Tocarruncho

Accountant (*)
TP No. 75520 - T
For: PricewaterhouseCoopers Asesores
Gerenciales Ltda.

Gloria Margarita Mahecha Garcia
Statutory Auditor

TP 45048 - T
For: KPMG S.A.S
(Report dated 26 February 2020)

(*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have verified the contents of these individual financial statements, and that they are a faithful reproduction of the company accounts (certification attached).

Individual Financial Statements and Other Comprehensive Income

(COP\$ thousand, except net income per share)

Years ended 31 December

	Nota		2019	2018
Income				
Operating income	20	\$	68,348,643	66,253,291
Net investment income	21		673,003	704,864
Earnings and other income	22		2,166,921	2,486,741
Total income			71,188,567	69,444,896
Expenses				
Ordinary expenses	23		(28,657,756)	(29,577,499)
Employee benefit expenses	23		(23,699,570)	(28,330,687)
Depreciation and amortisation	23		(7,003,692)	(5,378,139)
Other ordinary expenses	24		(1,164,667)	(1,042,122)
Total expenses			(60,525,685)	(64,328,447)
Operating profit			10,662,882	5,116,449
Equity method profits, subsidiaries	11		34,190,199	31,458,580
Equity method profits, associate companies and/or joint ventures	11		7,750,101	6,901,091
Finance charges	25		(2,160,691)	(2,518,418)
Pre-tax profit			50,442,491	40,957,702
Income tax	28	\$	143,516	(1,815,213)
Net income			50,586,007	39,142,489
Other comprehensive income				
Net income		\$	50,586,007	39,142,489
Other comprehensive income components not reported in net income				
Equity method - other comprehensive income	19		(396,130)	(2,081,693)
Other comprehensive income components that will be reported later in net income				
Exchange rate variation			41,013	195,751
Cash flow losses, company			(22,232)	-
Cash flow losses, subsidiaries			(19,582)	-
Other comprehensive post-tax income			(396,931)	(1,885,942)
Final net income			50,189,076	37,256,547
Shares in circulation			60,513,469	60,513,469
Basic earnings per share (COP)	26		835,95	646,89

The notes are an integral part of the individual financial statements.



Diego Javier Fernández Perdomo
Legal Representative (*)



Nancy Fuquen Tocarruncho
Accountant (*)
T.P. No. 75520 - T
For: PricewaterhouseCoopers Asesores
Gerenciales Ltda.



Gloria Margarita Mahecha García
Statutory Auditor
TP 45048 - T
For: KPMG S.A.S
(Report dated 26 February 2020)

(*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have verified the contents of these individual financial statements, and that they are a faithful reproduction of the company accounts (certification attached).

Changes to Shareholder Equity

(COP\$ thousand)

At 31 December 2019 and 2018	Footnote	Subscribed and paid-up capital	Share premium	Legal reserves	Voluntary reserves	Total reserves	Net annual profit	Accumulated profit	Other comprehensive income	IFRS adoption	Total shareholder equity
Balance 1 January 2018		\$ 30,256,854	298,397,252	9,336,411	39,085,462	48,421,873	103,206,571	3,009,082	3,598,360	(310,964)	486,579,028
Transfer of income		-	-	-	-	-	(103,206,571)	103,206,571	-	-	-
Release and appropriation of reserves	18	-	-	10,321,000	62,629,146	72,950,146	-	(72,950,146)	-	-	-
Use of reserves - Reverse split		(120)	-	-	(2,455)	(2,455)	-	(120)	-	-	(2,695)
Act 31.22 March 2018 – Dividend distribution of \$500 per share x 60,513,469	18	-	-	-	-	-	-	(30,256,734)	-	-	(30,256,734)
Annual profit		-	-	-	-	-	39,142,489	-	-	-	39,142,489
Equity method other comprehensive income	18	-	-	-	-	-	-	-	(1,885,942)	-	(1,885,942)
Balance 31 December 2018		\$ 30,256,734	298,397,252	19,657,411	101,712,153	121,369,564	39,142,489	3,008,653	1,712,418	(310,964)	493,576,146
Transfer of income		\$ -	-	-	-	-	(39,142,489)	39,142,489	-	-	-
Appropriation of reserves	18	-	-	-	5,860,081	5,860,081	-	(5,860,081)	-	-	-
Acta 33.28 March 2019 – Dividend distribution of \$500 per share x 60,513,469	18	-	-	-	-	-	-	(33,282,407)	-	-	(33,282,407)
Annual profit		-	-	-	-	-	50,586,007	-	-	-	50,586,007
Equity method other comprehensive income	18	-	-	-	-	-	-	-	(374,699)	-	(374,699)
Hedging derivatives		-	-	-	-	-	-	-	(22,232)	-	(22,232)
Extraordinary dividend tax		-	-	-	-	-	-	(368,951)	-	-	(368,951)
First time adoption adjustment		-	-	-	-	-	-	(2,524,780)	-	2,524,780	-
Balance 31 December 2019		\$ 30,256,734	298,397,252	19,657,411	107,572,234	127,229,645	50,586,007	114,923	1,315,487	2,213,816	510,113,864

The footnotes are an integral part of the individual financial statements.

Diego Javier Fernández Perdomo
Legal Representative (*)

Nancy Fuquen Tocarruncho
Accountant (*)
T.P. No. 75520 - T
For: PricewaterhouseCoopers Asesores
Gerenciales Ltda.

Gloria Margarita Mahecha García
Statutory Auditor
T.P. 45048 - T
For: KPMG S.A.S
(Report dated 26 February 2020)

(*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have verified the contents of these individual financial statements, and that they are a faithful reproduction of the company accounts (certification attached).

Individual Cash Flow

(COP thousands)

	Footnote	Years ended 31 December	
		2019	2018
Operational cash flow			
Operational charges			
Services		85,776,750	81,483,385
Other operational activities		198,405	163,515
Operational expenses			
(-) Goods and services		(38,732,873)	(37,226,506)
(-) Operational taxes		(22,259,271)	(21,025,610)
(-) Employees		(20,160,453)	(23,043,685)
(-) Other operational activities		(650,341)	(465,108)
(-) Interest on financial leases	29	(91,854)	-
Interest received from financial subleasing	29	16,299	-
Interest on financial performance		304,188	254,889
Other cash income and expenses		(627,298)	(566,129)
Other cash flow (government subsidies)		48,542	-
(-) Income tax		-	(438,538)
Net operational cash flow		3,822,094	(863,787)
Investment cash flow			
(-) Other contingent consideration payments		(5,311,929)	-
(-) Other joint-venture participation payments		-	(299,700)
(-) Property, plant and equipment purchases	12	(3,651,725)	(1,486,253)
(-) Intangible assets purchases	13	(766,264)	(1,304,162)
(-) Interest paid		(37,039)	-
Interest received		-	16,487
Dividends received	11	36,635,643	31,012,606
(-) Futures contract payments		(22,232)	-
Other cash income (portfolio)		2,275,396	4,769,019
(-) Hedge contract collateral		(4,800)	-
Net investment cash flow		29,117,050	32,707,997
Financing cash flow			
(-) Other payments to acquire equity or debt instruments from other organisations	4	-	(21,279,992)
Amounts from loans	14	5,000,000	20,000,000
Amounts from loans between related parties		1,490,000	-
(-) Payment of loans to related parties		(1,490,000)	-
(-) Payment of loans	14	(4,000,000)	(2,000,000)
(-) Financial lease liabilities	29	(500,050)	-
Income from financial subleases	29	53,798	-
(-) Dividend payments	19	(30,999,175)	(30,256,677)
(-) Interest payments		(1,122,111)	(631,808)
Other cash income (expenses)		-	119,1634
Net financing cash flow		(31,567,538)	(32,976,843)
Net cash and cash equivalents increase (decrease)		1,371,606	(1,132,633)
Effect of exchange rate variations on cash and cash equivalents			
Effect of exchange rate variations on cash and cash equivalents		(175,546)	800,649
Net cash and cash equivalent increase (decrease)		1,196,060	(331,984)
Cash and cash equivalents at start of year		10,692,073	11,024,057
Cash and cash equivalents at year-end		11,888,133	10,692,073



Diego Javier Fernández Perdomo
Legal Representative (*)



Nancy Fuquen Tocarruncho
Accountant (*)
T.P. No. 75520 - T
For: PricewaterhouseCoopers Asesores
Gerenciales Ltda.



Gloria Margarita Mahecha García
Statutory Auditor
T.P. 45048 - T
For: KPMG S.A.S
(Report dated 26 February 2020)

(*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have verified the contents of these individual financial statements, and that they are a faithful reproduction of the company accounts (certification attached).

Footnotes to the Financial Statements

31 December 2019 (COP\$ thousand)

Footnote 1 – Corporate information

Economic entity

Bolsa de Valores de Colombia S.A. was incorporated through public deed No.1234, 17 April 2001 (valid to 2051) at Notary Public 4, Bogota D.C., using the corporate name Servicios Integrados Bursátiles S.A. On 27 June 2001, its name was changed through public deed No. 2697. Its corporate purpose is organising, regulating, administering and operating commercial establishments dedicated to conducting all types of business related to all classes of securities and goods susceptible to stock market transactions, in accordance with legal and legislative precepts regulating securities exchange activities.

At 31 December 2019 and 2018, la Bolsa had 235 and 228 employees, respectively.

Bolsa de Valores de Colombia S.A. is controlled and monitored by the Colombian Financial Superintendence. The company headquarters is in Bogota D.C., and it has offices in Medellin and Cali.

The company's incorporation is valid until 17 April 2051.

Bolsa de Valores de Colombia S.A., as authorised by shareholders on 11 December 2006, listed shares on the National Securities Registry and the Bolsa de Valores de Colombia S.A. (self-listing) on 22 June 2007, and trading began on 28 June 2007.

At 31 December 2019, bvc has the following subsidiaries:

Name	Direct share	Indirect share
Invesbolsa S.A.	100.00%	0.00%
BVC Plus S.A.S.	100.00%	0.00%
BVC Pro S.A.S.	100.00%	0.00%
Inverbvc S.A.S.	100.00%	0.00%
deceval S.A.	94.96%	5.04%
Precia S.A.	90.91%	9.09%
Sophos Solutions S.A.S.	54.19%	0.00%

Bolsa de Valores de Colombia S.A. Group Control:

On 9 January 2018 in No. 02291766, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of: (i) Depósito Centralizado de Valores – Deceval S.A., a legally incorporated Colombian company headquartered in Bogota; (ii) Bvc Plus SAS, a legally incorporated Colombian company headquartered in Bogota; (iii) Inverbvc. SAS, a legally incorporated Colombian company headquartered in Bogota, and (iv) Bvc Pro SAS, a legally incorporated Colombian company headquartered in Bogota.

- i] On 6 May 2010 in No. 01381319, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of Invesbolsa S.A.S., a legally incorporated Colombian company headquartered in Bogota.
- ii] On 2 March 2011 in No. 01457301, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of Precia Proveedor de Precios para la Valoración S.A., a legally incorporated Colombian company headquartered in Bogota, that changed its corporate name through public deed No. 423, 9 February 2018.
- iii] On 2 June 2015 in No. 01953309, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of Sophos Solutions S.A.S., a legally incorporated Colombian company headquartered in Bogota.

In addition, indirect control through Sophos Solutions S.A.S. is maintained over: (i) Sophos Technology Solutions S.A., a Chilean company, (ii) Sophos Technology Solutions SA. DE CV, a Mexican company, and Sophos Technology INC., a Panamanian company, all of which form part of Bolsa de Valores de Colombia S.A. group of companies.

The financial statements herein do not consolidate subsidiary operations. The bvc and subsidiary consolidated financial statements are presented separately.

Footnote 2 – Summary of principal accounting policies:

2.1 Professional accounting policies applied

Declaration of compliance

Bolsa de Valores de Colombia S.A. prepares its financial statements in accordance with Colombian Financial Reporting Standards (NCIF – Spanish acronym) enshrined in Law 1314 - 2009 (regulated by Decree 2420 - 2015, and modified by Decrees 2496 - 2015, 2131 - 2016, 2170 - 2017, 2483 - 2018, and 2270 – 2019).

The NCIF are based on IFRS and IASB norms translated to Spanish and published by IASB in the second half of 2017.

This is the first time that bvc individual annual financial statements have used IFRS 16 - Leases. Any significant change to accounting standards is described in section 2.2.

The following guidelines used by Bolsa de Valores de Colombia S.A. are taken from the decrees mentioned previously and may contain IASB exceptions to IFRS.

Title 4, Chapter 1, Decree 2420 – 2015: The individual financial statements are prepared using current Group 1 technical legislative frameworks, except with regard to classifying and valuing IAS 39 and IFRS 9 investments detailed in the Group 1 technical annex. In addition, Bolsa de Valores de Colombia S.A. applies the following guidelines in accordance with current Colombian laws and norms:

1. The exceptions specified by External Circular 036, 12 December 2014.
2. Book 2, Decree 2420 - 2015, based on modifications applicable to Group 1 organisations and included in article 3, Decree 2131 – 2016. Parent company investment in subsidiaries should be recognised in individual financial statements according to the equity method (article 35, Law 222), as described in IAS 28.

These individual financial statements comply with all legal requirements bvc is subject to as a legally independent organisation. Some accounting principles may differ from those used in the consolidated financial statements and, in addition, do not include the adjustments nor eliminations necessary in the consolidated financial statements and consolidated comprehensive income of the company and its subsidiaries.

Therefore, these individual financial statements should be read in conjunction with the Bolsa de Valores de Colombia S.A. and subsidiaries consolidated financial statements. In Colombia, the individual financial statements are considered to be the principal financial statements.

Financial reporting standard	Topic of amendment	Detail
Conceptual framework for financial information: Modifying references to the conceptual framework in IFRS norms.	Complete modification of the previous framework.	A new general-purpose financial information conceptual framework for IFRS Group 1 organisations. The new framework is much more closely aligned with current IFRS and incorporates concepts not previously included, such as the principal objectives of disclosed information, the unit of account, depreciation, and contracts pending execution, among others. Amendments to conceptual framework references to IFRS norms update some references to the 2018 conceptual framework and make other modifications that clearly state the conceptual framework version being referenced.
IAS 19 – Employee benefits	Amendments to post-employment benefits, defined benefit plans – Modification, Reduction or Liquidation of the Plan.	Requires that organisations use updated actuarial assumptions to determine the cost of services in the current reporting period and the net interest payable during the remainder of the financial year following modification, reduction or liquidation of the plan, when the organisation measures its liability (asset) in net defined benefits.
IFRS 3 – Business combinations	Business definition.	Modifies the business definition established in IFRS 3, a fundamental concept for determining whether to apply purchase or acquisition methodology in business combinations.
IAS 1 – Presentation of financial statements. IAS 8 – Accounting policies, changes in accounting estimates and errors.	Modifies the definition of materiality and relative importance. Provision of guides to assist with identifying materiality. In September 2017, IASB published Practice Statement 2: Making Materiality Judgements.	Applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.
IFRIC 23 – Uncertainty over income tax treatments.	Clarifies the accounting for uncertainties in income taxes.	

Non-effective issued norms

Norms and amendments applicable from 1 January 2020

In compliance with Decree 2270 – 2019, there follows a list of amendments and interpretations issued by IASB in 2018 that are applicable from 1 January 2020. Bolsa de Valores de Colombia S.A. management is currently evaluating the impact of these changes, but does not anticipate them having significant impact on the individual financial statements.

2.2 Significant changes to accounting policy

Leases (IFRS 16)

Bolsa de Valores de Colombia S.A. initially applied IFRS 16 from 1 January 2019, using a retrospective focus modified by practical optional solutions; Comparative information was not updated.

IFRS 16 replaces existing guidelines for lease accounting, including IAS 17 Leases, IFRS 4 Determining whether an arrangement contains a lease, IAS 15 Incentives in operation of operational leases, IAS 27 Evaluating the substance of transactions in the legal form of a lease.

2.2.1 Defining leases

Contracts not identified as leases according to IAS 17 will not be re-evaluated to determine if they are IFRS 16 leases. Therefore, IFRS 16 lease definition was only applied to contracts signed or modified after 1 January 2019.

2.2.2 Lessee

Bolsa de Valores de Colombia S.A. classifies leases as operational or financial based on whether they significantly transfer risk and benefit. In accordance with IFRS 16, Bolsa de Valores de Colombia S.A. recognises right-of-use assets and lease liabilities, and register these on the balance sheet.

2.2.3 Lessor

Bolsa de Valores de Colombia S.A. subleases some property. In accordance with IAS 17, principal leases and subleases are classified as operational leases. During the transition to IFRS 16, principal right-of-use assets are listed as property, plant and equipment in a right-of-use asset group corresponding to operational leases, in accordance with IFRS 16.

2.2.4 IAS 17 Operational leases

During the transition, lease liabilities are measured using the current value of remaining lease payments, discounted using the incremental loan rate as quoted on the financial markets, as follows:

Credit <\$500,000 - EAR 11.15%

Credit >\$500,000 - EAR 8.07%

IFRS 16 introduces a unique accounting register model for financial leases. The lessee recognises right-of-use assets on assets they have the right to use, and lease liabilities for lease payments. There are optional exceptions for short-term leases or low-value item leases. The accounting procedure for leases is similar to current accounting norms where the lessee classifies leases as financial or operational.

Recognition

From the implementation date, Bolsa de Valores de Colombia S.A. will recognise right-of-use assets and lease liabilities except for:

a. Short term leases (<12 months); and

b. Low-value item leases (<\$15,000 annually).

An underlying asset may only be classified as low-value if:

a. The lessee benefits from right-of-use of the underlying asset itself, or together with other readily available resources; and

b. The underlying asset is not highly dependent on nor highly interrelated with other assets.

An underlying asset does not comply with low-value criteria if when new it was not also of low-value.

Bolsa de Valores de Colombia S.A. recognises payment for short-term and low-value assets on a straight-line basis, or using another systematic baseline that better represents the expense. Short-term leases are considered to be new leases if they are amended or the lease period changes.

a) Right-of-use asset initial measurement

At the date of commencement, Bolsa de Valores de Colombia S.A. will measure the cost of right-of-use assets. The cost is understood to be:

- a. The initial measured lease liability.
- b. Lease payments before or from the date of commencement, minus any incentives received.
- c. Initial direct costs.
- d. An estimated cost for dismantling or removing the asset, returning it to its place of origin, or returning it to its original state, as required by the terms and conditions of the lease.

b) Lease liability initial measurement

At the date of commencement, the lessee will measure the lease liability using current unpaid payment value, and discount payments using the incremental loan rate applicable to the lease, based on its duration, type and value.

At the date of commencement, lease payments included in the liability calculations are comprised of future payments for the period of the lease, that are not paid at the start:

- a. Fixed payments.
- b. Variable payments that depend on an index or rate, using the current value at the date of commencement.
- c. Amounts Bolsa de Valores de Colombia S.A. will pay as guarantees on residual value.
- d. The cost of purchase options, if Bolsa de Valores de Colombia S.A. is reasonably certain it will exercise them.
- e. Early exit penalty payments, if the lease reflects that Bolsa de Valores de Colombia S.A. will exercise this option.

c) Subsequent measurement of right-of-use assets

Following the date of commencement, Bolsa de Valores de Colombia S.A. will use a cost model to measure right-of-use asset depreciation in accordance with depreciation rates specified in Property, plant and equipment accounting policy.

If ownership is transferred to the lessee at the end of the lease, or if lease expenses include a purchase option, Bolsa de Valores de Colombia S.A. will depreciate the underlying asset from the date of commencement to the end of its useful life. Otherwise, Bolsa de Valores de Colombia S.A. will depreciate the underlying asset from the date of commencement until the end of its useful life or the end of the lease, whichever is sooner.

Bolsa de Valores de Colombia S.A. will apply devaluation accounting policy on the asset, and calculate the value of identified losses for devaluation.

d) Subsequent measurement of lease liabilities

Bolsa de Valores de Colombia S.A. will subsequently measure lease liabilities:

- a. Increasing book values to reflect lease liability interest;
- b. Reducing book values to reflect lease payments; and
- c. Remeasuring book values to reflect the new measurements or amendments to the lease.

Lease liability interest for each period during the lease will be the amount produced by the rate of interest on the remaining lease liability. Following the date of commencement, Bolsa de Valores de Colombia S.A. will enter into the books the amount corresponding to the period, unless the cost has already been added, for:

- a. Lease liability interest; and
- b. Variable lease payments for events or conditions not included in the lease liability measurement, in the period within which they occur.
- c. Changes to future lease payments following changes to an index or rate used to calculate payments, including, for example, price changes following a revision of lease market rates.

e) Sublease measurement

Classification of subleases:

Bolsa de Valores de Colombia S.A. will classify subleases as financial or operational as follows

- a. If the principal lease is short-term as specified in IFRS 16 paragraph 6, it will be classified as an operational lease.
- b. Otherwise, the sublease will be classified according to the right-of-use asset referenced in the principal lease, rather than that of the underlying asset (for example, the property, plant and equipment item being leased).

Bolsa de Valores de Colombia S.A. has decided that when classifying subleases, it will evaluate the right-of-use asset referenced in the principal lease, rather than that of the underlying asset, because:

The risk for Bolsa de Valores de Colombia S.A. associated with the right-of-use asset lease becomes a credit risk when converted to a sublease that covers most or all of the principal lease period. Accounting for the sublease as a financial lease (classified in reference to the right-of-use asset) recognises this risk because Bolsa de Valores de Colombia S.A. recognises the net investment in the sublease as an account receivable rather than as a right-of-use asset. It is, therefore, appropriate for Bolsa de Valores de Colombia S.A. to remove the right-of-use asset from its accounts and recognise the net investment in the sublease.

Bolsa de Valores de Colombia S.A. will apply the discount rate used for the principal lease (adjusted to include initial indirect costs related to the sublease) to measure the net investment in the sublease.

During subsequent measurement, Bolsa de Valores de Colombia S.A. will offset lease payments for the period against gross investment in the lease, to reduce the principal as well as the non-accumulated financial earnings (yield). Bolsa de Valores de Colombia S.A. will apply IFRS 9 account removal and depreciation requirements to the net lease investment.

At the date of commencement, Bolsa de Valores de Colombia S.A. will recognise in its accounts the financial situation of financial lease assets, presented as accounts receivable at a value equal to the net lease investment.

Net lease investment: The gross net lease investment minus the relevant interest rate.

Gross lease investment: The sum of:

(a) lease payments receivable by the lessor for the financial lease; and

(b) any non-guaranteed residual value corresponding to the lessor.

In compliance with IFRS 16 paragraphs 75 and 76, bvc will recognise financial income for the duration of the lease, using a baseline that reflects a constant yield rate on the net financial investment.

Transition

Previously, Bolsa de Valores de Colombia S.A. classified leased property as IAS 17 operational leases. The recognised leases are for their headquarters and alternative operations centre.

During the transition, IAS 17 operational lease liabilities were measured as the current value of outstanding lease payments minus the implicit lease interest rate, if determinable. If not, the incremental loan interest rate was used.

As a result, Bolsa de Valores de Colombia S.A. used the following incremental loan interest rate provided by a lease credit financial organisation:

Credit <\$500,000 - EAR 11.15%

Credit >\$ 500,000 - EAR 8.07%

Bolsa de Valores de Colombia S.A. used the following practical resources to apply IFRS 16 to leases previously classified as IAS 17 operational leases:

-The exception to not recognise right-of-use and lease liabilities with a period below 12 months.

-The exclusion of direct initial costs from right-of-use asset measurement at the initial date of use.

-The use of retrospective measurement to set the lease term, if the contract included an option to extend or cancel.

2.3 Preparation baselines

2.3.1 Relative importance

An economic event is material when knowledge or lack of knowledge of its type or amount could fundamentally change account-based decisions.

2.3.2 Functional currency and presentation

The values contained in the Bolsa de Valores de Colombia S.A. individual financial statements correspond to the functional currency used during operations: the Colombian peso.

To determine its functional currency, Bolsa de Valores de Colombia S.A. must analyse primary factors and, if the result is not conclusive, secondary factors. This requires Bolsa de Valores de Colombia S.A. to use its professional judgement as primary and secondary factors may be mixed. To determine its functional currency, Bolsa de Valores de Colombia S.A. analysed primary and secondary factors related to the most used currency in service pricing, that which generated funds from financing activities, and that in which payment is made for operational activities – the Colombian peso. All data is presented in thousands of pesos, rounded to the closest unit.

2.3.3 Estimates

During the preparation of these individual financial statements, it was sometimes necessary for Bolsa de Valores de Colombia S.A. to use estimates and assumptions that could affect the recognised amounts and disclosures.

There follows a list of the principal areas where Bolsa de Valores de Colombia S.A. used estimates.

- **Property, plant and equipment:** The lifetime of an asset during which it is depreciated and amortised is based on an estimate of future usage and performance. The residual value of each asset and lifetime is revised at least once a year and if there is a change compared to the previous estimate, it is added to the accounts.
- **Intangibles:** Intangibles are valued at the time of their procurement using appropriate methodologies, and amortised during their estimated useful life unless they have an indefinite useful life. These estimates are management best-guesses on future performance and future value creation.
- **Provisions and contingencies:** A management decision is required on whether to recognise or disclose provisions and contingencies, and at what value, based on past experience and other factors relevant to each situation.
- **Bad debt:** A management decision is required on bad debt, basing estimates on past experience and other relevant factors.
- **Income tax:** Income tax calculations require estimates and judgements. If there is a difference between provisions and final obligations, an adjustment is made.

2.4 Baseline

The individual financial statements are prepared based on historical cost, except derivatives, tradable investments and private capital funds, which are based on fair value.

2.4.1 Fair value

Bolsa de Valores de Colombia S.A. uses a three-level hierarchy to classify the importance of factors used to measure asset and liability fair value.

Level 1

Non-adjusted quoted prices on active markets for similar assets and liabilities identified on the measurement date.

Level 2

Observable data different than used in Level 1. Bolsa de Valores de Colombia S.A. discloses in this level available investments in private debt securities.

Level 3

Non-observable data will be used to measure fair value if relevant observable data is not available, taking into account situations where little, if any, market activity takes place related to an asset or liability.

The table below details the principal fair value calculation techniques used for Level 2.

Asset	Valuation technique	Data
Investments in fair value debt securities	Observable market price	Securities trade price according to price provider methodology
Mutual investment funds	Value provided by the administrator	Estimated or theoretical price Mutual funds that capitalise or pay interest at the end of each month
Private capital funds	Value provided by the administrator	Pre-close unit price multiplied by the total number of units
Derivative operations	Income	Price of the underlying security Functional currency curves for the underlying security

Recurring baselines for fair value measurement

NCIF accounting rules require or allow these to be included in financial statements at the end of each accounting period.

The following table displays the book values and fair values of financial assets and liabilities. Data is not included for non-fair value measured financial assets and liabilities. For the current year, disclosure is not required for lease liabilities. Commercial and other accounts receivable and payable are also not included.

	Book value		Fair value estimate	
	At 31 December 2019	At 31 December 2018	At 31 December 2019	At 31 December 2018
Financial assets				
Private capital fund [1]	\$ 2,610,183	\$ 2,100,153	\$ 2,610,183	\$ 2,100,153
Tradable investments	242,420	2,043,239	242,420	2,043,239
Cash equivalents [2]	6,855,263	514,616	6,855,263	514,616
Total	\$ 9,707,866	4,658,008	\$ 9,707,866	4,658,008

[1] Inversor fund valuation: Bolsa de Valores de Colombia S.A. is an investor in the Inversor private capital fund, with 245,494.59 participation units at 31 December 2019 and 2018. The unit value is calculated daily and corresponds to the pre-close fund value divided by the total number of units. Calculation is made by Corredores Davivienda S.A. and divulged by monthly statement to Bolsa de Valores de Colombia S.A..

[2] Short-term investment funds that, due to their level of liquidity, are considered to be cash equivalents.

In 2019 and 2018, the following financial assets were classified as investments, measured at fair value, by hierarchical level:

		Level 2	Total
Private capital fund	\$	2,610,183	2,610,183
TES		242,420	242,420
Cash equivalents (FIC)		6,855,263	6,855,263
Total	\$	9,707,866	9,707,866

		Level 2	Total
Private capital fund	\$	2,100,153	2,100,153
Term deposits		2,043,239	2,043,239
Cash equivalents (FIC)		514,616	514,616
Total	\$	4,658,008	4,658,008

In 2019, bvc decided to reclassify cash equivalents (mutual investment funds) from level 3 to level 2, as the fund administrators report the closing price. The reclassified value at 31 December 2018 was \$514,616 - the same as book fair value due to their short-term, highly liquid nature.

It is not considered necessary to calculate the fair value of investments in associates and registered joint ventures as assets, because they are organisations that do not list shares on Bolsa de Valores de Colombia S.A. and the cost of valuation would exceed the benefit of disclosure.

Determining the fair value of registered financial liabilities by amortised cost, only for disclosure purposes

For financial obligations and other short-term liabilities, the book value is taken to be the fair value. Long-term obligation fair value was calculated using cash flow models, discounting risk free interest rates adjusted for each organisation's risk premium.

In compliance with fair value measurement and disclosure requirements, the following were not included:

- Lease transactions that fall under IFRS 16 Leases, because bvc conducts financial lease operations.

The following table discloses the fair value of financial obligations:

	At 31 December 2019	
	Book value	Fair value estimate
Financial liabilities		
Long-term	10,000,000	10,061,233
Short-term	9,000,000	9,000,000
Total	19,000,000	19,061,233

At 31 December 2019 and 2018 none of the listed liabilities were reclassified by hierarchical level.

2.4.2 Transactions and balances

As a general rule, in the individual financial statements, assets, liabilities, income and expenses are not cleared, except where this is required or allowed by law and is a faithful reproduction of the transaction.

Income and expenses related to transactions that by contract or legal imperative allow for clearing, and that Bolsa de Valores de Colombia S.A. intends to settle at their net value, or to realise the asset and settle the liability simultaneously, are presented as net on the income statement.

2.4.3 Classification of current and noncurrent balances

Bolsa de Valores de Colombia S.A. uses the following criteria to classify balances:

- Current asset – that which has a term equal to or less than twelve months, or that bvc intends to sell or realise during the normal operational cycle of activities and businesses.
- Noncurrent asset – that which has a term superior to twelve months.
- Current liability – that which has a term equal to or less than twelve months, or that bvc intends to liquidate during the normal operational cycle for activities and businesses.
- Noncurrent liability – that which has a term superior to twelve months.

2.4.4 Reporting period

1 January to 31 December 2019, compared to the same period in 2018.

2.5 Summary of accounting policies

Accounting policies and established baselines follow NCIF (Colombian Financial Reporting Standards, based on IFRS), except those indicated in footnote 2.2.

2.5.1 Foreign currency transactions and balances

Transactions in currencies other than Bolsa de Valores de Colombia S.A. functional currency will be converted at the market exchange rate on the transaction date. At the close of each reporting period, assets and liabilities in other currencies will be converted to COP using the market exchange rate at the close. Foreign currency profits and losses resulting from currency conversion and clearing will be disclosed in the comprehensive income statement.

At 31 December 2019 and 2018 the COP-USD exchange rate was \$3,277.14 and \$3,249.75 respectively.

2.5.2 Cash and cash equivalents

Cash and cash equivalents should be disclosed using their nominal value, and are comprised of cash in hand and in banks, visible bank deposits, deposits in clearing, short-term deposits with original maturity equal to or less than three months, and other short-term, high-liquidity investments that are easily convertible to cash with a low-risk of value variation.

2.5.2.1 Presenting cash and cash equivalents

Bolsa de Valores de Colombia S.A. shall present cash and cash equivalents in descending order of liquidity on its balance sheet.

Cash flow shall not include movement between cash and cash equivalents, nor investment of cash and cash equivalent remainders.

2.5.3 Financial assets: fixed-income investments

2.5.3.1 Initial recognition

Investments shall be classified based on the Bolsa de Valores de Colombia S.A. business model for financial asset management and the contractual cash flow characteristics for financial assets. Initial recognition shall be at fair value.

2.5.3.2 Subsequent measurement

Investments held for trading: All investments held with the intention of obtaining benefit from changes in value shall be measured using fair value.

Bolsa de Valores de Colombia S.A. classifies fixed-income investments according to IFRS9, as follows:

Fair value from profit and loss changes: All investments held with the intention of obtaining benefit from changes in value.

The best evidence of fair value is the price quoted on an active market.

If there is no active market for a given investment, Bolsa de Valores de Colombia S.A. shall use a valuation technique that allows it to estimate a price were an orderly transaction to take place between market participants, under current market conditions on the measurement date.

Domestic financial assets classified as investments and measured at fair value shall be valued using Colombian market prices, and foreign investments shall use market values from the assets' countries of origin.

In all cases, Bolsa de Valores de Colombia S.A. shall strive to use relevant observable data, and minimise the use of non-observable data in valuation processes.

2.5.4 Financial and asset investments affecting results

2.5.4.1 Initial recognition

Initial recognition will be at cost, using the most trustworthy estimate.

2.5.4.2 Subsequent measurement

Subsequent annual measurement will analyse the following criteria and may or may not be representative of fair value:

- Significant change in performance compared to budgets, plans or objectives.
- Changes in expectations on achievable results in technical production.
- Significant change in the market related to the organisations' equity instruments or its current and future products.
- Significant change in the global economy, or that of the organisation's country of operation.
- Significant change in the performance of comparable organisations, or in global market valuations.
- Internal problems such as fraud, commercial disputes, litigation, and management or strategy changes.
- Evidence of external transactions on the organisation's assets, initiated by the organisation itself (e.g. a recent securities issue), or of asset transfers between third parties.

2.5.4.3 Profit and loss

Bolsa de Valores de Colombia S.A. shall disclose net profit and loss by transaction groups, or derivative instruments held for trading. However, where a profit or loss has relative importance it shall be presented separately.

Profit and loss measured using fair value shall be disclosed on the balance sheet, unless it is part of a hedge that is not held for trading.

Profit or loss resulting from an investment measured at amortised cost, and that is not part of a hedge, shall be disclosed during the reporting period if it has been cleared, fallen in value or been reclassified.

Other comprehensive income on the individual financial statements includes income and expenses, and reclassification adjustments not included in profit or loss.

2.5.5 Permanent investments in associates, joint ventures and subsidiaries

2.5.5.1 Equity method

Where **bvc** has joint control or exercises significant influence, this must be regularly evidenced in one or more of the following ways:

- Participation on the board, or an equivalent organisational management body.
- Participation in setting policy, including decisions on dividends or other distributions.
- Transactions of relative importance between both organisations.
- Exchange of management staff.
- Delivery of essential technical information.

2.5.5.2 Initial recognition

Initial recognition shall be at cost, using the most trustworthy estimate.

2.5.5.3 Subsequent measurement

Following acquisition, **bvc** will increase or reduce the book value to reflect its share of income each reporting period. Dividends received will reduce the investment's book value. It may also be necessary to adjust the book value to reflect changes in the proportional participation of the investment due to changes in the organisation's other comprehensive income. These changes may include revaluation of property, plant and equipment, and exchange rate variations. Any changes affecting **bvc** will be reflected in other comprehensive income.

When entering into equity participation, the latest financial statements will be used. If the reporting periods used by each organisation are different, the beneficiary will produce financial statements that correspond to **bvc**'s reporting period, unless it is impractical to do so. If the transaction dates used on each organisation's financial statements differ, the necessary adjustment will be made to reflect any significant transactions or events occurring between the two dates. Under no circumstances may the year end of either organisation differ by more than three months.

Reporting period duration and any difference in end dates shall be the same from one period to the next. The organisations' financial statements will be produced using uniform accounting policies for similar transactions and other events that have occurred under similar circumstances.

If objective evidence exists of investment impairment, it should be reduced to a recoverable value, this being the greater of the following values: the fair value less the cost of sale (net sale price) and the value in use (anticipated cash flow). To this end, the current value will be estimated using anticipated dividends and the investment's final settlement value or participation in anticipated cash flow.

bvc will disclose in its financial statements, dividends from subsidiaries, joint ventures or associates once it has established its right to receive them.

2.5.6 Investments in derivative futures

2.5.6.1 Derivative operations

In accordance with the portfolio business model designed for each company, **bvc** may trade derivative financial instruments with any of the following objectives:

- (a) Risk mitigation

2.5.6.2 Risk mitigation

bvc may carry out derivative operations to cover primary positions and limit or control its financial risk. This is conducted using hedge accounting policy.

2.5.6.3 Hedge accounting

Necessary criteria for hedge accounting:

Hedge accounting may only be used if the following criteria are met:

- a. The hedge is comprised only of eligible hedge instruments and hedge items.
- b. From the outset, the hedge is supported by formal documentation stating the hedging relationship and the organisation's risk management objective and strategy. The documentation must identify the hedging instrument, the hedged item and its risk profile, and the mechanism used to evaluate whether the hedging relationship complies with hedge effectiveness requirements (including analysis of sources of ineffectiveness and how it determined the hedge ratio).
- c. The hedge complies with the following effectiveness requirements:
 - There is an economic relationship between the hedged item and the hedging instrument (IFRS 9 paragraphs B6.4.4 to B6.4);
 - The effect of credit risk does not dominate the value change resulting from the economic relationship (IFRS 9 paragraphs B6.4.7 and B6.4.8); and
 - The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged items. However, that designation shall not reflect an imbalance between the hedged items' weightings and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting (see paragraphs B6.4.9–B6.4.11).

2.5.6.3.1 Types of hedge accounting

Bolsa de Valores de Colombia S.A. may, at its discretion, use hedge accounting to mitigate impact or significantly reduce exposure to change in a financial asset or liability.

There are three classes of hedge accounting relationships:

- a. Fair value hedge: A hedge on exposure to fair value changes of a recognised asset, liability, an unrecognised firm commitment, or a component of any such item, that are attributable to a particular risk and could affect profit or loss.
- b. Cash flow hedge: A hedge on exposure to cash flow variation attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, that could affect profit or loss.
- c. Hedge of a net investment in a foreign operation as defined in IAS 21.

At 31 December 2019 Bolsa de Valores de Colombia S.A. was using cash flow hedging.

2.5.6.3.2 Requirements for hedge accounting

Bolsa de Valores de Colombia S.A. management shall produce formal documentation at the start of the hedge that details the hedging relationship, and present it to the Finance and Administration Committee for approval. The documentation must contain the following minimum information:

- a. The organisation's risk management objective and strategy, including identification of the hedging instrument, the hedge item or transaction, the risk being hedged, and how the instrument's effectiveness in hedging reasonable value changes in the hedged item or changes in cash flow will be measured.
- b. It is hoped that the hedge will be highly effective in reducing exposure to fair value or cash flow changes to the hedged item, in accordance with the documented risk management strategy for the hedging relationship. (The hedge is considered effective if it is between 80% and 125%).
- c. For cash flow hedges, the hedged transaction must be highly probable and in addition be exposed to cash flow variations that could affect profit or loss.
- d. Hedge effectiveness must be faithfully measured – the fair value or cash flow attributable to the hedged item and the fair value of the hedging instrument must be measurable.
- e. The hedge will be evaluated in the context of the business being conducted and must be seen to have been highly effective throughout all periods during which it has been applied.

2.5.6.3.3 Cash flow hedge accounting

- a. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income; and
- b. Any remaining gain or loss on the hedging instrument shall be recognised in profit and loss. If the cash flow hedge later results in asset or liability recognition, the associated gain or loss that would have been recognised in other comprehensive income will be reclassified to profit and loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flow affects profit and loss. However, if the organisation expects that all or part of a loss will not be recovered, it shall reclassify the amount that is not expected to be recovered into profit and loss for the period as a reclassification adjustment.

2.5.6.3.4 Initial recognition

Initial derivative instrument recognition shall be at fair value.

Fair value measurement assumes that a derivative liability is transferred to a market participant on the date of measurement. This transfer assumes that the derivative will remain in circulation and that the market participant is required to meet their obligation. The liability shall not be cleared with the counterparty nor discharged in any other way on the date of measurement.

2.5.6.3.5 Subsequent measurement

Subsequent adjustments to derivative contract fair value will be recognised in profit and loss for the period, unless they are part of a hedging relationship.

The fair value of derivative portfolios is determined using prices and inputs provided by Credicorp.

To incorporate the appropriate credit risk adjustment that market participants make for ineffectiveness, including credit risk, bvc organisations include their own credit risk to determine the fair value of liability positions and counterparty risk in the case of active positions.

2.5.6.3.6 Discontinuation of hedge accounting

When Bolsa de Valores de Colombia S.A. discontinues a hedge, it will do so prospectively from the date on which hedge accounting will be discontinued and may affect:

- (a) all of a hedging relationship; or
- (b) part of a hedging relationship.

2.5.6.4 Derecognition of financial assets and liabilities

Bolsa de Valores de Colombia S.A. will use the IFRS9 section 3.2 and 3.3 guidelines when derecognising assets or liabilities.

2.5.7 Accounts receivable

2.5.7.1 Initial recognition

Initial recognition of trade and other accounts receivable will only occur when contractual obligations have been met, services have been provided for the established period, and rights and risks have been transferred.

Definition and analysis of accounts receivable shows that they do not have a significant financial component, and so initial recognition will be made at the transaction price.

2.5.7.2 Subsequent measurement

In view of the classification and initial recognition of trade accounts receivable, Bolsa de Valores de Colombia S.A. financial assets are accounts receivable and other accounts receivable. As there are no interest rates that affect the operation, the transaction value will be used.

2.5.7.3 Simplified impairment approach for accounts receivable

Bolsa de Valores de Colombia S.A. always measures value correction at an amount equal to the expected credit losses over the lifetime of accounts receivable or miscellaneous debtors.

With a view to producing the best estimate of anticipated financial asset losses on trade accounts receivable, a model was defined to calculate said losses that is aligned with the business model and future cash flow recoverability processes for the collection of trade accounts receivable.

Current	31 - 60 days	61 - 90 days	91 - 180 days	180 - 360 days	>360 days
0.0175%	0.3592%	0.5638%	0.6782%	0.999100%	100%

2.5.8 Leases

Policy from 1 January 2019

Bolsa de Valores de Colombia S.A. will recognise right-of-use assets and lease liabilities except for:

- Short-term leases (less than 12 months); and
- Leases where the underlying asset is of low value – less than COP\$15,000 (thousands of pesos) per year.
- An underlying asset is of low value only if:
- The lessee will benefit from using the underlying asset in itself, or together with other resources that are readily available to the lessee; and
- The underlying asset is not highly dependent on nor interrelated with other assets.

An underlying asset may not be of low value if when new it is not usually of low value.

Bolsa de Valores de Colombia S.A. recognises payment for short-term and low-value assets on a straight-line basis for the duration of the lease, or using another systematic baseline that better represents the expense. Short-term leases are considered to be new leases if they are amended or the lease period changes.

f) Initial right-of-use asset measurement

Bolsa de Valores de Colombia S.A. will measure right-of-use asset cost, as follows:

- The initial measured lease liability;
- Lease payments made before or from the date of commencement, less any lease incentives received;
- Initial direct costs incurred; and
- An estimate of the cost of dismantling and disposing the asset, returning it to its place of origin, or returning it to its original state, as required by the terms and conditions of the lease.

g) Initial lease liability measurement

Bolsa de Valores de Colombia S.A. will measure lease liability using the current unpaid payment value, and discount payments using the incremental loan rate applicable to the lease, based on its duration, type and value.

Bolsa de Valores de Colombia S.A. will recognise lease payments included in the liability measurement that are comprised of future right-of-use payments for the underlying asset for the duration of the lease.

- Fixed payments;
- Variable payments that depend on an index or rate, using the current value at the date of commencement;
- Amounts Bolsa de Valores de Colombia S.A. will pay as collateral on residual value;
- The cost of purchase options, if Bolsa de Valores de Colombia S.A. is reasonably certain it will exercise them;
- Early exit penalty payments, if the lease reflects that Bolsa de Valores de Colombia S.A. will exercise this option.

h) Subsequent right-of-use asset measurement

Bolsa de Valores de Colombia S.A. will use a cost model to measure right-of-use asset depreciation in accordance with depreciation rates specified in property, plant and equipment accounting policy.

If ownership is transferred to the lessee at the end of the lease, or if lease expenses include a purchase option, Bolsa de Valores de Colombia S.A. will depreciate the asset from the start date to the end of its useful life. Otherwise, Bolsa de Valores de Colombia S.A. will depreciate the asset from the start date until the end of its useful life or the end of the lease, whichever is sooner.

Bolsa de Valores de Colombia S.A. will apply devaluation accounting policy on the asset, and calculate the value of identified losses for devaluation.

i) Subsequent lease liability measurement

Bolsa de Valores de Colombia S.A. will measure lease liabilities and:

- Increase book values to reflect lease liability interest;
- Reduce book values to reflect lease payments made; and
- Remeasure book values to reflect the new measurements or amendments to the lease.

Lease liability interest for each period during the lease will be the amount produced by the rate of interest on the remaining lease liability. Following the date of commencement, Bolsa de Valores de Colombia S.A. will enter into the books the amount corresponding to the period as follows, unless the cost has already been added.

- Lease liability interest; and
- Variable lease payments for events or conditions not included in lease liability measurement, in the period within which they occur.
- Changes to future lease payments following changes to an index or rate used to calculate payments, including, for example, price changes following a revision of lease market rates.

2.5.9 Policy before 1 January 2019

Operational leases

A lease will be classified as operational if it does not substantially transfer risk and benefit related to the property.

Subsequent measurement

Financial leases

For subsequent measurement, each of the lease payments will be divided into parts that represent financial charges and lease debt reduction, respectively. The total financial charge will be distributed between the periods corresponding to the duration of the lease, so that a constant interest rate is obtained on the remainder of the debt to be amortised. Contingency payments will be added as expenses in the periods during which they are incurred.

Financial leases will incur depreciation charges and financial costs each period. Depreciation policy for leased assets will be the same as for other depreciable assets possessed, and the depreciation rate will be calculated according to IAS 16 Property, plant and equipment, and IAS 38 Intangible asset guidelines. If no reasonable certainty exists that the lessee will obtain ownership at the end of the lease, the asset will be completely depreciated over its useful life or during the term of the lease, whichever is lower.

Operational leases

Measured each period according to expenses.

Sublease measurement

Sublease classification

Bolsa de Valores de Colombia S.A. classifies subleases as financial or operational as follows:

- a. If the principal lease is short-term, as specified in IFRS 16 paragraph 6, it will be classified as an operational lease.
- b. Otherwise, the sublease will be classified according to the right-of-use asset referenced in the principal lease, rather than that of the underlying asset (for example, the property, plant and equipment item being leased).

Bolsa de Valores de Colombia S.A. has decided that when classifying subleases, it will evaluate the right-of-use asset referenced in the principal lease, rather than that of the underlying asset, because:

The risk for Bolsa de Valores de Colombia S.A. associated with the right-of-use asset lease becomes a credit risk when converted to a sublease that covers most or all of the principal lease period. Accounting for the sublease as a financial lease (classified in reference to the right-of-use asset) recognises this risk because Bolsa de Valores de Colombia S.A. recognised the net investment in the sublease as an account receivable rather than as a right-of-use asset. It is, therefore, appropriate for Bolsa de Valores de Colombia S.A. to remove right-of-use assets from its accounts and recognise the net investment in the sublease.

Bolsa de Valores de Colombia S.A. will use the discount rate used for the principal lease (adjusted to include initial indirect costs related to the sublease) to measure net investment in the sublease.

During subsequent measurement, Bolsa de Valores de Colombia S.A. will apply lease payments for the period against gross investment in the lease, to reduce the principal as well as the non-accumulated financial earnings (yield). Bolsa de Valores de Colombia S.A. will apply IFRS 9 account removal and depreciation requirements to the net lease investment.

At the date of commencement, Bolsa de Valores de Colombia S.A. will recognise in its accounts the financial situation of financial lease assets, presented as accounts receivable at a value equal to the net lease investment.

2.5.10 Property, plant and equipment

2.5.10.1 Initial recognition

Bolsa de Valores de Colombia S.A. will measure its fixed assets using the cost model.

Fixed assets acquired will be recognised using the cost model, in compliance with IAS 16 paragraph 30. Historic cost shall be incremented with any additions, improvements and repairs made that increase an asset's useful life.

2.5.10.2 Subsequent measurement

Measurement will be made using the cost model. This is the fair value at the time of acquisition, plus additions, improvements and repairs, minus accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment is comprised of its acquisition price plus all directly related costs related to asset location and installation, according to management provisions. Also considered to be property, plant and equipment costs are all costs related to financing interest directly attributable to the acquisition or construction of assets that require significant preparation time before being ready for use or sale.

Subsequent costs for improvements and growth, among others, shall be included in the initial value of the asset or recognised as a separate asset only when it is probable that the future economic benefits associated with property, plant and equipment items will flow into Bolsa de Valores de Colombia S.A., and the cost can be faithfully determined and depreciated during the periods remaining to depreciate the initial asset.

Repair, preservation and maintenance costs will be recognised in the period in which they are incurred. At the closing date, or if there is an indication of asset impairment, the recoverable value (the best fair value less sale and use costs) will be compared to the net accounting value. Any loss or revaluation resulting from this operation will be registered as a charge or credit accordingly. Property, plant and equipment depreciation will be calculated using the straight-line method based on estimated useful life.

2.5.10.3 Registering items as assets or expenses

Goods acquired by Bolsa de Valores de Colombia S.A. shall be classified before their registration as an asset or expense in the period, and include the materiality principal in their acquisition cost.

The following parameters will be used to define whether a good is accounted for as an asset or expense:

a. Asset definition parameter

- Items not exceeding a value of 50 UVT (tax value unit) (\$34,270 per unit in 2019, and \$33,156 per unit in 2018) will be recognised as expenses.
- Goods costing less than 50 UVT, but whose relevance and use match the asset definition will be treated as fixed assets.

b. UVT reference in the purchase year

- Property, plant and equipment are calculated using the straight-line method on their estimated useful lives. The minimum a fixed asset shall be depreciated in different tax periods is 50 UVT. An asset purchased in a given year will be depreciated that same year.

c. Useful life parameter

- When an acquired good's useful life is equal to or less than one year, it will be treated as an expense, and Bolsa de Valores de Colombia S.A. will value it at cost.

2.5.10.4 Asset group

Bolsa de Valores de Colombia S.A. classifies assets into six groups:

Real estate

Buildings and land

Movable goods

Furniture and fittings

Computing, communications and electronic equipment

Transport equipment

Improvements to leased property

Right-of-use

2.4.10.5 Determining which goods go into which groups

- Buildings and land:** Real estate used by the Bolsa de Valores de Colombia S.A. as commercial and administrative offices, and car parks.
- Furniture and fittings:** Office items, e.g. furniture, filing cabinets, archives, shelving, etc.
- Computing, communications and electronic equipment:** Desktop and portable technology items: computer, monitor, hard drive, printer, server, rack, scanner, CCTV, alarms, access systems, security doors, white goods, generator, UPS, telephone switchboard, telephone, router, switch.
- Transport equipment:** mobile goods used to transport people or merchandise.
- Improvements to leased property:** Improvements made to leased goods.
- Right-of-use:** Leased goods, per IFRS 16

During initial adoption and subsequent acquisitions, Bolsa de Valores de Colombia S.A. shall determine the fixed-asset components of each property, plant or equipment item, apply depreciation and determine its residual value.

2.5.10.6 Component maintenance and replacement

Replacements, improvements and enhancements to an asset or its components, subsequent to its acquisition, shall be included in the initial value or recognised as a separate asset only if it is probable that future economic benefits attributable to the investment will flow towards the company, and the cost can be reasonably measured.

If components are replaced, their book value will be derecognised and substituted by the acquisition value of the new component.

Outlays following acquisition that correspond to recurrent or periodic repairs or maintenance will be recognised as expenses.

2.5.10.7 Managing depreciation

Depreciation will be registered using the straight-line method in accordance with anticipated useful life. Useful life refers to the time that an asset will contribute an element or good to Bolsa de Valores de Colombia S.A., and assets may exist that have a useful life that is lower than their economic life.

The depreciation method and asset's useful life will remain the same for the accounting period. However, if from one year to the next different depreciation methods or useful life estimates are used, this must be managed using IAS 8 indications, whether due to policy change, changing estimates, or error.

When a used good is acquired, that has therefore already been partially or completely depreciated, Bolsa de Valores de Colombia S.A. will depreciate the good for its remaining useful life.

The useful life of improvements to leased property or goods may not exceed the length of the contract.

Depreciation will be calculated from the month after a fixed asset becomes available for use, that is to say, when it is in the location and conditions necessary for its operation.

2.5.10.8 2 Depreciation method

At the start of IFRS adoption, the useful life of existing assets and new assets subsequently acquired will be revised and prospectively adjusted where necessary at each close of the financial statements.

The straight-line method shall be used to recognise the asset's contribution to Bolsa de Valores de Colombia S.A. income generation, given the continuous use characteristics of the assets and the advantages this method offers:

- The straight-line method allows more reasonable financial measurements to be made of the future impact of depreciation on assets.
- Bolsa de Valores de Colombia S.A. asset usage does not present large variations in frequency.
- The impact on expenses in the period will be constant.

An asset's depreciable value is its cost less its residual or salvageable value.

Useful life for Bolsa de Valores de Colombia S.A. assets is calculated as follows:

Real estate	Useful life
Buildings	45 to 80 years
Movable goods	
Computing, communications and electronic equipment	3 to 5 years
Furniture and fittings	5 to 10 years
Transport equipment	3 to 5 years
Improvements to leased property	Length of contract
Right-of-use	Length of contract

2.5.10.9 Derecognition

Derecognition of fixed assets must be authorised by the corporate CFO. Property, plant and equipment items may be derecognised for the following reasons: theft, total loss, or damage.

An item's book value will be derecognised following its disposal or when no future economic benefits are anticipated from its use or disposal. This may happen through various means such as a sale, a purchase option not being exercised, or a donation.

2.5.10.10 Recognising property, plant and equipment impairment

Impairment occurs when an asset's book value exceeds the amount recoverable from its use or sale.

Impairment is recognised when there is objective evidence that an asset has become impaired due to events occurring after its initial recognition.

At the end of each reporting period, Bolsa de Valores de Colombia S.A. will evaluate whether any assets show evidence of impairment, and request a valuation of the impaired assets to determine their recoverable value.

In compliance with IAS 36 – Impairment of assets, Bolsa de Valores de Colombia S.A. must ensure that its assets are accounted for at amounts not exceeding their recoverable value. If this is not the case, assets will be considered to be impaired and the impairment value will be recognised.

For movable goods to be impaired, their users must prove to Bolsa de Valores de Colombia S.A. financial and administrative management that the asset will not generate future economic benefits.

For goods not in use, the impairment value will be equal to the depreciation value. Some or all of the following indicators will be used to determine signs of impairment:

Nº	Indicator	Sign of impairment	Description
1	Market value	A significant reduction in an asset's market value.	An asset's value has fallen significantly more than expected during the period, as a consequence of usage and the passage of time.
2	Technological	Technological advances that affect assets.	Software or operating system changes that require hardware changes.
3	Availability	Significant changes to an asset's use or purpose.	Changes due to restructuring or technological plans that change the demand for an operational asset.
4	Obsolescence	Damage leading to a loss of function, or market or sector conditions that make its use redundant.	An asset's obsolescence is informed through a technical report.

2.5.10.11 Identifying impaired assets

Bolsa de Valores de Colombia S.A. will disclose the following information for each asset class:

- Impairment losses recognised in the period's profit and loss, and in the relevant comprehensive income statement entries.
- The value of reversals for impairment losses, recognised in the period's profit and loss, and in the relevant comprehensive income statement entries.
- The value of revalued asset impairment losses, recognised directly in the period's other comprehensive income.
- The value of reversals for revalued asset impairment losses, recognised directly in the period's other comprehensive income.

2.5.11 Intangibles

2.5.11.1 Definition

Bolsa de Valores de Colombia S.A. recognises an intangible asset only if:

- It is probable that future economic benefits attributable to the asset will flow towards the company.
- The asset's cost can be reliably measured.

Bolsa de Valores de Colombia S.A. will evaluate the probability of future economic benefit using reasonable, well-supported hypotheses based on a management best-estimate of economic conditions during the asset's useful life.

Bolsa de Valores de Colombia S.A. may acquire or develop intangible assets.

Acquired intangibles: Include software licences.

Project development intangibles: To evaluate recording an internally generated intangible asset, Bolsa de Valores de Colombia S.A. classifies project expenses during the following phases:

- Research phase: Costs during this phase will be recognised as expenses.
- Development phase: Costs are the sum of disbursements from the time the following capitalisation conditions are met, and if the following are demonstrated:
 - Technical feasibility
 - The intent to make the asset ready for use or sale.
 - The ability to use or sell the asset.
 - Technical, economic and other resource availability to make the asset ready for use or sale.
 - The probability the asset will generate future economic benefits.
 - The ability to reliably measure direct disbursements related to the asset.
- Training phase: Costs incurred in this phase by any asset class or type are directly recognised as expenses.
- Production phase: When project amortisation begins and Bolsa de Valores de Colombia S.A. classifies it as an internally developed application.

2.5.11.2 Initial recognition

Acquired intangible assets shall be initially be measured by cost.

Brands will not be recognised as intangibles, nor will newspaper or magazine mastheads, editorial imprints or names, client lists or other similar items that have been internally generated.

2.5.11.3 Subsequent measurement

Bolsa de Valores de Colombia S.A. uses the cost method, and intangible assets will be accounted for according to their cost less accumulated amortisation and impairment where this exists.

2.5.11.4 Impairment

The amortisation period and method used for intangible assets with finite useful lives will be revised at least at the end of each period. If useful life varies from previous estimates, the amortisation period will be adjusted to reflect this. If there is a change in anticipated future economic benefits, the amortisation method will be changed to reflect this. These changes will be treated as accounting estimate changes.

2.5.11.5 Useful life

Intangible	Useful life
Software and licenses	5 years
Insurance policy	Per contract term
Maintenance contracts	Per contract term
Technical assistance	Per contract term
Internally developed	Asset's economically useful life

Intangible assets' useful lives should be revised at the end of each period. In the event that a licence has a useful life shorter than that considered in amortisation policy, it shall be amortised until the end of its useful life, regardless of the amount.

Internally developed intangible assets shall be straight-line amortised for the duration of their useful lives, as defined by the VP Technology for software and VP Projects for projects using demonstrable technical analysis. Costs incurred during organisation, construction, installation, preparation and launch are considered to be expenses.

2.5.11.6 Intangible asset derecognition and disposal

An asset will be derecognised:

- On disposal (sale or donation)
- When no future economic benefits are expected from its use or disposal.

The gain or loss resulting from intangible asset disposal is the difference between the net amount obtained from its disposal and its book value, and will be recognised in the period it is disposed (unless IAS 17 establishes otherwise in the case of a sale/leaseback). Profits shall not be classified as ordinary income.

2.5.12 Other non-financial activities

2.5.12.1 Definition

Prepaid expenses: Services and rights acquired by bvc will be amortised over their contracted period.

Insurance policies: Coverage the organisation purchases from insurance providers to protect people and assets, or as required by certain contracts, that may provide coverage for one or more periods. Payment will be made at the policy's commencement date.

Prepaid services: Agreed services that will be paid for at the contract start date. bvc will receive the right to these services over the duration of their contracts.

2.5.12.2 Accounting scope and treatment

This policy applies to all prepaid expenses where a good or service will be provided subsequent to payment.

Non-offset and other tax prepayments shall be recognised as other non-financial assets; bvc has the right to use these resources to offset future tax burdens.

Real estate taxes that are considered to be significant by bvc shall be recognised as non-financial assets and straight-line amortised during the corresponding tax period.

Collateral on operational leases will be recognised as other non-financial assets; bvc has the right to use these resources to offset future contractual effects.

The following prepaid expense disbursements will only be recognised as expenses when the service is used.

- a. Affiliations and subscriptions.
- b. Technical services.
- c. Insurance.
- d. Collateral.
- e. Non-offset and other tax payments.
- f. Social security and other charges.

The following non-financial assets are also covered by this policy:

- a. Deposits received.
- b. Domestic commerce and industry tax and VAT prepayments.

2.5.12.3 Initial recognition

For a paid expense to be recognised, it must comply with all of the following requirements:

- a. Its value can be reliably measured.
- b. The disbursement will allow bvc to obtain future goods or services.
- c. A prepaid expense shall be recognised as such when payment for the service is made, for the amount transferred.

For other non-financial assets to be recognised, they must comply with all of the following requirements:

- a. Their value can be reliably measured.
- b. The assets may not be subject to different treatment in another specific international norm.

Subsequent measurement

Prepaid expenses shall be amortised using straight-line methodology on their full cost over the duration of the contract, or when right-of-use is exercised.

Amortisation shall be recognised in profit and loss in accordance with receipt of the contracted good or service. Straight-line methodology will be applied to monthly amortisation to determine the total prepaid expenses divided proportionally by the number of months it is anticipated that the service will generate economic benefits.

Other non-financial assets are measured subsequent to cost.

Derecognition

Prepaid expenses on services or rights do not involve receiving money or other financial assets, and are therefore non-financial assets..

Only when bvc has the firm intention to withdraw in a given period corresponding to the prepaid expense, may it be reclassified as a receivable value that will be paid in cash, and therefore an account receivable [financial asset].

When bvc has made full use of a service it will derecognise the prepaid expense. Other causes to deregister a prepaid expense are:

- a. Non-recoverable balances and/or those that will not produce future benefits due to obsolescence, contract or legal term expiry.
- b. Loss of the right to future use.

Presentation and divulgence

bvc will divulge the following information for all classes of prepaid expenses:

- a. The amortisation percentage used or contract duration.
- b. The amortisation methods used.

bvc will divulge the following information for all classes of non-financial assets:

- a. The type of non-financial asset being classified.
- b. The expected usage and purpose of the non-financial asset.

2.5.13 Financial liabilities

2.5.13.1 Initial recognition

Financial liabilities will be initially recognised by their fair value, except loans and accounts payable where transaction costs are directly attributable.

Bolsa de Valores de Colombia S.A. financial liabilities include trade accounts payable, loans and other accounts payable.

Financial liabilities shall be initially registered at their fair value less directly attributable transaction costs. Premiums or discounts applied at the start form part of fair value.

2.5.13.2 Classifying financial liabilities

Bolsa de Valores de Colombia S.A. classifies its financial liabilities at the amortised cost using the effective interest method, except for:

- Financial liabilities that are accounted for at reasonable value with profit and loss changes. These liabilities include derivative liabilities, and shall be subsequently measured at reasonable value.
- Financial liabilities resulting from financial asset transfers that do not comply with the regulations for their derecognition or that have been accounting for using the continued involvement approach.

2.5.13.3 Contract cash flow

Bolsa de Valores de Colombia S.A. uses the following classes for contract cash flow financial liabilities:

- Financial obligations
- Accounts payable
- Prepaid income

2.5.13.4 Financial liabilities that differ from fair transaction value

Initial fair value recognition of a financial instrument is usually the transaction price. However, if a financial liability's initially recognised fair price differs from its transaction price, Bolsa de Valores de Colombia S.A. will account for this instrument on the date of occurrence as follows:

- If the fair price of an identical liability is different, or based on a valuation technique only using observable market data, the organisation shall recognise the difference between the fair value and the transaction price as an earning or loss.
- In all other cases, the fair value must be adjusted to split the difference between the initial fair value and the recognised transaction price. Following initial recognition, the organisation shall recognise the difference as an earning or loss only in as much as it changes a factor (including time) that market participants will take into account when setting an asset's price.

2.5.13.5 Loans and financial obligations

The bank is simply an intermediary from the economic perspective of financial organisations; from a market perspective those taking out loans do so of their own free will and may do so in any organisation they consider to offer market interest rates. Therefore, we do not consider it necessary to make any adjustment to the fair value of loans and obligations.

2.5.13.6 Accounts payable

Bolsa de Valores de Colombia S.A. shall use fair value for the initial recognition of accounts payable or financial liabilities; this shall normally be the transaction price (that is, the nominal value of the paid good or service).

Transaction costs that are directly attributable to a financial liability shall be subsequently included in amortisation costs over the useful life of the instrument.

2.5.14 Employee benefits

2.5.14.1 Definition

Employee benefits are comprised of all types of remuneration Bolsa de Valores de Colombia S.A. provides to its employees in exchange for their services.

Employee benefits are comprised of:

- Wages, salaries and social security contributions.
- Statutory bonus payments (equivalent to one monthly salary each year, paid in two equal instalments).
- Paid leave and sick leave entitlements.
- Non-monetary benefits such as life, health and funeral insurance.
- Annual performance bonuses.
- Educational support.
- Other benefits such as vision checks, dental support and others.
- Transport services.
- Contributions to the employee fund, Fonbolsa.

2.5.14.2 Short-term employee benefits

When an employee has been engaged by Bolsa de Valores de Colombia S.A. for an accounting period, the company will recognise the undiscounted value of the corresponding short-term benefits:

- As a liability (accumulated or accrued expenses), after verifying the amount already paid. If the amount already paid exceeds the benefits' undiscounted value, Bolsa de Valores de Colombia S.A. shall recognise the excess as an asset (a prepaid expense) if the prepaid service will be provided.
- As an expense, unless another IFRS requires or allows for the benefits to be included as an asset.

Short-term employee benefit accounting is usually immediate because it is not necessary to develop actuarial hypotheses to measure the corresponding costs or obligations, and therefore the possibility is low of actuarial gains or losses. Furthermore, short-term employee benefit obligations are measured without deducting the resulting amounts.

2.5.15 Other non-financial liabilities

2.5.15.1 Prepaid income

2.5.15.2 Recognition

If a client makes payment, or an invoice is generated for a client before a good or service is transferred to them, bvc will recognise the contract as a liability. A contract liability is an obligation for bvc to transfer a prepaid good or service to a client or request payment from them.

2.5.15.3 Initial recognition

Bolsa de Valores de Colombia S.A. shall recognise the liability as the initial received payment value or the payment due.

2.5.15.4 Subsequent measurement

As goods and services are transferred and the obligation is satisfied, Bolsa de Valores de Colombia S.A. will remove the contract liability and recognise it as ordinary income.

2.5.16 Contingent liability provisions

2.5.16.1 Contingent liability

A contingent liability is an obligation related to a past event, that may occur depending on future events not all controlled by Bolsa de Valores de Colombia S.A.. Although related to a past event, it is not recognised if it is not likely or cannot be reasonably measured.

Bolsa de Valores de Colombia S.A. shall not recognise contingent liabilities in its financial statements, but will disclose them in the footnotes, unless the possibility of the liability resulting in a cost is remote.

Contingent liabilities may evolve or change from their initial form, and therefore shall be periodically revised to determine whether their likelihood has become probable. If it is determined probable, a provision shall be recognised in Bolsa de Valores de Colombia S.A. financial statements in the period the probability occurs.

If Bolsa de Valores de Colombia S.A. is jointly responsible for a given obligation, the proportion attributable to other responsible parties shall be treated as a contingent liability, and the company will recognise a provision for the probable liability, unless it cannot be reasonably measured.

2.5.16.2 Recognising provisions

Bolsa de Valores de Colombia S.A. will only recognise a provision if it complies with all of the following conditions:

- Bolsa de Valores de Colombia S.A. has a current legal or implicit obligation related to a past event;
- It is probable that Bolsa de Valores de Colombia S.A. will have to assign resources that include economic costs to meet the obligation; and
- The value can be reliably measured.

If these conditions are not met, the provision will not be recognised.

Bolsa de Valores de Colombia S.A. shall undertake to reliably determine value, as required for the financial statements, and only in exceptional cases will it use a range of possible outcomes related to an uncertain event to determine its recordable value.

In the exceptional case that Bolsa de Valores de Colombia S.A. is unable to determine a reliable estimate, the liability is not recordable and, therefore, shall be disclosed in the footnotes as a contingent liability including details of why it could not be reliably measured.

Bolsa de Valores de Colombia S.A. shall not recognise provisions for future operational losses because these are not liabilities or provisions. If they do exist, they are an indications of asset impairment and, if this is the case, Bolsa de Valores de Colombia S.A. will determine impairment based on IAS 36 Impairment of Assets.

Provisions may only be used for disbursements related to their original purpose; using them for any other purpose would, in effect, conceal two separate events.

When all or part of a provision is reimbursable by a third party, the reimbursement will only be recognised when it has been made or its reception is basically certain. The reimbursement will be treated as a separate asset and its value may not exceed that of the provision.

2.5.16.3 Legal proceedings

Legal and administrative proceedings are the responsibility of Vice Presidents, as follows:

Vice President in charge	Type of proceeding
Human Resources Director and VP Legal	All legal proceedings on labour issues.
VP Finance and Administration	All administrative proceedings on tax issues.
VP Legal, General Secretary	All other proceedings not mentioned above.

The corresponding VP shall only recognise a provision when there are sufficient elements to determine at the start of proceedings, or during subsequent procedural stages, a probable outflow of Bolsa de Valores de Colombia S.A. resources resulting from the proceedings.

Probability depends on each VP's professional judgement and is dependent on various factors such as procedural budgets, the evidence presented, the procedural stage, jurisprudence in similar cases, internal or external legal analysis and other factors that must be documented by the company and disclosed in its financial statements.

Bolsa de Valores de Colombia S.A. shall be represented at proceedings by external lawyers.

2.5.16.4 Initial recognition

Bolsa de Valores de Colombia S.A. will recognise provisions using the amount generated by a best-estimate of the necessary disbursement to pay the current obligation, at the close of the corresponding accounting period.

The best-estimate must consider:

- A rational evolution of the amount payable by Bolsa de Valores de Colombia S.A. to settle or transfer the debt at the close of the corresponding period.
- Management judgement and experience, and expert advice, on each of the possible outcomes and their financial effect. The evidence analysed must include information on events occurring after the corresponding accounting period but before publication of the financial statements.
- The risk and uncertainty surrounding almost all provision valuations, although this does not justify the creation of excessive provisions nor the deliberate over-stating of liabilities.
- Future events that may affect the sum necessary to settle the obligation, where enough objective evidence exists of their probability.

2.5.16.5 Subsequent measurement

Provisions must be reviewed at the end of each reporting period, and adjusted to keep the best estimate up to date. In the case that a resource outflow (including economic resources) becomes improbable, Bolsa de Valores de Colombia S.A. will reverse the provision. If the best estimate changes, this will be accounted for according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2.5.16.6 Provisions for restructuring

Bolsa de Valores de Colombia S.A. will recognise restructuring provisions only when the general conditions for doing so are met, and a formal, detailed restructuring plan exists detailing the following:

- The activities and those affected;
- The main facilities affected;
- The location, function and approximate number of employees who will receive redundancy payments;
- The resulting disbursements; and

- The dates on which the plan will be implemented.

The implicit obligation becomes active when those affected are informed of the restructuring plan. If a restructuring decision is made before the end of a reporting period, it will not become an implicit obligation unless:

- The restructuring plan is in execution, or
- The restructuring plan's main characteristics have been announced to those affected, and are firm enough for them to have formed valid expectations regarding whether Bolsa de Valores de Colombia S.A. will carry out the restructuring.

If a restructuring plan commences after the close, it will be disclosed in the footnotes as an event occurring after the reporting period (IAS 10).

2.5.17 Tax assets and liabilities

2.5.17.1 Income tax

Current tax is the tax payable on income in a tax year, at current rates on the date of the balance sheet, plus any previous year adjustments to the amount payable.

2.5.17.2 Recognition

Current tax liabilities shall be recognised as such if they have not been paid. If the value, less previous period withholding tax and anticipated payments, plus anticipated future payments, is higher than the tax obligation, it shall be recognised as an asset.

Current tax liabilities (assets), whether from the current or previous periods, shall be measured at the end of the reporting period by the amount payable (recoverable from) the tax authorities using approved legislation and rates.

2.5.17.3 Deferred tax recognition

Deferred tax assets and liabilities shall be measured using anticipated tax rates and legislation for the period in which they will be recovered or paid.

Deferred tax assets and liabilities shall be calculated using the balance sheet liability method, that establishes the timing differences between book values and the amounts used for fiscal purposes. The deferred tax amount will always be based on its forecast or on the way asset and liability book values are settled, using current tax rates at the date of the balance sheet.

Deferred tax liabilities are the amount of income tax payable in future periods, related to taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future periods, related to:

- Deductible temporary differences.
- Previous period losses that have yet to receive fiscal refunds.
- Unused credits from previous periods.

An asset or liability's tax base is its attributable amount for fiscal purposes.

An asset's tax base is the value deductible from future taxable Bolsa de Valores de Colombia S.A. income when it recovers the asset's book value. If the income is not taxable, the tax base shall be equal its book amount.

A liability's tax base is its book value less any amount that may become tax deductible in the future. For prepaid ordinary income, the liability's tax base corresponds to its book value less any non-taxable future amount.

2.5.17.4 Initial recognition

Current tax liabilities (assets), from current or previous periods, shall be measured by the amount (or almost approved amount) payable to (recoverable from) the Colombian tax authority (DIAN) using current tax rates and legislation at the close of the reporting period.

Bolsa de Valores de Colombia S.A. shall measure deferred tax assets and liabilities using the tax rates it expects to be applicable during the period it intends to recover or pay them, based on approved rates and legislation at the end of the period.

2.5.17.5 Subsequent measurement

Bolsa de Valores de Colombia S.A. shall revise how it intends to recover or pay the book value of assets and liabilities as this may affect one or more of the following:

- The applicable rate when Bolsa de Valores de Colombia S.A. recovers the asset or settles the liability; and
- The asset or liability's tax base.

In these cases, Bolsa de Valores de Colombia S.A. shall proceed to measure deferred tax assets and liabilities using a rate and base that are coherent with the way in which it hopes to recover or pay the corresponding item.

2.5.17.6 Initial recognition of deferred current taxes

Bolsa de Valores de Colombia S.A. shall recognise deferred and current taxes as income or expenses and include this in profit and loss, except where resulting from:

- A recognised transaction or event from the current or previous period, outside earned income, whether in other comprehensive income or directly in shareholder equity.
- A business combination.

Current and deferred taxes shall be recognised outside earned income if related to recognised outside earned income entries from the same or a previous period.

2.5.18 Ordinary contract income

Bolsa de Valores de Colombia S.A. shall recognise contracts with clients when they meet all of the following criteria:

- All parties have approved the contract in writing, orally or by other customary means, and have committed to meeting their respective obligations;
- The organisation can identify each parties' rights with regard to the transferrable services;
- The organisation can identify payment conditions with regard to the transferrable services;

- The contract is commercially valid (i.e. organisational risk and cash flow will change as a result of the contract); and
 - It is probable that the organisation will collect the contracted value in exchange for the goods or services transferred to the client.
- To evaluate this probability, the organisation will consider the client's intention and capacity to make payment when due.

Bolsa de Valores de Colombia S.A. is the leading provider of infrastructure in the Colombian securities market and is present throughout the value chain, offering the following services:

Service	Value proposition
Capital market	Manage and administer trading operations; information; fixed-income, equity and standardised derivative platforms, and the foreign currency market, by operating in 100% of the financial, registration and information, cash and foreign currency forwards markets.
Issuers	Facilitate access to financing in the Colombian market through debt and share issues, and facilitate the sale and participation of shares in OPA processes.
Knowledge and information	Investment valuations, complementary pricing services, company valuations, market information for vendors, and education services.
Technology and innovation	Consultancy, core banking implementation, test design, and software design for financial and trading companies.
Securities administration	Custody, transaction, clearing and settlement.

Bolsa de Valores de Colombia S.A. will recognise income from ordinary activities when it satisfies its obligation to provide the services contracted by the client. Bolsa de Valores de Colombia S.A. performance and service may not include obligations not described in the contracts and that is not quantified within the income figures.

At the start of non-standard contracts, Bolsa de Valores de Colombia S.A. will evaluate the goods and services contracted by the client to identify the performance obligations of each transferrable item as follows:

- Identify the contract.
- Identify its individual items.
- Determine the transaction price.
- Distribute the transaction price among the obligations.
- Recognise the income after it has met the terms of the contract.

2.5.18.1 Initial measurement

Income from ordinary activities will be measured using the received or receivable payment value less any discount.

In most cases, payment will be in cash and income will be measured by the amount of cash received or receivable. When the cash inflow will be deferred over time, the fair value shall be the nominal cash received or receivable over at most one year.

Bolsa de Valores de Colombia S.A. invoices clients monthly for services, in accordance with the contract and based on tariff information published on the company website. However, there are some exceptions that shall be treated as follows:

- Prepayment of services: Prepayments are recognised as income in the corresponding period.

Bolsa de Valores de Colombia S.A. shall annually revise valid contracts to ensure that they comply with IFRS 15 guidelines and are properly recognised in income statements.

2.5.19 Expense policy

2.5.19.1 Recognition

Expenses shall be recognised in the income statement when a decrease in assets or an increase in liabilities has occurred, and the expenses can be reliably measured.

Expenses are recognised on the income statement using a direct association baseline between the cost incurred and the income obtained.

Expenses will be immediately recognised on the income statement when disbursement will not produce any future economic benefits, or when future economic benefits do not materialise, or the conditions end that required them to be recognised as assets on the balance sheet.

Expenses are also recognised on the income statement in cases where a liability occurs without a corresponding asset.

2.5.20 Government subsidies

2.5.20.1 Recognition

Bolsa de Valores de Colombia S.A. recognises monetary subsidies as soon as it has reasonable certainty of compliance with the conditions attached to them, and they will be received.

Reasonable certainty is understood to mean that all the conditions of being a real beneficiary of the subsidies have been met.

At 31 December 2019, Bolsa de Valores de Colombia S.A. recognised \$48,542 in subsidies; in 2018, there were none.

2.5.20.2 Initial measurement

Monetary government subsidies shall be recognised as deferred income using the income method, and amortised in the income statement over the period that the organisation recognises as expenses the costs associated with the subsidies.

A government subsidy received in exchange for previously incurred expenses or losses (in the current or previous periods), or to lend immediate financial support to the organisation without related subsequent costs, or having met the conditions of being a real beneficiary, shall be recognised as income in the period it becomes executable.

A government subsidy that becomes returnable, shall be accounted for as a change in accounting estimate according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The return of an income-related subsidy will incur in the first instance the cost of any income recognised as non-amortised deferred income related to the subsidy. When the refund is greater than the sum to be deferred (or if none remains), it will be immediately recognised on the income statement for the period.

2.5.21 Related-party operations

2.5.21.1 Definition

A related-party transaction is the transfer of resources, services or obligations between a reporting organisation and a related-party, regardless of whether a price is charged.

Bolsa de Valores de Colombia S.A. considers related parties to be individuals defined as key personnel, and companies in which one party is directly or indirectly involved in the management, administration, control or capital of the other. This definition extends to:

- Subsidiaries
- Associates
- Joint ventures
- Shareholders with a 10% stake or higher
- Managers
- Vice Presidents
- The Board of Directors

Bolsa de Valores de Colombia S.A. will disclose relationships with its subsidiaries regardless of whether any transactions have occurred between them.

Bolsa de Valores de Colombia S.A. shall ensure that its individual financial statements contain the necessary information to verify whether the period's financial position and profit and loss could have been affected by the relationship, transactions made and their remaining balances, as follows:

- Related-party relationships and transactions;
- Remaining balances, including commitments, between Bolsa de Valores de Colombia S.A. and related-parties;
- Circumstances that may require disclosure regarding subsections (a) and (b); and
- A determination of the disclosable information on the above.

Related-party transactions must be conciliated and revised each quarter. Bolsa de Valores de Colombia S.A. will disclose the nature of its relationship with each related-party, and information on transactions and remaining balances (including commitments), with a view to understanding the potential effect of the relationships on the financial statements.

Footnote 3 – Risk management and administration

Risk management

The scope of risk and process management is as follows:

Operational risk management system

Risk management is aligned with the strategic context and Superintendence guidelines, and assigns the resources, processes and tools required to implement the ORMS, based on ISO 31000.

The ORMS includes processes that directly and indirectly deliver value to clients, and establishes mechanisms to identify, value, treat, monitor and communicate risk to the organisation's business activities.

In 2019

Risk management was strengthened through resources and training, risk analysis was expanded, service and commercial model strategic initiatives were incorporated, and risk management of organisational projects, including a2censo and INET was maintained.

We developed a risk culture development plan that included awareness and training programmes at all levels of the organisation, including providers and subsidiaries. This kept awareness high of the importance of internal controls and their effect on risk management and administration, and achieved a high level of opportune risk management prevention and treatment.

The current level of risk in the organisation is within the tolerance threshold, and risk management mechanisms related to the bvc's ability to deliver value are working. This internal and external audit finding has been ratified by the Colombian Financial Superintendence.

Business continuity management

In 2019, we continued to constantly manage **deceval** crisis and business continuity planning, and we strengthened BIA methodology implementation efforts for integrated **bvc** processes.

A planned test programme was implemented at **bvc** and **deceval**, and 13 tests were completed, as detailed below.

Test programme 2019

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Technology continuity plan (DRP)

1. Fixed-income register (including affiliates)
2. Complete bvc: fixed-income (INET, Master Trader and MEC), equity (X-stream and fix 4.4), and post-trade (BackOffice). (September with affiliates) + STA
3. Derivatives X-stream, with Derivex, Precia and CRCC
4. Special operations

Operational continuity plan

Derivatives register

Fixed-income register MECPLUS REGISTER with affiliates

Alternative Operations Centre testing

Strategic partners

Securities market disaster

Emergency planning

Emergency brigade

Culture

New employee induction

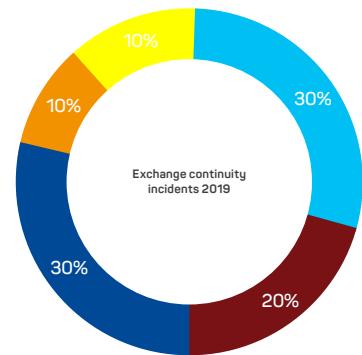
EMI workshops

CRISIS workshop

Annual continuity training and evaluation

For the first time at la Bolsa, a complete continuity test was conducted outside business hours that included fixed-income, equities and derivatives, integrated with compliance and collateral processes.

There were ten continuity incidents in 2019, as shown below, of which one exceeded the RTO for market products.



- Physical infrastructure
- BUS
- INET
- MEC
- Website

Exchange technology uptime was 99.98% in 2019.

We continued to participate in the Colombian Securities and Stock Market Crisis Management Committee, alongside other infrastructure providers (bvc, CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, precia, Tradition, Enlace and GFI). Plan goals were met and we implemented Colombian Financial Superintendence (CFS) External Circular 012 guidelines for Stock Market Crisis Management Protocols as preparation for crisis situations following global or individual failures that supersede individual reaction capacity. To implement the adjustments made to the initial version of this protocol, we coordinated with legal representatives and teams, coordination teams and the CFS throughout the year.

Information security management system (ISMS) and cybersecurity (not audited)

The following documents were updated: Information security event and incident process and regulation management; Information security and cybersecurity policy; External standards Windows Server 2012; Information asset process and regulation management; Identifying, analysing and minimising vulnerabilities flowchart; Information security and cybersecurity regulations; Standards for creating and administering users and passwords; Information destruction flowchart; Monitoring management regulations and processes; Digital evidence policies; Information asset classification matrix; and Monitoring information security.

We offered information security training throughout 2019, with the objective of raising awareness among exchange and depository employees on concepts such as: password management; ransomware; personal information cybersecurity; secure development; information asset classification; security incidents; and clean desks. We also offered training on cybersecurity to directors and, as a value-added, to third parties on topics such as: security policy; security incidents; and information assets.

In 2019, we also renovated cybersecurity policy, held simulations of a national cybernetic crisis, and set up a working group on cybersecurity with other securities market organisations.

Security checks were carried out that focussed on the following topics:

- Ethical hacking: We commissioned two ethical hacking tests in 2019 (first and second half), generating action plans that we implemented throughout the year.
- Analysis of vulnerabilities: We carried out two analyses of vulnerabilities in 2019 (first and second half), generating action plans that we implemented throughout the year.
- We carried out compliance visits to the main and contingency datacentres.
- We revised the information security and confidentiality clauses contained in service contracts.
- We carried out a simulated cyberattack, in conjunction with the crisis committee, that enabled us to undertake a strategic evaluation of bvc crisis management capacities in the event of an incident affecting the operational availability of products and services.
- We actively participated in meetings of the Armed Forces' Joint Cybernetic Command, and we participated in the Command's National Cyber-Olympics.

Cloud security management

For some projects, information and cybersecurity has been managed through a focus on minimising vulnerabilities in the system and reducing potential attack vectors by designing security into every phase of the software development lifecycle. This focus is different to a traditional security focus.

In addition, we developed a risk and opportunity matrix for migrating existing systems to the cloud.

Cloud operation security

- Prepare
- Prevent

- Detect
- Respond
- Recover

Cloud portal access

- API security
- Portal access console
- Multi factor authentication
- Web application firewall

User access control

- Key administration
- Access ID administration
- Access level administration

Virtualised resource security

- API Gateway
- Hardening
- At-rest encryption
- Web application firewall
- Network zones
- Patch management
- DDoS protection
- Logs

Application security

- Static code scanning
- In-transit encryption
- API security

Data security

- Data security and monitoring
- Data encryption

Regulatory compliance

We implemented external circular 007 on cybersecurity and external circular 005 on cloud security, issued in 2019 by the Colombian Financial Superintendence. We also implemented security standards for **bvc** and **deceval** technology projects, and ensured compliance with the Information Security Model as related to the following information security and quality criteria: Confidentiality, Availability, Integrity, Effectiveness, Efficiency and Trustworthiness.

Monitoring and prevention

In 2019, the monitoring and prevention area carried out 428 activities related to prevention, awareness building and monitoring fraud prevention; personal data management and control; physical risk prevention; workplace risk prevention; and due diligence on clients, providers and third-parties.

Matrixes were created for fraud risk, personal data, and organisational process workplace health and safety, that found existing controls to be adequate and identified risks to be within acceptable limits.

An illegal activity risk evaluation guide was defined and implemented to establish an analytical and taxonomic process methodology.

In accordance with the established plan, we completed 21 walk-through tests that evidenced an adequate level of control for fraud prevention, personal data management and control, and physical and workplace risk prevention.

100% of planned objectives were met.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) (not audited)

- Activities were developed to implement and strengthen controls that mitigate AML/CFT risks.
- Legislative reports were opportune sent to the Financial Analysis and Information Unit, and we met the requirements of AML/CFT compliance organisations.
- We continue to strengthen client enrolment checks. The compliance area supports verification of provider enrolments.
- We encouraged AML/CFT prevention culture by distributing AML/CFT policy and procedure to all new Exchange employees during the risk culture and quality training programme.
- We monitored compliance with web-based information reporting requirements for Collective Investment Funds, Private Capital Funds, Colombian Global Market, IR, and other requirements for equities and fixed income.
- We worked on non-compliance, director, administrator and cyber risk administration policies.
- We conducted biannual checks of employees against control lists and produced reports on market investments.
- We managed the certification and audit process on other infrastructures, assessors and clients.
- We conducted a self-evaluation of the Internal Control System.

Risk and process management is regularly reported to la Bolsa's Audit and Risk Committee and the Board of Directors. We have an annual agenda of escalated themes and we establish specific monitoring plans.

Financial risk management for products, issuers and affiliates

Financial risk management has contributed to **bvc** strategic objectives throughout the year by administering risks in the Colombian financial market that could affect our reputation, and administering risks associated with the company's investment portfolio.

Work fronts

La Bolsa focussed its efforts on improving the quantity and quality of published information with a view to improving information disclosure standards and facilitating investor decision making. We revised the existing issuer disclosure requirements and added controls to ensure compliance. We also strengthened the monitoring and detailed analysis process for issuers.

In terms of products and affiliates, la Bolsa periodically calibrated monthly risk administration parameters applied to money market operations, and developed new methodologies to strengthen monitoring in fixed-income, equity and derivative markets.

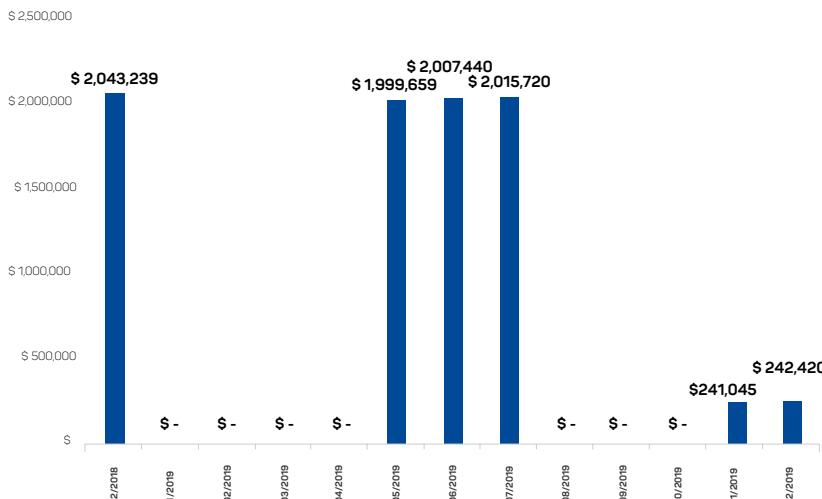
Finally, with a view to incentivising and increasing RRP operations in the fixed-income market, la Bolsa obtained CFS approval to eliminate price allocation criteria for non-TES fixed-income title eligibility, where these may be used for RRP operations. We also obtained approval for a modification focussed on allowing titles to be left as collateral, as long as they comply with the price allocation and qualification criteria.

Financial risk management and the investment portfolio

Bolsa de Valores de Colombia S.A. investment portfolio risk management is based on establishing limits and policies to mitigate materialisation of and exposure to risk and its impact on financial statements and profitability. The general objective is to facilitate the effective treatment of the inherent uncertainty and risk when administering financial resources, and improve value generation capacity for shareholders.

The guidelines restrict exposure for five asset classes: (i) TES in COP, (ii) TES in UVR (Real Value Unit, a central bank accounting unit), (iii) Local private debt securities, (iv) Mutual investment funds and (v) Derivatives. This selection matches the nature of **bvc** liquidity requirements and investment risk appetite.

At December 2019, the investment portfolio was valued at \$242,420 thousand pesos. The company's liquidity requirements in 2019 reduced the investment portfolio's value by \$1,800,819 thousand pesos (-88%) compared to December 2018. The following graph shows investment portfolio evolution over the year.



Data in thousands of pesos

A daily valuation was made of the investment portfolio at market prices, with the objective of reflecting the fair exchange prices of securities in the portfolio.

Market risk

Investment portfolio

Market risk is defined as the probability that losses will be incurred due to adverse variables in the financial markets.

To date, the portfolio is exposed in fixed-income instruments that are index-linked to short and long-term local currency simple fixed rates. The risk is associated with possible losses generated by interest rate variance that lead to portfolio devaluation and a lower return. Exposure at December 2019 by reference rate is as follows:

Rate	Market value (thousands of pesos) 2019		% Part.	Market value (thousands of pesos) 2018		% Part.	Δ Market value
	\$	242,420		\$	2,043,239	100%	
Fixed rate	\$	242,420	100%	\$	2,043,239	100%	(1,800,819)
DTF	\$	—	0%	\$	—	0%	—
IPC	\$	—	0%	\$	—	0%	—
IBR	\$	—	0%	\$	—	0%	—
Total	\$	242,420	100%	\$	2,043,239	100%	(1,800,819)

* At 31 December 2019

* At 31 December 2018

At the 2019 close, compared to 2018, there was still a concentration of fixed rate titles in the portfolio. This concentration consists of mitigating significant portfolio value variations due to changing market rates, with a view to facilitating the company's 2019 cash flow compliance.

Value at Risk (VaR)

We use VaR methodology to calculate market risk by determining the maximum expected portfolio value loss over time, through a normal distribution with a 99% confidence level. Risk management has defined the VaR reference threshold to be 2% monthly. In 2019, the average monthly VaR was 0.19%. This estimate is the standard deviation of daily portfolio returns. VaR evolution can be seen in the following table.

Portfolio - VaR	
Date	bvc
31/12/2018	0.19%
31/01/2019	NA
28/02/2019	NA
31/03/2019	NA
30/04/2019	NA
31/05/2019	NA
30/06/2019	0.19%
31/07/2019	0.19%
31/08/2019	NA
30/09/2019	NA
31/10/2019	NA
30/11/2019	0.21%
31/12/2019	0.16%

NA = months with no investment.

In 2019, the established limit was not exceeded.

The following table shows an analysis of VaR sensitivity to interest rate variations. The analysis simulates two scenarios where the standard deviation on returns is two and three times greater than real 2019 data.

The VaR level of confidence is 99%.

VaR Sensitivity Analysis			
Valor en Riesgo Portafolio - VaR			
Scenario 1: 2x increase in standard deviation		Scenario 1: 3x increase in standard deviation	
Date	bvc	Date	bvc
31/01/2019	NA	31/01/2019	NA
28/02/2019	NA	28/02/2019	NA
31/03/2019	NA	31/03/2019	NA
30/04/2019	NA	30/04/2019	NA
31/05/2019	NA	31/05/2019	NA
30/06/2019	0.39%	30/06/2019	0.58%
31/07/2019	0.39%	31/07/2019	0.58%
31/08/2019	NA	31/08/2019	NA
30/09/2019	NA	30/09/2019	NA
31/10/2019	NA	31/10/2019	NA
30/11/2019	0.42%	30/11/2019	0.64%
31/12/2019	0.32%	31/12/2019	0.48%
Average VaR		0.38%	0.57%

NA = months with no investment.

Estimated VaR with 99% confidence.

Credit risk

La Bolsa is exposed to credit risks (understood as the possibility that the organisation suffer financial losses as a consequence of a debtor, issuer or counterparty not complying with their contractual obligations). Risk is measured as the replacement cost of cash flow following default. Credit risk also includes losses generated if an issuer's credit rating is lowered by a credit rating agency, thus generating a fall in its share price.

Credit risk to the investment portfolio

Credit risk is managed by determining counterparty and issuer quotas individually and by economic group, as a control measure on portfolio concentration and diversification.

To maintain high-quality assets in the investment portfolio, the treasury shall only conduct operations with A rated issuers and above, and minimise credit risk by choosing counterparties that demonstrate high financial solidity. Foreign issuers must have a rating higher or equal to that of the Colombian nation.

Portfolio distribution

In a worst-case scenario, the credit risk would imply full noncompliance of issuer expected cashflows in the investment portfolio.

The following table shows exposure by issuers:

Issuer	Rating	Market value (SCOP thousand) 2019		Part%	Market value (SCOP thousand) 2018		Part%
		\$	242,420		\$	-	
Ministry of Finance and Public Credit	Nation	\$	242,420	100%	\$	-	0%
Banco Coomeva S.A.	AA-	\$	-	0%	\$	2,043,239	100%
Total		\$	242,420	100%	\$	2,043,239	100%

Liquidity risk

Investment portfolio liquidity risk

Liquidity risk is the probability of full or partial noncompliance with anticipated and non-anticipated current and future cash flow. A funding liquidity risk is manifested as a disposable liquid asset insufficiency and/or the need to meet unusual funding costs, where the company's capacity to generate or dissolve financial positions at market prices is limited because the market lacks adequate depth, or because of drastic changes to rates and prices (market liquidity risk).

Treasury management is focussed on maintaining an adequate balance between the company's assets and liabilities, and having the required cash flow to meet acquired contractual obligations. Some of the more representative liquidity requirements are tax obligations, dividend payments and project cash flow, all of which are duly incorporated into cash flow projections and the budget, and are a determining parameter for short and medium-term investment strategy.

The following table shows the maturity of bvc portfolio instruments:

Term	Market value (COP\$ thousand) 2019		% part	Market value (COP\$ thousand) 2018		% part
	\$	-		\$	2,043,239	
90-180 days	\$	-	0.0%	\$	2,043,239	100.0%
180-360 days	\$	242,420	100.0%	\$	-	0.0%
Total	\$	242,420	100.0%	\$	2,043,239	100.0%

At 31 December 2019

At 31 December 2018

From a liquidity perspective, bvc strives to maintain high liquidity assets that are easily realised, thus mitigating a significant impact on returns in the case of exceptional resource needs.

Exchange rate risk

The bvc portfolio is exposed to exchange rate risk if:

- i.] The current value of asset positions does not coincide with the current value of liability positions in the same currency, and the difference is not offset.
- ii.] A position is taken on a derivative product where the underlying asset is exposed to exchange rate risk and has not been fully immunised against exchange rate variations.
- iii.] There is interest rate risk exposure in a currency different to the reference currency that may alter the parity between asset and liability positions in said currency that generate losses or earnings.
- iv.] The margin depends directly on exchange rates.

Footnote 4 – Adjustments to previous periods

Individual financial statements

One reclassification was made to the 31 December 2018 individual financial statement, regarding noncurrent trade and other accounts - net of related-party accounts receivable - for \$500,000. This value corresponds to a loan given to a key employee, as per IAS 24, and its payment terms are in excess of 12 months.

Individual financial statements and other comprehensive income

Other comprehensive income on the 31 December 2018 financial statement presented investment income and financial expenses separately for private capital fund earnings. However, bearing in mind that the earnings are related to the same operation, a value of \$66,548 was reclassified from financial expenses to investment activity earnings.

In addition, IAS1 was used to present components of other comprehensive income for the year to 31 December 2018, in components of other comprehensive income that will be reclassified to income, such as the first time adoption of Deceval S.A. and Sophos Solutions S.A.S, and components that will not be reclassified to income, such as exchange rate differences when converting business abroad.

Individual statement of cash flow

While preparing the 31 December 2019 individual financial statements, the cash flow statement to 31 December 2018 was revised to correctly present cash flow used to gain control of subsidiaries and other businesses, which had been included in cash flow used for financing activities rather than cash flow resulting from investment activities.

Bolsa de Valores de Colombia S.A. does not believe that this previous year correction will be material to its individual financial statements.

Footnote 5 – Cash and cash equivalents

Cash and cash equivalents are detailed below:

	Rating	At 31 December 2019	At 31 December 2018
Foreign currency banks [1]	AAA	\$ 2,979,192	5,800,082
Local currency banks [2]	AAA	2,040,380	4,337,066
Cash equivalent [3]		6,855,263	514,616
Petty cash		13,298	40,309
Total cash and cash equivalents		\$ 11,888,133	10,692,073

At 2019 and 2018 year-end, bank reconciliations were \$1,504 and \$605,261, respectively:

At 31 December 2019					
	Number	< 30 days	Number	> 30 days	Total
Deposits pending identification	\$ 0	-	4	1,443	1,443
Portfolio applications	1	61	-	-	61
	\$ 1	61	4	1,443	1,504

At 31 December 2019					
	Number	< 30 days	Number	> 30 days	Total
Deposits pending identification	\$ 5	9,397	11	4,933	14,330
Portfolio applications	4	590,931	-	0	590,931
	\$ 9	600,328	11	4,933	605,261

1. The decrease corresponds principally to overseas provider payments of US\$531,554, among which were OMX Technology (US\$178,987) and BME Market data (US\$220,267), Rapid Adition (US\$108,800), BME Bolsas y Mercados Espyeares (US\$103,193), and in January 2019 a term deposit was made for USD\$500,000.

2. The decrease corresponds principally to payments made to domestic providers, among which were the Colombian tax authority - DIAN, Intermilenium (\$110,697), Gravility S.A.S (\$214,433) and Hewlett Packard Colombia Ltda (\$2,066,690), among others.

3. Cash equivalents correspond to sight deposits with the following funds, except Payulatam - a means of bvc revenue collection that is transferred to company savings accounts every two days.

	Rating	At 31 December 2019	At 31 December 2018
Fondo Abierto Alianza	AAA	\$ 3,732,923	45,191
Fondo de Inversión Fonval [3.1]	AAA	3,096,252	-
Payulatam		13,580	5,434
Fiducuenta Bancolombia	AAA	12,508	85,028
Fiduprevisora	AAA	-	261,742
Fondo de Inversión Colectiva Renta 4	AAA	-	117,221
		\$ 6,855,263	514,616

[3.1] On 6 November 2019 the Inversión Fonval fund was opened to receive the daily earnings from constituted hedge contracts that have collateral in Cámara de Riesgo Central de Contraparte de Colombia S.A. and are expected to be used in March 2020.

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The objective of mutual funds is to achieve the highest returns and maintain these balances for important cash outflows such as tax and dividend payments.

Investment funds are easily convertible to cash as they are unrestricted and may be used at any time, as stated in IAS 7.

At 31 December 2019 and 2018 there are no restrictions on cash or cash equivalents.

Footnote 6 – Financial investment assets

The following table shows current and noncurrent financial investment assets:

	At 31 December 2019	At 31 December 2018
Negotiable current investments		
TES	242,420	-
Term deposits	\$ -	2,043,239
Total current financial assets	242,420	2,043,239
Other equity instruments that affect results		
Private capital fund	2,610,183	2,100,256
Other securities	15,685	15,685
Total noncurrent financial assets	2,625,868	2,115,941
Total financial investment assets	\$ 2,868,288	4,159,180

The following table shows credit quality as determined by independent rating agencies:

	At 31 December 2019	At 31 December 2018
Rating		
Investment grade	\$ 2,610,183	4,143,495
Issued and guaranteed by the nation and/or Banco de la República (1)	242,420	-
Not rated	15,685	15,685
Total	\$ 2,868,288	4,159,180

There follows a summary of financial assets by term, at 31 December 2019 and 2018:

	At 31 December 2019			Total
	< 1 year	> 1 year	Total	
TES (1)	\$ 242,420	-	242,420	242,420
Other equity instruments	\$ 242,420	2,625,868	2,625,868	2,868,288

	At 31 December 2018			Total
	< 1 year	> 1 year	Total	
Term deposits	\$ 2,043,239	-	2,043,239	2,043,239
Other equity instruments	-	2,115,941	2,115,941	2,115,941
	\$ 2,043,239	2,115,941	4,159,180	

1. At 31 December 2019 and 2018 there were no restrictions on negotiable investments, except TES, that are guaranteed by Cámara de Riesgo Central de Contraparte de Colombia S.A.

Footnote 7 – Hedge futures

Bolsa de Valores de Colombia S.A. derivative financial instrument contracts are traded on organised markets and with financial sector organisations.

At 31 December 2019 bvc derivative instruments have a fair value of:

Fair value	Profit & loss balance
2,651,691	(22,232)

With regard to the effective portion of cash flow recognised in other significant income, admissible risk mitigation collateral are cash and government securities with the highest country risk rating and high liquidity.

Number of futures contracts	Nominal value	Total hedge value
16	50,000 usd	800,000 usd

Measuring effectiveness

Effectiveness is measured monthly in accordance with current CFS legislation and IFRS 9 requirements, as follows:

Hedge purchase date	Hedge value USD	Hedged item value USD	Exchange rate	Fair value flow variation	Hedge fair value variation	Ratio	Hedge result
30/11/2019	350,000	350,000	3,522.48	3,323.55	(69,625)	69,625	100% Perfect
31/12/2019	250,000	250,000	3,277.14	3,329.98	13,210	(13,210)	100% Perfect
31/12/2019	200,000	200,000	3,277.14	3,281.40	852	(852)	100% Perfect

A hedge is effective if the ratio between the hedge item variation and the hedge value is between 85% and 125%. Therefore, a hedge will be deemed ineffective by bvc if it falls outside these percentages.

Effectiveness measure calculations show that the ratio is 100% of changes in fair value of the hedged item, attributed to dollar/peso exchange rate risk.

Hedged items

Hedged items are related to anticipated foreign currency payments for items that are highly likely to be paid in bvc projects (Master Trader) and correspond to a maximum of 75% of projects being developed in 2020. bvc generally aims to use hedge accounting to manage income volatility.



	2019	2020
USD balance	0.78 million	0.82 million
USD income Vendor information sales	2.07 million	3.24 million
USD expenses Recurring technology payments	2.61 million usd	3.16 million usd
Projects BME and NASDAQ	0.63 million usd	1.17 million usd
Derivatives	0.78 million usd	0.80 million usd
Final exposure	(-0.39) million usd	0.53 million usd

The estimated dollar payment value is USD\$1,300,000. According to IFRS 7 paragraph 21 project flow will be executed according to budget, as follows:

	2020 -1Q	2020 - 2Q
bvc projects [Master Trader]	USD\$500,000	USD\$800,000

bvc strategy is to hedge 75% of these flows with derivative future instruments, while the remaining 25% will be exposed and supported by the operation. This strategy was defined and approved by the Board of Directors in October 2019.

Risk component detail

Derivative instruments may be favourable or unfavourable depending on exchange rate variations. The risk component is linked to agreed exchange rate variation vs. la Bolsa rate at the end of operations. A loss occurs when it is below the strike price, and a profit when it is above the strike price. **bvc** uses derivatives to manage market risks, and all transactions are made according to Risk Management Committee guidelines.

Each hedge operation executed by the company includes the formal designation of the item being hedged.

In 2019, there was no hedge ineffectiveness.

Collateral

To mitigate the risk of default on a hedge operation, collateral of 5.75% was required on the position, and **bvc** issued cash collateral (via a mutual fund) and securities, as follows:

Collateral	Nominal value	Fair value
TES	212,500	242,420

At the end of operations, the TES and the cash issued as collateral will be returned to the **bvc** portfolio.

Exchange rate risk analysis

bvc uses three scenarios to measure exchange rate risk: Projected (the budget-established exchange rate of \$3,400), Optimistic (exchange rate below the strike price), and Pessimistic (exchange rate above the strike price).

The following table shows COP values and % variation on the agreed future value.

Exchange rate risk				
Operation 1		Projected exchange rate	Loss > \$3,346.12	Profit < \$3,346.12
Initial valuation		3,400	3,300	3,500
COP values	\$	1,190,000	1,155,000	1,225,000
Variation (%)		161%	-138%	460%

Exchange rate risk				
Operation 2		Projected exchange rate	Loss > \$3,359	Profit < \$3,359
Initial valuation		3,400	3,300	3,500
COP values	\$	850,000	825,000	875,000
Variation (%)		122%	-1.76%	4.20%

Exchange rate risk				
Operation 3		Projected exchange rate	Loss > \$3,387.90	Profit < \$3,387.90
Initial valuation		3,400	3,300	3,500
COP values	\$	680,000	660,000	700,000
Variation (%)		0.36%	-2.59%	3.31%

Footnote 8 – Net trade and other accounts receivable

Net trade and other accounts receivable are as follows::

		At 31 December 2019	At 31 December 2018
Clients	\$	5,287,332	5,294,344
Bolsa de Valores de Colombia S.A. brokers		1,399,944	1,721,677
Share and security issuers		789,483	271,697
Total client accounts receivable (1)		7,476,759	7,287,718
Employee accounts receivable		103,097	58,680
Other debtors		193,437	178,061
Prepayments to providers		16,072	83,694
Other accounts receivable		14,457	18,635
Total other accounts receivable		327,063	339,070
Trade and other accounts receivable impairment (1)		(790,974)	(501,436)
Total trade and other accounts receivable	\$	7,012,848	7,125,352

(1) Trade debt by term follows on next page.

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Trade debt by term

At 31 December 2019

		Not past due	31-60 days	61-90 days	91-180 days [1.1]	181-360 days	>360 days [1.1]	Total
Trade debt	\$	5,279,175	607,776	296,184	214,386	292,300	786,938	7,476,759
Trade debt impairment		(685)	(200)	(519)	(470)	(2,162)	(786,938)	(790,974)
Net trade debt	\$	5,278,490	607,576	295,665	213,916	290,138	-	6,685,785

At 31 December 2018

		Not past due	31-60 days	61-90 days	91-180 days	181-360 days	>360 days [1.1]	Total
Trade debt	\$	5,608,209	532,008	221,198	135,039	297,767	493,497	7,287,718
Trade debt impairment		(1,021)	(1,910)	(1,247)	(2,896)	(865)	(493,497)	(501,436)
Net trade debt	\$	5,607,188	530,098	219,951	132,143	296,902	-	6,786,282

The following table shows provisions for accounts receivable at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Initial balance	\$	501,436	425,955
Trade debt impairment		312,597	110,797
Write-offs		-	2,429
Recoveries		(23,059)	(37,745)
Total	\$	790,974	501,436

[1.1] 2019's trade debt increase in the 91-180 day band is due to pending payments from FTSE International Ltda of \$57,623, Deutsche Börse AG of \$48,856, Fiduciaria La Previsora, and in the >360 day band Construcciones Civiles S.A. of \$97,137, Deutsche Börse AG of \$86,712, Fondo Ganadero del Tolima of \$69,489, and others.

Footnote 9 – Net current tax assets

	At 31 December 2019	At 31 December 2018
Current tax assets		
Credit balance (1)	3,862,001	741,705
Self-withholding	\$ 2,842,993	2,758,936
Special self-withholding	576,313	550,955
Withholdings	364,364	30,491
Tax prepayment (2)	-	438,538
Surtax (3)	-	354,506
Total current tax assets	7,645,671	4,875,131
Current tax liabilities		
Income tax	(477,654)	(230,324)
Surtax	-	(354,506)
Total current tax liabilities	(477,654)	(584,830)
Net current taxes	\$ 7,168,017	4,290,301

1. The credit balance grew in 2019, due to withholdings and self-withholdings over the year.

2. The variation is due to a tax prepayment of \$438,538, corresponding to 20% of the previous year's obligation. Given that 2017's tax return generated a credit balance there was no need to make prepayment for 2018. The value corresponds to 2017's prepayment, and was refunded by DIAN in 2019.

3. The variation is due to the fact that in 2017, a surtax prepayment was made for the following year's tax return, and incorporated into 2018's tax return, but is not payable in 2019.

Footnote 10 – Other non-financial assets

	At 31 December 2019	At 31 December 2018
Current		
ICA (commerce & industry tax) prepayment	\$ 6,354	10,772
Sales tax prepayment	580	408
Total current	6,934	11,180
Noncurrent		
Software maintenance services (1)	2,171,361	1,972,657
Insurance and bonds	323,640	395,717
Other assets	190,391	134,341
Social club rights and shares	100,000	100,000
Subscriptions	87,015	-
Deposits received (2)	34,382	1,072,982
Total noncurrent	2,906,789	3,675,697
Total other non-financial assets	\$ 2,913,723	3,686,877

1. Principally software maintenance contracts and licences greater than one year, e.g. SAP, Red Hat Linux support, X-Stream and Risk Filter maintenance.

2. To 31 December 2019 the highest amount (\$1,056,200) was from the Sophos Solutions subsidiary investment. This had been recorded as collateral for indemnity payments and tax uncertainty related to merging the businesses following acquisition.

Footnote 11 – Investments in associates, joint ventures and subsidiaries

	At 31 December 2019	At 31 December 2018
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$ 20,727,847	19,919,650
Set Icap FX S.A.	5,358,056	4,483,253
Cámara de Compensación de Divisas S.A.	2,769,599	2,515,264
Set Icap Securities S.A.	1,399,079	1,309,706
Derivex S.A.	-	75,010
Total	\$ 30,254,581	28,302,883

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Share ownership % is as follows:

Associates	Share ownership %		At 31 December 2018	Dividends	Additions and adjustments	Equity method income	At 31 December 2019
Cámara de Riesgo Central de Contraparte de Colombia S.A.	32.63%	\$	19,919,650	(1,012,472)	-	1,820,669	20,727,847
Cámara Compensación de Divisas S.A.	30.79%		2,515,264	(584,953)	-	839,288	2,769,599
		\$	22,434,914	(1,597,425)	-	2,659,957	23,497,446
Joint ventures	Share ownership %		At 31 December 2018	Dividends	Additions and adjustments	Equity method income	At 31 December 2019
Set Icap FX S.A.	50.00%	\$	4,483,253	(3,985,265)	-	4,860,068	5,358,056
Derivex S.A. [1]	42.45%		75,010	-	-	(75,010)	-
Set Icap Securities S.A.	49.82%		1,309,706	(215,713)	-	305,086	1,399,079
			5,867,969	(4,200,978)	-	5,090,144	6,757,135
Total investment in associates and joint ventures		\$	28,302,883	(5,798,403)	-	7,750,101	30,254,581
Associates	Share ownership %		At 31 December 2018	Dividends	Additions and adjustments	Equity method income	At 31 December 2019
Cámara de Riesgo Central de Contraparte de Colombia S.A.	32.63%	\$	18,329,716	(770,686)	-	2,360,620	19,919,650
Cámara Compensación de Divisas S.A.	30.79%		2,311,110	(523,379)	-	727,533	2,515,264
		\$	20,640,826	(1,294,065)	-	3,088,153	22,434,914
Joint ventures	Share ownership %		At 31 December 2018	Dividends	Additions and adjustments	Equity method income	At 31 December 2019
Set Icap FX S.A.	50.00%	\$	3,688,619	(3,209,402)	-	4,004,036	4,483,253
Derivex S.A. [1]	50.00%		139,979	-	299,700	(364,669)	75,010
Set Icap Securities S.A.	49.82%		1,211,712	(75,577)	-	173,571	1,309,706
			5,040,310	(3,284,979)	299,700	3,812,938	5,867,969
Total investment in associates and joint ventures		\$	25,681,136	(4,579,044)	299,700	6,901,091	28,302,883

1. In May 2019 a Derivex capitalisation brought 3 new shareholders on board, and the bvc holding was diluted to 42.45%. In addition, this company is not recognised using the equity method because losses exceed the investment's value and, as detailed in IAS 28, equity method recognition will resume once income equals the non-recognised loss.

11.1 – Investments in subsidiaries

		At 31 December 2019	At 31 December 2018
deceval S.A.	\$	387,265,057	388,158,782
Sophos Banking Solution S.A.S.		32,462,350	29,078,457
Invesbolsa S.A.S.		21,677,664	21,444,077
Precia S.A.		1,712,262	1,154,048
BVC Plus S.A.S.		93,287	88,627
BVC Pro S.A.S.		93,289	88,627
Inver bvc S.A.S.		93,287	88,626
Total investments	\$	443,397,196	440,101,244

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Share ownership % is as follows:

Subsidiary	Direct share ownership %		At 31 December 2018	Additions	Dividends (1)	Equity method income	Other significant income	At 31 December 2019
deceval S.A.	94.96%	\$	388,158,777	-	(25,639,690)	25,161,682	(415,712)	387,265,057
Invesbolsa S.A.S.	100%		21,444,078	-	(1,117,213)	1,350,799	-	21,677,664
Precia S.A.	90.91%		1,154,051	-	-	558,211	-	1,712,262
Sophos Solutions S.A.S. (2)	54.18%		29,078,457	1,056,200	(4,818,845)	7,105,525	41,013	32,462,350
BVCPlus S.A.S.	100%		88,627	-	-	4,660	-	93,287
BVCPro S.A.S.	100%		88,627	-	-	4,662	-	93,289
Inver bvc S.A.S.	100%		88,627	-	-	4,660	-	93,287
Total		\$	440,101,244	1,056,200	(31,575,748)	34,190,199	(374,699)	443,397,196
Subsidiary	Direct share ownership %		At 31 December 2018	Additions	Dividends (1)	Equity method income	Other significant income	At 31 December 2019
deceval S.A.(1)	94.96%	\$	364,299,728	21,276,992	(21,339,550)	25,275,655	(1,354,048)	388,158,777
Invesbolsa S.A.S.	100%		20,353,076	-	(135,270)	1,226,272	-	21,444,078
Precia S.A.	90.91%		2,387,397	-	(1,628,114)	394,768	-	1,154,051
Sophos Solutions S.A.S.	54.18%		28,383,164	-	(3,324,268)	4,551,455	(531,894)	29,078,457
BVC Plus S.A.S.	100%		84,150	1,000	-	3,477	-	88,627
BVC Pro S.A.S.	100%		84,150	1,000	-	3,477	-	88,627
Inver bvc S.A.S.	100%		84,151	1,000	-	3,476	-	88,627
Total		\$	415,675,816	21,279,992	(26,427,202)	31,458,580	(1,885,942)	440,101,244

1. Subsidiary, associate and joint venture dividends correspond to each company's distribution project, and may differ from the values disclosed in direct cash flow because the latter recognises paid values that at 31 December 2019 and 2018 were \$36,635,643 and \$31,012,606, respectively.

2. To 31 December 2019 \$1,056,200 was recognised as an investment in Sophos Solutions, that had been recorded as collateral for indemnity payments and tax uncertainty related to merging the businesses following acquisition in 2015.

Equity method income calculations were made according to each company's financial statements at 31 December 2019 and 2018. None of the companies are listed so they do not have a published share value.

At 31 December 2019 and 2018, no investments in subsidiaries, associates nor joint ventures showed signs of impairment nor restrictions.

Footnote 12 – Net property, plant and equipment

		Buildings and land	Computing and communications equipment	Furniture and fittings	For sale	Improvements to leased property	Right-of-use (2)	Transport equipment	Total
Acquisition cost									
1 January 2019	\$	15,153,616	18,889,734	1,407,133	-	474,181	-	209,812	36,134,476
Additions	-		3,025,265	173,790	-	173,779	473,722	-	3,846,556
Adjustments	-		-	-	-	-	547,832	-	547,832
Disposal of impaired assets	-		(1,290,742)	(67,391)	-	-	-	-	(1,358,133)
31 December 2019		15,153,616	20,624,257	1,513,532	-	647,960	1,021,554	209,812	39,170,731
Accumulated depreciation									
1 January 2019		(1,739,012)	(12,213,391)	(1,041,699)	-	(382,804)	-	(69,937)	(15,446,843)
Depreciation charges		(258,952)	(2,206,450)	(175,897)	-	(56,740)	(471,267)	(41,962)	(3,211,268)
Disposal of depreciated assets	-		1,278,666	53,523	-	-	-	-	1,332,189
31 December 2019		(1,997,964)	(13,141,175)	(1,164,073)	-	(439,544)	(471,267)	(111,899)	(17,325,922)
Impairment									
1 January 2019		-	(3,024)	-	-	-	-	-	(3,024)
Depreciation disposal adjustment			895						895
Asset disposal			953						953
31 December 2019		-	(1,176)	-	-	-	-	-	(1,176)
Net book amount at 31 December 2019	\$	13,155,652	7,481,906	349,459	-	208,416	550,287	97,913	21,843,633
Acquisition cost									
1 January 2018	\$	15,153,616	16,532,712	1,420,944	1,763	474,181	-	389,692	33,972,908
Additions	-		2,975,268	3,014	-	-	-	-	2,978,282
Disposal of impaired assets	-		(618,246)	(16,825)	(1,763)	-	-	(179,880)	(816,714)
31 December 2018		15,153,616	18,889,734	1,407,133	-	474,181	-	209,812	36,134,476
Accumulated depreciation									
1 January 2018		(1,480,061)	(10,768,853)	(964,072)	-	(324,011)	-	(207,855)	(13,744,852)
Depreciation charges		(258,951)	(2,057,716)	(77,627)	-	(58,793)	-	(41,962)	(2,495,049)
Disposal of depreciated assets	-		613,178	-	-	-	-	179,880	793,058
31 December 2018		(1,739,012)	(12,213,391)	(1,041,699)	-	(382,804)	-	(69,937)	(15,446,843)
Impairment									
1 January 2018		-	(4,392)	(140)	-	-	-	-	(4,532)
Depreciation disposal adjustment	-		1,368	140	-	-	-	-	1,508
31 December 2018		-	(3,024)	-	-	-	-	-	(3,024)
Net book amount at 31 December 2018	\$	13,414,604	6,673,319	365,434	-	91,377	-	139,875	20,684,609

1. Fixed-asset additions are made according to the needs of the acquired asset. This differs from direct method cash flow for disclosed fixed-asset purchase payments because only actual payments in the period are recorded as cash flow; at 31 December 2019 and 2018 the value was \$3,651,725 and \$1,486,253, respectively.

2. In 2019, bvc recognised financial leases with Inversiones PiedraGrande and Promotora La Enseñanza, in accordance with IFRS 16 guidelines. [\[See note 29\]](#)

At 31 December 2019 and 2018 property, plant and equipment has no restrictions and is all duly insured.

At 31 December 2019 and 2018 property, plant and equipment shows no signs of impairment.

Footnote 13 – Net intangible assets

		Software and licences (1)	Projects in development (2)	Internally developed applications	Total
Acquisition cost					
1 January 2019	\$	15,066,672	1,190,114	24,302,048	40,558,834
Additions		876,059	9,257,626	-	10,133,685
Transfers		-	[8,336,492]	8,336,492	-
31 December 2019		15,942,731	2,111,248	32,638,540	50,692,519
Accumulated depreciation					
1 January 2019		(14,478,647)	-	(4,860,435)	(19,339,082)
Amortisation charge		[636,928]		[3,793,319]	
31 December 2019		(15,115,575)	-	[8,016,826]	(23,132,401)
Net book amount at 31 December 2019	\$	827,156	2,111,248	24,621,714	27,560,118
Acquisition cost					
1 January 2018	\$	14,759,533	14,360,247	6,552,953	35,672,733
Additions		309,900	4,578,962		4,888,862
Transfers		-	(17,749,095)	17,749,095	-
Disposals		[2,761]		-	[2,761]
31 December 2018		15,066,672	1,190,114	24,302,048	40,558,834
Accumulated depreciation					
1 January 2018		(13,646,610)	-	(2,807,874)	(16,454,484)
Amortisation charge		(832,037)	-	(2,052,561)	(2,884,598)
31 December 2018		(14,478,647)	-	(4,860,435)	(19,339,082)
Net book amount at 31 December 2018	\$	588,025	1,190,114	19,441,613	21,219,752

1. Intangible additions are made according to the needs of the acquired asset. This differs from direct method cash flow for disclosed fixed-asset purchase payments because only actual payments in the period are recorded as cash flow; at 31 December 2019 and 2018 the value was \$766,264 and \$1,304,162, respectively.

2. Additions to projects in development correspond to salaries and capitalised services. These payments are recognised in operational cash flow under provider payments for goods and services, and employee accounts.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	200
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The following table provides detail on projects in development:

Project		At 31 December 2018	Additions	Disposals	At 31 December 2019
Master Trader (second phase)	\$	439,593	2,168,907	(2,608,500)	-
X-Stream INET (second phase)		457,475	2,940,271	(3,397,746)	-
Marketplace		293,046	1,586,638	(1,879,684)	-
Marketplace BID		-	450,562	(450,562)	-
RPA		-	3,600	-	3,600
A2censo (second phase)		-	599,270	-	599,270
Marketplace (second phase)		-	172,878	-	172,878
Master Trader (third phase)			650,535	-	650,535
X-Stream INET (third phase)		-	684,965	-	684,965
Total projects	\$	1,190,114	9,257,626	(8,336,492)	2,111,248

Project		At 31 December 2018	Additions	Disposals	At 31 December 2019
Master Trader (first phase)	\$	3,069,382	976,961	(4,046,343)	-
X-Stream INET (first phase)		9,651,673	2,303,860	(11,955,533)	-
Opciones		973,586	55,872	(1,029,458)	-
Dollar ebvc		665,606	77	(665,683)	-
Master Trader (second phase)	-	439,593	-	-	439,593
X-Stream INET (second phase)	-	457,475	-	-	457,475
Marketplace	-	293,046	-	-	293,046
Factura Electrónica	-	52,078	(52,078)	-	-
Total projects	\$	14,360,247	4,578,962	(17,749,095)	1,190,114

At 31 December 2019 and 2018, intangibles show no restrictions nor signs of impairment.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	201
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At 31 December 2019 and 2018, intangibles show no restrictions nor signs of impairment.

Footnote 14 – Financial obligations

	At 31 December 2019	At 31 December 2018
Current		
Financial obligations (1)	\$ 9,000,000	4,000,000
Financial leases (2)	351,272	-
Interest	107,342	97,472
Total current	\$ 9,458,614	4,097,472
Noncurrent		
Financial obligations (1)	10,000,000	14,000,000
Financial leases (2)	362,464	-
Total noncurrent	10,362,464	14,000,000
Total financial obligations	\$ 19,821,078	18,097,472

1. On 30 May 2018, Bolsa de Valores de Colombia S.A. acquired an obligation to Banco de Bogotá S.A. for \$20,000,000 over 5 years, paid quarterly at an interest rate of CPI+3.5%. The loan is unrestricted and a promissory note was provided as collateral. In 2019, capital payments of \$4,000,000, and interest payments of \$1,107,683 were made on this obligation.

In December 2019, a financial obligation was acquired with Bancolombia S.A. for \$5,000,000 over 5 years at a rate of IBR+1.6%, with a promissory note as collateral.

The following table shows the financial obligation balance at 31 December 2019 and 2018, by time band:

At 31 December 2019

Concept	<1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
Capital	\$ 9,000,000	4,000,000	4,000,000	2,000,000	-	19,000,000
Interest	107,342	-	-	-	-	107,342
Total	\$ 9,107,342	4,000,000	4,000,000	2,000,000	-	19,107,342

At 31 December 2018						
Concept	<1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
Capital	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	18,000,000
Interest	97,472	-	-	-	-	97,472
Total	\$ 4,097,472	4,000,000	4,000,000	4,000,000	2,000,000,0	18,097,472

2. In accordance with IFRS 16 financial lease implementation from 1 January 2019 for the Cr 7 # 71-21 office, and Calle 72 ground floor premises:

Financial Lease	Valor
< 1 month	\$ 27,642
1-3 months	56,147
3-12 months	267,483
Total current	351,272
1-5 years	362,464
Total financial lease	\$ 713,736

From 2019, financial leases were recognised with Inversiones Piedragrande S.A.S for \$1,044,862, and Promotora La Enseñanza S.A. for \$173,868. From September 2019, the Piedragrande S.A.S annual lease payment increased and the current net value was recalculated. In addition, capital payments were recognised for \$500,049 as seen in cash flow and footnote 30.

In 2019 and 2018 all financial obligation covenants were met.

Footnote 15 – Trade and other accounts payable

		At 31 December 2019	At 31 December 2018
Domestic vendors and services [1]	\$	4,286,723	2,199,146
Other costs and expenses payable [2]		2,291,859	1,771,025
Withholding tax payable		2,277,442	1,416,812
Foreign vendors		2,270,756	1,523,312
Maintenance and repairs		2,153,153	1,682,991
Fees and commissions		1,065,907	1,367,452
Other		160,419	154,203
Salary discounts and contributions		118,452	130,708
Travel expenses		23,301	10,616
Total	\$	14,648,012	10,256,265

1. At 31 December 2019, accounts were payable to Hewlett Packard Colombia Ltda - \$1,018,865, Axity - \$549,271, Nuva - \$210,232, Comunicación Celular - \$193,969, Dell - \$109,430, and others.

2. At 31 December 2019 the most significant variations were Multisoftware - \$126,710, Seguros de Vida Suramericana - \$61,189, Dilligent - \$116,391, Sociedad Operadora - \$64,136, Beltech - \$146,503, and others.

Footnote 16 – Employee benefits

		At 31 December 2019	At 31 December 2018
Extra-legal benefits	\$	2,365,233	3,386,401
Consolidated vacations		964,371	1,162,276
Severance funds		594,740	579,194
Indemnity payments [1]		-	123,058
Severance fund interest		69,580	66,745
Unpaid salaries		300	9,598
Total	\$	3,994,224	5,327,272

1. Previous year indemnity provisions with no remaining obligations nor validity at 31 December 2019 were recovered.

Footnote 17 – Prepaid income

Deferred income balance at 31 December 2019

			\$	29,769,306
Acquisition cost				
1 January 2019				16,097,296
Additions				45,866,602
31 December 2019				45,866,602
Accumulated amortisation				
1 January 2019				(29,713,056)
Amortisation charge				(16,027,626)
31 December 2019				(45,740,682)
Net book amount at 31 December 2019			\$	125,920
Acquisition cost				
1 January 2018				14,607,025
Additions				15,162,281
31 December 2018				29,769,306
Accumulated amortisation				
1 January 2018				(14,532,025)
Amortisation charge				(15,181,031)
31 December 2018				(29,713,056)
Net book amount at 31 December 2018			\$	56,250

Deferred income was calculated at 31 December and amortised according to its realisation in each period.

Footnote 18 – Estimated liabilities and provisions

The following table details provisions and contingent liabilities at 31 December 2019 and 2018:

		Future contingency payments [1]	Provision for restructuring [2]	Dismantling services [3]	Legal payment provision	Total
Balance 31 December 2018	\$	5,661,665	856,726	56,569	-	6,574,960
Increase in provisions		-	-	52,272	-	52,272
Recovery of provisions		(349,736)	-	-	-	(349,736)
Use of provisions		(5,311,929)	(368,830)	-	-	(5,680,759)
Balance 31 December 2019	\$	-	487,896	108,841	-	596,737
Balance 31 December 2017	\$	4,805,231	153,265	54,826	140,000	5,153,322
Increase in provisions		856,434	1,642,190	1,743	-	2,500,367
Recovery of provisions		-	-	-	-	-
Use of provisions		-	(938,729)	-	(140,000)	(1,078,729)
Balance 31 December 2018	\$	5,661,665	856,726	56,569	-	6,574,960

[1] In 2019, bvc made the following payments to Sophos Solutions shareholders: Atul Malhotra - \$2,203,243, Amit Agarw - \$2,203,243, Mohanraj Subramani - \$905,443. Payment corresponds to the acquisition contract with reference to contingent remuneration. In addition, a \$349,736 provision was recovered.

[2] To 31 December 2019, \$368,830 had been used for indemnity payments in accordance with the Company's restructuring plan. It is expected that the remainder of the provision will be used in 2020.

[3] In December 2019, a dismantling provision was constituted for renovating the 4th floor, and will be used in accordance with the contract terms.

Footnote 19 – Shareholder Equity

Subscribed and paid-up capital is \$30,256,734 and authorised capital is \$35,000,000, represented by 70,000,000 ordinary shares with a value of COP\$500 each.

At 31 December

	2019	2018
Shares in circulation	60,513,469	60,513,469

Share premium

The difference between the value paid for a share and its nominal value

Occasional reserves

Approved by shareholders for working capital and technology renovation to 31 December 2018

Reserves	At 31 December 2019	At 31 December 2018
Statutory reserves	\$ 19,657,411	19,657,411
Occasional reserves	107,572,234	101,712,153
Total reserves	\$ 127,229,645	121,369,564

Dividends paid

Dividends are paid to shareholders based on the previous year's net profit. Shareholder General Assembly Act 033, 28 March 2019, set dividends as follows:

	At 31 December 2019	At 31 December 2018
Previous year profit	\$ 39,142,489	103,206,571
Cash dividends during the year	COP\$550 per share paid in two installments of 50% each, in April and August 2019, on 60,513,469 authorised, subscribed and paid-up shares.	By approval (reverse split) cash dividend of COP\$500 per share, 50% payable and the remainder payable in August 2018 on 60,513,469 authorised, subscribed and paid-up shares.
Shares in circulation	60,513,469	60,513,469
Liberation of reserves / appropriation to reserves	5,860,081	72,950,146
Utilisation of reserves - Reverse split	-	[2,455]
Total dividends	33,282,407	30,256,734
Dividend per share	\$ 550	500

Recognised dividends are in accordance with the bvc's distribution project, and differ from the \$30,999,175 disclosed in 2019 cash flow due to tax of \$2,283,172, and the \$30,256,677 in 2018. In addition, \$60 is pending payment to shareholders that do not have their current bank details registered with the company.

Other comprehensive income and first time adoption

Other Comprehensive Income		
Balance at 1 January 2018	\$	3,598,360
Deceval S.A.		(1,354,048)
Sophos Solution S.A.S (1)		(531,894)
Total 2018		(1,885,942)
Balance at 1 January 2019	\$	1,712,418
Deceval S.A.		(396,130)
Sophos Solution S.A.S		41,013
Bvc cash flow hedge loss		(22,232)
Subsidiary cash flow hedge loss		(19,582)
Total 2019		(396,931)
Balance at 31 December 2019	\$	1,315,487

1. Includes first time adoption items not reclassified to income for the period \$727,645 and foreign exchange components for foreign business conversion that will be reclassified to income \$195,751.

Shareholder General Assembly Act 33, 28 March 2019, approved first time adoption items as follows:

First time NCIF (Colombian IFRS) adoption		
Balance at 1 January 2018	\$	(310,964)
Realisation adjustments		-
Balance at 1 January 2019	\$	(310,964)
Realisation of net current value calculation equity tax (1)		2,850,441
Realisation of cost attributed to Bogotá and Medellín buildings, net of tax (2)		(877,910)
Realisation of actuarial calculation – net of tax (3)		552,249
Balance at 31 December 2019	\$	2,213,816

In accordance with CFS External Circular 036, 2014, Bolsa de Valores de Colombia S.A. carried out an analysis of recognised items in the NCIF convergence process with the objective of determining each item's realisation and making it available. Building realisation happens through usage and is not a realisation with third parties, so may not be distributed. This was agreed by Shareholder General Assembly Act 33, 28 March 2019.

The adjustment does not impact Bolsa de Valores de Colombia S.A. shareholder equity because it is a reclassification of equity concepts between first time adoption and accumulated profit accounts.

- [1] An equity tax obligation on 31 January 2011. The obligation was paid in full on 31 December 2014 and therefore the item has been fully realised.
- [2] The cost attributable to Bolsa de Valores de Colombia S.A. buildings. This item is considered realised through usage and so shall be realised during its useful life.
- [3] Employee benefit policy change means that this benefit no longer applies, and is considered realised because there are no outstanding obligations with third parties.

Footnote 20 – Operational income

	Years-ended 31 December	
	2019	2018
Equities (1)	\$ 15,477,398	14,892,526
Securities listing and maintenance	14,628,177	13,879,107
Information publications and subscriptions	10,996,227	10,344,728
Fixed-income (2)	9,828,850	10,653,668
Master trader (3)	5,455,922	1,318,807
Special operations (4)	5,162,096	6,086,115
Derivatives	3,036,297	3,562,788
EAS transactions	1,539,631	1,574,544
Terminals (5)	891,057	2,338,580
Education	657,144	898,975
Other ordinary income	622,606	652,687
Securities lending	53,238	50,766
Total	\$ 68,348,643	66,253,291

[1] Income grew due to the fee charged for OPAs as stated in section 6.5.1. of the bvc circular.

[2] Reduced trading volume, especially in TES.

(3) New bvc service launched in September 2018..

(4) Non-cyclical variation due to auction income. In 2019, a special operation for Cartón Colombia through Valores Bancolombia S.A. was worth \$309,378.

(5) Terminals fell due to the new Master Trader platform from September 2018.

Footnote 21 – Investment income

Concept	31 December	
	2019	2018
Financial income	\$ 369,319	414,110
Value increase tradable securities	265,081	113,579
Investment value increase (1)	34,518	169,019
Dividends and shares (2)	4,085	8,156
Total	\$ 673,003	704,864

(1) 2019 and 2018 investment value increases were as follows:

Class of security	31 December	
	2019	2018
Term deposit	\$ 32,710	151,556
TES	1,808	-
Public debt bonds	-	9,312
UVR (Real Value Unit) TIPS	-	8,151
Total	\$ 34,518	169,019

(2) Dividend income received in 2019 and 2018 was:

Dividends	31 December	
	2019	2018
XM Expertos Cia de Mercados	\$ 4,085	8,156
Total	\$ 4,085	8,156

Bolsa de Valores de Colombia S.A. share ownership of XM Expertos Cia de Mercados is 0.0674%.

Footnote 22 – Earnings and other income

	31 December	
	2019	2018
Other income (1)	\$ 679,491	752,205
Exchange rate differences (2)	563,897	1,060,345
Administrative services (3)	367,088	291,701
Leases	283,797	299,745
Recovery previous periods (4)	190,897	-
Government subsidies (5)	48,594	-
Recovery of accounts payable provisions	23,059	37,745
Profit from the sale of assets	10,098	45,000
Total	\$ 2,166,921	2,486,741

(1) Income from car parking, recovery of medical leave (\$349,736), and recovery of other contingency income from Sophos Solutions S.A.S (\$123,058).

(2) Variation due to exchange rate fluctuation on foreign currency assets and liabilities. In 2019 accounts were receivable in dollars from Bloomberg Finance L.P., Blackrock Institutional Trust, J.P. Morgan Chase & CO, and others. In addition, at 31 December 2019 and 2018 Bolsa de Valores de Colombia S.A. held foreign currency bank balances of USD\$909 and USD\$1,784 respectively. Corresponde a ingresos por conceptos de recobros a las filiales por servicios administrativos.

(3) Income from recharges to subsidiaries for administrative services.

(4) Recovery of unused provisions related to Crowe Horwatt (\$46,565), Asociación de Comisionistas de Bolsa (\$33,996), Ernest & Young S.A.S. (\$11,316), Valtec Digital (\$10,854), and others.

(5) Resources received from the Interamerican Development Bank for the A2censo project.

Footnote 23 – Expenses

	31 December	
	2019	2018
Employee expenses		
Salaries (1)	8,169,052	9,346,307
Wages	6,568,332	6,725,135
Bonuses (2)	2,415,010	4,648,825
Social security	1,890,140	2,100,044
Pension contributions	1,470,703	1,566,261
Employee benefits	1168,612	1,794,897
Parafiscal taxes	918,662	1,019,139
Health insurance contributions	509,226	564,487
Training	350,175	294,363
Overtime	77,272	51,849
Professional risk insurance	63,697	67,770
Life insurance	61,562	82,387
Illness	30,958	64,282
Uniforms	2,933	1,897
Nutritional subsidies	2,198	2,009
Transport subsidies	1,038	1,035
Total employee benefit expenses	23,699,570	28,330,687

(1) Fall due to bvc equity transfer to Deceval S.A.

(2) 2018 includes a redundancy payment of \$1,097,621. Variable remuneration of \$2,365,233 and \$3,390,569 was recognised in 2019 and 2018, respectively.

	31 December	
	2019	2018
Ordinary expenses		
Service and maintenance (1)	11,766,147	9,732,258
Fees (2)	9,436,965	10,970,238
Marketing and advertising	1,460,949	1,731,042
Taxes, duties and fees	1,431,407	1,304,844
Leases (3)	1,036,133	1,670,646
Contributions and memberships	822,582	939,618
Travel (4)	785,632	1,389,671
Other	605,509	644,620
Insurance	439,778	315,070
Debt impairment (5)	312,597	110,797
Public relations	185,066	191,934
Meetings and symposia	141,117	211,911
Administration and mediation services	138,246	140,738
Stationery, supplies and photocopies	44,564	32,627
Asset disposal	27,707	64,879
Installation and adaptation	14,371	99,911
Legal expenses	8,986	26,695
Total ordinary expenses	28,657,756	29,577,499

(1) In 2019 the following services were contracted: X-Stream platform maintenance for \$1,935,003, information screen maintenance for \$538,493, VMware renovation for \$285,520, and special connectivity from Comunicación Celular S.A. for \$516,267, among others. In 2018, adaptation maintenance services were contracted for premises.

- [2] In 2018, fees were paid for technical assistance from BME Bolsa y Mercados Españoles for \$2,089,921, Informática & Tecnología Stefanini for \$962,396, Accenture for \$624,814, Pricewaterhousecoopers for \$822,703, Sophos Solutions S.A.S. for \$725,577, and Jimenez Higuita Rodriguez for \$236,854, among others. In 2018, \$1,960,557 in fees was paid to Bain Company and Soluciones de Negocio Krea for bvc/deceval integration consultancy.
- [3] IFRS 16 implementation means that Piedragrande and Promotora La Enseñanza are recognised in depreciation and interest, generating a fall in operational leases. This entry includes operational leases, for example the datacentre lease.
- [4] Travel expense variation is due to a fall in demand; in 2018 we organised "bolsa millonaria" competition roadshows that were not held in 2019.
- [5] Debt impairment was realised from 31 December 2018 in accordance with established bvc policy.

At 31 December

Amortisation and depreciation expenses	2019	2018
Amortisation	3,793,319	2,884,598
Depreciation	3,210,373	2,493,541
Total amortisation and depreciation expenses	7,003,692	5,378,139

Footnote 24 – Other ordinary expenses

At 31 December

	2019	2018
Other expenses [1]	1,004,667	900,894
Donations	\$ 160,000	141,228
Total other ordinary expenses	\$ 1,164,667	1,042,122

[1] At 31 December 2019, \$347,272 of previous year expenses was recognised for 2018 variable remuneration paid in 2019. In addition, expenses provisions were recognised for unauthenticated credit card purchases, and non-deductible expenses of \$166,860, among others.

Footnote 25. Financial costs

Concept	At 31 December	
	2019	2018
Interest [1]	1,131,982	729,280
Exchange rate differences	\$ 628,804	483,459
Financial	271,012	278,821
Lease liability interest [2]	91,854	-
Income contingency interest	37,039	1,025,646
Sale of investments	-	1,212
Total	\$ 2,160,691	2,518,418

[1] Bank interest on the Banco de Bogotá (May 2018 acquisition) and Bancolombia (December 2019 acquisition) loans.

[2] IFRS 16 recognised financial lease interest from 1 January 2019.

[3] In 2019, payment was completed of Sophos Solutions S.A.S income contingency.

Footnote 26. Earnings per share

Basic earnings per share are calculated by dividing the profits to be distributed by the number of ordinary shares in circulation, excluding reacquired ordinary stock kept as treasury shares if it exists.

Concept	At 31 December 2019		At 31 December 2018
	\$	50,586,007	39,142,489
Net profit	\$ 60,513,469	60,513,469	60,513,469
Number of shares in circulation	\$ 835.95	835.95	646.89

Footnote 27. – Related parties

Accounts receivable, accounts payable, income and expenses::

Organisation	Relationship	At 31 December 2019		At 31 December 2019	
		Accounts receivable	Accounts payable	Income	Expenses
Derivex S.A. [1]	Joint venture	\$ 1,350,065	574	117,979	81,881
Deterioro Derivex	Joint venture	(1,101,780)	-	-	-
Set Icap FX S.A.	Joint venture	31,751	15,484	5,016,616	82,225
Set Icap Securities S.A.S	Joint venture	14,939	-	418,352	1,094
Sophos Solutions S.A.S [2]	Subsidiary	37,592	503,738	7144,597	3,488,516
deceval S.A. [3]	Subsidiary	173,024	66,653	25,414,955	119,249
Precia S.A.	Subsidiary	63,913	3,323	1,050,064	40,339
Invesbolsa S.A.S.	Subsidiary	-	-	1,350,799	-
BVC Plus S.A.S.	Subsidiary	-	-	4,660	-
BVCPro S.A.S.	Subsidiary	-	-	4,662	-
Inverbvc S.A.S.	Subsidiary	-	-	4,660	-
Cámaras de Riesgo Central de Contraparte de Colombia S.A.	Associate	22,031	-	2,253,798	4,184
Cámaras de Compensación de Divisas S.A.	Associate	-	-	839,287	-
Other [4]	Shareholders	500,000	5,567	-	-
Total		\$ 1,091,535	595,339	43,620,429	3,817,488
Organisation	Relationship	At 31 December 2019		At 31 December 2019	
		Accounts receivable	Accounts payable	Income	Expenses
Derivex S.A.	Joint venture	1,202,645	1,046	101,082	370,930
Deterioro Derivex	Joint venture	(1,101,780)	-	-	-
Set Icap FX S.A.	Joint venture	-	7,503	4,114,547	79,299
Set Icap Securities S.A.S.	Joint venture	21,381	-	270,340	935
Sophos Solutions	Subsidiary	33,306	555,008	4,558,416	1,202,901
deceval S.A.	Subsidiary	38,055	10,712	25,563,267	112,010
Precia S.A.	Subsidiary	98,495	3,469	851,894	48,005
Invesbolsa S.A.S.	Subsidiary	-	-	-	736,694
BVC Plus S.A.S.	Subsidiary	-	-	3,476	-
BVC Pro S.A.S.	Subsidiary	-	-	3,476	-
Inverbvc S.A.S.	Subsidiary	-	-	3,475	-
Cámaras de Riesgo Central de Contraparte de Colombia S.A.	Associate	130,215	-	2,803,478	4,278
Cámaras de Compensación de Divisas S.A.	Associate	-	-	727,532	-
Other	Shareholders	500,000	5,506	-	-
Total		\$ 922,317	583,244	39,000,984	2,555,052

- [1] In 2019, a financial sublease with Derivex S.A. was recognised for \$36,498 over 28 months. In September, a net current value adjustment was made of \$255, following an increase in the annual lease payment to Inversiones Piedragrande, and the account receivable was recalculated to \$35,261, of which \$4,871 had already been paid. The following table shows the detail over time:

Derivex sublease	Value
< 1 month	\$ 1,032
1-3 months	2,142
3-12 months	11,024
Total current	14,198
1-5 years	17,174
Total accounts receivable for right-of-use	\$ 31,372

- [2] To 31 December 2019 and 2018, \$7,105,525 and \$4,551,455, respectively, were recognised using the equity method.

- [3] In 2019, a financial sublease with Deceval S.A. was recognised for \$156,729 over 35 months. In September de 2019 a net current value adjustment was made of \$741, following an increase in the annual lease payment to Inversiones Piedragrande, and the account receivable was recalculated to \$123,425, of which \$48,927 had already been paid. The following table shows the detail over time:

Deceval sublease	Value
< 1 month	\$ 4,146
1-3 months	8,422
3-12 months	40,124
Total current	52,692
1-5 years	54,369
Total account receivable for right-of-use	\$ 107,061

The income variation corresponds principally to equity method recognition of \$25,161,682 for the period.

- [4] Other includes accounts receivable from key personnel; in June 2018, a loan of \$500,000 was made to the bvc President, to be paid over 5 years with a portfolio year-end rate of return. To 30 September 2019, previous year dividends payable were \$5,567.

Key personnel payments

Concept	At 31 December	
	2019	2018
Key personnel payments (President, Vice Presidents, Managers)	\$ 817,1847	\$ 775,633
Board of Director fees	994,725	966,000
Total	\$ 9,166,572	\$ 8,722,333

Footnote 28 – Income Tax

In accordance with current fiscal legislation, the company pays income and supplemental tax. In 2018 and 2019, the applicable rate was 33%, plus a 4% surtax. The surtax is applicable when the tax base rises above COP\$800 million. In 2019, constitutional court ruling C-510, 29 October, made the surtax for financial institutions unenforceable. The ruling came into effect immediately and therefore we estimate a 33% basic rate for 2019. In addition, a 10% rate is applied to capital gains. The income tax base may not be lower than 1.5% of liquid equity on the last day of the previous period (presumptive income).

Law 1819, 2016, Article 22, states that from 2017, recognition and measuring systems will be used to determine income and supplemental taxes on the value of assets, liabilities, equity, income, costs and expenses, in accordance with current Colombian technical legislative frameworks, whether tax law expressly refers to them or not. In any case, tax law may expressly require different treatment, as stated in article 4, law 1314, 2009.

In addition:

- i.) Income tax declarations from 2017 and 2018 are open to revision by the tax authorities. No extra tax is foreseen should an inspection occur.
- ii.) The following table details tax losses at 31 December 20:

Year of origin	Tax loss	Tax loss offset for up to 12 years
2018	1,529,633	1,529,633
Total	1,529,633	1,529,633

Tax losses from 2017, 2018 and 2019 may be used to offset profits for the following 12 years.

- iii.) The following table details excess presumptive income 1 to 31 December 2019:

Year of origin	Excess presumptive	Subject to offset from 2017
2018	2,106,919	-
Total	2,106,919	-

Excess presumptive income may be offset against ordinary income for up to 5 years from its occurrence.

Tax returns filed from 2016 onwards become final after 3 years. The term for finalising 2018's tax return shall be 6 years in the case of tax offset. Returns that generate tax losses to 2018 will become final after 12 years.

Modifications introduced by Law 2010, 2019, state that finalisation of tax returns determining or offsetting tax losses, or that are subject to transfer pricing, is reduced to 5 years

iv.) For tax year 2019, the company made use of the tax benefit mentioned in article 158-1 of the tax code for investment in research, technological development or innovation, and incorporated a non-accounting tax deduction for \$3,317,323 and a tax discount for \$219,413.

The unused tax discounts of \$1,295,612 for this concept in 2018, and \$1,659,261 in 2019, may be used by the company during the following 4 tax years.

Reconciliating the effective rate

In accordance with IAS 12, paragraph 81, subsection (c), the following is a breakdown of the reconciliation between the company's total income tax expenses for 2019 and 2018 at current rates, and the tax expenses recorded for the respective year.

	2019		2018	
	Amount	Rate	Amount	Rate
Income	50,586,007		39,142,489	
Total income tax expenses	143,516	[0,28%]	1,815,213	4,43%
Pre-tax income	50,442,491	100,00%	40,957,702	100,00%
Income tax at the company's domestic rate	16,646,022	33,00%	15,154,350	37,00%
Equity method income	(13,840,299)	(27,44%)	(14,193,078)	(34,65%)
Surtax base	-	0,00%	(32,000)	(0,08%)
Non-deductible expenses	1130,458	2,24%	1,436,702	3,51%
Interest and other non-taxable income	(7,609)	0,02%	-	0,00%
Other concepts	300,052	0,59%	11,136	0,03%
Tax discount	(560,001)	(1,11%)	(177,003)	(0,43%)
Pending science and technology tax discount	(1,439,848)	(2,85%)	-	0,00%
Previous period adjustment to current taxes	(11,091)	(0,02%)	228,109	0,56%
Rate variation on deferred tax	(846,174)	(1,68%)	(613,003)	(1,50%)
Changes to previous year deferred tax estimate	(1,515,026)	(3,00%)	-	0,00%
Total income tax expenses	(143,516)	[0,28%]	1,815,213	4,43%

Recognised income and complementary tax:

2019 2018

Income tax expenses

Current period	477656	584.828
Previous period adjustment	(11,091)	228.111
Subtotal current tax	466,565	812.939

Deferred tax expenses

Origination and reversal of timing differences	904.945	1.002.274
Changes to previous year deferred tax estimate	(1.515.026)	-
Subtotal deferred tax	(610.081)	1.002.274
Total income tax expenses	(143.516)	1.815.213

No taxes that shall be directly recognised in shareholder equity nor in other comprehensive income.

Deferred tax

Differences between asset and liability book values and their tax bases give rise to the following timing differences generated by deferred, calculated and registered taxes for the periods ending 31 December 2019 and 2018, based on applicable tax rates in the years the timing differences will be reversed.

	Balance 1 January 2018	Effect on income	Balance 31 December 2018	Effect on income	Balance 31 December 2019
Deferred tax asset					
Intangibles	3,752	(3,752)	0	10,237	10,237
Other assets	18,092	417,243	435,335	90,303	525,638
Provisions	67,873	(5,927)	61,905	94,221	156,126
Property, plant and equipment	297,125	(77,045)	220,080	(132,904)	87,176
Leases	0	0	0	7,755	7,755
Investments	0	470	470	(470)	0
Employee benefits	924,926	(924,926)	0	0	0
Provisions for indemnity payments	0	282,720	282,720	(282,720)	0
Exchange rate differences	0	38,865	38,863	7,352	46,215
Excess presumptive income	0	675,831	675,831	(43,755)	632,076
Tax losses	0	359,653	359,653	99,237	458,890
Usable tax discounts	0	0	0	2,954,874	2,954,874
ICA payable (taken as a tax discount)	0	0	0	84,105	84,105
Subtotal	1,311,727	763,130	2,074,857	2,888,235	4,963,092
Deferred tax liability					
Investments	(649,329)	233,849	(415,480)	231,178	[184,302]
Deposits received	[67,386]	67,386	0	0	0
Provisions	[8,828]	8,828	0	0	0
Intangibles	(118,018)	101,570	(16,448)	(3,105,095)	(3,121,543)
Property, plant and equipment	(2,951,671)	249,717	(2,701,954)	(4,367)	(2,706,321)
Investment projects	0	(1,404,838)	(104,838)	1,404,838	0
Exchange rate differences	0	(211,769)	(211,769)	190,486	(21,283)
Commercial credit	(2,035,566)	(810,147)	(2,845,713)	(995,194)	(3,840,907)
Subtotal	(5,830,798)	(1,765,404)	(7,596,202)	(2,278,154)	(9,874,356)
Net total	(4,519,071)	(1,002,274)	(5,521,345)	610,081	(4,911,264)

In accordance with current Colombian tax legislation, neither dividend distribution nor profit retention shall affect the income tax rate.

In compliance with IAS 12, the company did not register deferred tax liabilities related to timing differences on investments in subsidiaries, principally for concepts related to non-distributed profits and tax readjustments on investments. This is because: i) The company controls its subsidiaries and therefore decides on reversals related to timing differences; and ii) the Company does not anticipate doing so in the medium-term and, even if this decision changes, the operation would not be taxable. Therefore, it is not probable that these timing differences will be reversed for the foreseeable future. At 31 December 2019 and 2018, timing differences for the indicated items were \$364.478.756 and \$ 345.789.390, respectively.

Uncertainty on open tax positions (3)

On 7 June 2017, IASB issued IFRIC 23 Uncertainty over income tax treatments, clarifying how to determine tax earnings or losses, tax bases, unused tax losses, unused tax credits, and tax rates.

IFRIC 23 requires disclosure of accounting uncertainty in current and deferred taxes when it is unlikely the tax authorities will accept a negative treatment, and it is therefore probable that the company will receive or pay the amounts related to the uncertain negative treatment.

At 31 December 2019 and 2018 the company has no tax uncertainty that generates a provision, and the income and complementary tax process is regulated by the current tax framework. Therefore, there is no risk of additional tax obligations.

Finally, in compliance with IAS 12, paragraph 82, the company has current financial projections that support the complete recoverability of deferred tax assets related to 2018 and 2019.

Realisation of deferred tax assets

We hope to continue to generate taxable liquid assets in future periods, against which we can recover deferred tax assets. Future tax income is based on projected company operations, and it is hoped that the positive tendency will continue.

The estimates contained in the financial projections are the base for recovering deferred tax assets on tax discounts to be offset against future tax income.

³ In June 2017 IASB issued IFRIC 23, effective internationally from 1 January 2019. Colombia issued Decree 2270 on 13 December 2019 with an updated technical annex on Group 1 IFRS norms, effective from 1 January 2020. The decree compiled the norms to date and added IFRIC 23. The technical annex does not refer to 01/01/19, but rather to 01/01/20, as defined in Items 1 and 2, Article 7 of the decree.

Economic Growth Law – (Tax reform)

Law 1943, 2018, modified Colombian tax law and gradually reduces income tax rates, it also gradually reduces presumptive income fees until they are finally eliminated in 2021, among other varied reforms.

Given the unenforceability of Law 1943 from 1 January 2020, the Government issued Law 2010 on 27 December 2019, known as the Economic Growth Law, that ratifies the essential growth components of Law 1943, 2018, and introduces some modifications, as follows:

- For tax year 2019, the applicable income tax rate is 33%. The rates determined by Law 1943, 2018, are maintained: 2020 – 32%, 2021 – 31%, 2022 onwards – 30%.
- The presumptive income fee will fall to 0.5% in 2020 and 0% from 2021 onwards.
- All taxes, rates and contributions paid in the tax year that are related to income generation are deductible (except income tax); 50% of the financial transaction tax is deductible, regardless of whether it is income generating or not.
- 50% of the commerce and industry tax may be treated as a tax discount on income tax in the tax year it is paid and according to its relationship with economic activity. From 2022, it may be fully discounted.
- Continued tax discounts are (i) VAT paid on importing, forming, constructing or acquiring real productive fixed-assets, including the services necessary for their construction and implementation; this discount may only be used by VAT registered organisations. (ii) Commerce and industry tax, as detailed above.
- The following modifications were made to the tax on dividends:
 - The rate was increased to 10% for non-taxable dividends paid to foreign companies and organisations, non-resident individuals and permanent establishments.
 - A 10% marginal rate will be applied to dividends in excess of 300 UVT (tax value units) paid to resident individuals and domestic estates in probate.
 - The taxable dividend rate was amended as follows: (i) 2019 - 33%, 2020 – 32%, 2021 – 31%, 2022 onwards – 30%; and (ii) the remainder will be taxed at the non-taxable rate in accordance with the recipient (individuals and estates in probate as stated above, all other cases 7.5%).
 - No changes were made to the income tax regime for first-time dividend payments to domestic companies, that are transferrable to resident individuals or non-resident investors at a rate of 7.5%.
 - 2016 and prior dividends conserve their treatment. Dividends corresponding to 2017, 2018 and 2019 that are paid from 2020 onwards will be subject to the rates mentioned above

- The Economic Growth Law states that taxpayers can use the "tax for works" mechanism to offset their tax obligations, as mentioned in article 238, Law 1819, 2016, or they can use the direct investment convention established in article 800-1 of the tax code.
- The Economic Growth Law establishes that tax returns determining or offsetting tax losses will become final after 5 years.
- Corrections that increase tax payable or decrease a tax rebate may now be made up to 3 years after the tax declaration is submitted, where as before the time limit was two years.

The right to audit is granted to 2020 and 2021 income tax declarations, for which a net tax increase is required with respect to the previous year so that the return may be finalised in 6 months (30%) or 12 months (20%), as stated in Law 1943, 2018 for tax years 2019 and 2020. The conditions of Law 1943, 2018 with regards to the right to audit give benefits to taxpayers that have accessed this right for tax year 2019.

Footnote 29 – Right-of-use leases

As part of the transition to IFRS 16, Bolsa de Valores de Colombia S.A. recognised right-of-use assets at 1 January 2019, and accounts receivable for financial subleases and lease liabilities.

The impact of the transition is summarised below:

Right-of-use assets	1 January 2019	Adjustment (1)	Additions and/or movements	31 December 2019
+ Initial recognition	\$ 473,722	588,278	(40,446)	1,021,554
- Depreciation	-	1,287	(472,554)	(471,267)
Net total	\$ 473,722	589,565	(513,000)	550,287
Right-of-use financial obligations				
+ Initial recognition	\$ 473,722	588,278	151,786	1,213,786
- Capital amortisation	-	5,523	(505,573)	(500,050)
Net total	\$ 473,722	593,801	(353,787)	713,736
Expenses on interest and depreciation				
Right-of-use interest	\$ -	5,523	86,331	91,854
Right-of-use depreciation	-	(1,287)	472,554	471,267
Total expenses	\$ -	4,236	558,885	563,121

- In April 2019, rates were adjusted in accordance with contractual obligations:

Interest rate

Initial recognition	5.33%
Adjustment recognition	
Inversiones Piedra Grande S.A.S	8,07%

Promotora La Enseñanza S.A.

11,15%

Bolsa de Valores de Colombia S.A. changed the discount rate used in initial recognition because the 5.33% rate is for active debt portfolio positions. Therefore, in accordance with IFRS 16 guidelines, an incremental loan (liability) rate was adopted.

The Piedragrande contract recognised value was adjusted, and 35 month terms were adopted. In September 2019, the Piedragrande annual lease value increased, hence the recalculated net current value and adjustment to the recognised financial obligation.

	Amount	Net current value	Financial liability	Contract duration (months)	Effective rate
Promotora La Enseñanza S.A.	15,335	173,866	173,866	12	11,15%
Inversiones Piedragrande S.A.S	35,034	1,039,919	1,039,919	27	8,07%

Deceval S.A. sublease

Bolsa de Valores de Colombia S.A. subleases to Deceval S.A. an area for which Deceval pays a monthly rent, destined exclusively to the AOC (Alternative Operations Centre).

In view of the fact that the Piedragrande S.A.S. lease is determined to be an IFRS 16 right-of-use asset, Deceval will pay for the sublease as follows:

Total area leased from Piedragrande S.A.S.: 628.79 m²

Total area subleased to Deceval S.A.: 93.66 m²

% of underlying asset subleased: 15%

Deceval sublease**31 December 2019**

+ Initial recognition	\$	156,729
- Net current value adjustment to lease payment		(742)
- Recognition of capital lease income		(48,926)
Total sublease	\$	107,061
Interest and lease income		
Financial lease interest	\$	(12,254)
Lease income		(43,691)
Total interest and sublease income	\$	(55,945)

Derivex S.A. sublease

Bolsa de Valores de Colombia S.A. subleased to Derivex S.A. an area destined exclusively to the Derivex office.

In view of the fact that the Piedragrande S.A.S. lease is determined to be an IFRS 16 right-of-use asset, Derivex will pay for the sublease as follows:

Total area leased from Piedragrande S.A.S.: 628.79 m²

Total area subleased to Derivex S.A.: 32.30 m²

% of underlying asset subleased: 5.14%

Derivex sublease**31 December 2019**

+ Initial recognition	\$	36,498
- Net current value adjustment to lease payment		(254)
- Recognition of capital lease income		(4,872)
Total sublease	\$	31,372
Interest and lease income		
Financial lease interest	\$	(4,045)
Lease income		(811)
Total interest and sublease income	\$	(4,856)

Footnote 30 – Commitments and contingencies

Possible contingencies at 31 December 2019:

Process	Plaintiff	Objective	Status	Value or fine	Probability of loss
Direct compensation	Carlos Juri Feghali	The plaintiff alleges that CFS, AMV and bvc are materially and administratively responsible for his economic losses related to an investment in INTERBOLSA S.A., on 18 October 2012, because they allegedly omitted to inspect, monitor and control legal and constitutional precepts and norms.	On 30 January 2019, the judge issued a second instance ruling that confirmed and revoked the first hearing's ruling, and set a new hearing for 9 August 2019. During this hearing, a date of 1 October 2020 was set to hear testimony from Celso Guevara and Susana Gómez.	\$232,000 (initial claim)	Remote
Class action	Jorge Enrique Robledo y otros	A class action related to a sale of ISAGÉN shares that was managed by la Bolsa.	The court ruled against an impleader. La Bolsa's lawyer appealed the court's decision. The court ruled against the appeal. At the start of 2018, ISAGÉN S.A. E.S.P requested succession to BRE COLOMBIAN INVESMENST L.P., and a response is pending.	TBD	Remote
Environmental Sanction	Secretaría Distrital de Ambiente (Local Environment Secretary)	An apparent breach of environmental law related to the bvc sign at the Calle 72 building being installed without the relevant permission from the Local Environment Secretary, in contravention of art. 5, resolution 931, 2008.	In July 2018 a memorandum was submitted requesting cessation of this environmental process. It has yet to be answered by the authorities. On 22-08-2019, 3 signs were registered with validity to 21-08-2023, offsetting the environmental infraction. This will be presented in the case as having resolved the situation, to avoid or minimise the value of any fine.	TBD	High probability of unfavourable outcome. Potential fine of between 40 and 300 legal monthly minimum salaries*

Footnote 32 – Events after the reporting period

On 6 February 2020, Bolsa de Valores de Colombia S.A. acquired \$7,275,403 of shares in Cámara de Riesgo Central de Contraparte de Colombia S.A., as follows:

Previous shareholding		Shares acquired		Current shareholding	
Number of shares	Share ownership %	Number of shares	Share ownership %	Number of shares	Share ownership %
13,173,209,671	32,6338%	2,425,234,495	6,0077%	15,598,344,166	38,6415%
13,173,209,671	32,6338%	2,425,234,495	6,0077%	15,598,344,166	38,6415%

Footnote 33 – Approval of the financial information

On 26 February 2020, in Act 272, the board of directors approved the publication and presentation to shareholders of these financial statements for the year ending 31 December 2019.

26 February 2020

Bolsa de Valores de Colombia S.A. Shareholders,

The undersigned Bolsa de Valores de Colombia S.A. (henceforth the "Company") legal representative and accountant certify that the Company's financial statements for the year ending 31 December 2019 are a faithful reproduction of the books and that, before making them available to you and others, we have verified the following:

- a.All assets and liabilities included in the Company's financial statements for the year ending 31 December 2019 exist, and all transactions included in the statements were completed during the year.
- b.All economic events realised by the Company in the year ending 31 December 2019 have been recognised in the financial statements.
- c.The assets represent probable future economic benefits (rights), and the liabilities represent probable future economic sacrifices (obligations), obtained by or the responsibility of the Company to 31 December 2019.
- d.All items have been recognised at their fair values in accordance with International Financial Reporting Standards (IFRS) principles.
- e.All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.



Diego Javier Fernández Perdomo
Legal Representative(*)



Nancy Fuquen Tocarruncho
Accountant (*)
T.P. No. 75520 - T
For: PricewaterhouseCoopers
Asesores Gerenciales Ltda.

Consolidated financial statements





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INDEPENDENT AUDITOR'S REPORT
(Free translation of the report previously issued in Spanish)

To the Shareholders
Bolsa de Valores de Colombia S.A.:

Report on the Audit of the Consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bolsa de Valores de Colombia S.A. and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31st, 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and their respective notes, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, the financial position of the Group as at December 31st, 2019, the financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards, except for the application of IFRS 16 - Leases that became effective as at January 1, 2019.

Basis for the Auditor's opinion

We conducted our audit in accordance with the International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated financial statements" section of my report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia along with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements, and we have fulfilled my other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in my professional judgment, were of the utmost importance in our audit of the current period consolidated financial statements. These matters were addressed in the context of my audit of the consolidated financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on these matters.

Assessment of the impairment of goodwill and intangible assets generated as a result of the acquisition of Depósito Centralizado de Valores de Colombia S.A. and Sophos Solutions S.A.S. (See note 17 of the consolidated financial statements)	
Key Audit Matter	How it was addressed in the audit
The Group's consolidated statement of financial position includes the recognition of an intangible and a goodwill of \$ 241,700 million and 88,872 million, respectively, as a result of the acquisition of Compañía Depósito Centralizado de Valores de Colombia S.A. and a goodwill of \$ 21,613 million generated in the acquisition of the company Sophos Solutions S.A.S., the two transactions carried out in previous years.	Our audit procedures to assess the impairment of goodwill and intangible assets generated as part of the acquisition of the Deceval and Sophos businesses included, among others, the following:
In accordance with the applicable financial reporting regulatory framework, an impairment of the intangible asset with indefinite useful life is required, at least once a year.	1. Engagement of professionals with experience and knowledge in valuation to evaluate certain internal controls related to the Group process for the determination of the assumptions included in the calculation of the recoverable value. This included controls associated with 1) validation of the methodology used to calculate the recoverable value of goodwill and intangible assets by the Company, 2) approval of the calculation of recoverable value by Group Management and 3) evaluation of significant changes in the assumptions used to calculate the recoverable value from one year to another, if any.
The foregoing represents a key audit matter due to: 1) the materiality of the amounts, 2) the uncertainty inherent in the application by the Group of judgments, complex estimates and the degree of subjectivity related to aspects such as the expected evolution of business and applied rates to discount free cash flows and discount rates and 3) significant judgment and audit effort to evaluate the evidence of cash flow models, input data and assumptions, as well as the use of professionals with industry experience and specialized valuation knowledge.	2. Comparison, with the support of valuation professionals, of the key assumptions used by the Group in the calculation of free cash flows, with information obtained from external sources regarding key elements such as projected economic growth, inflation and the tax rate.
	3. Comparison of the assumptions used in the projections of previous years with the actual data, considering the potential risk of bias by the Group.



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Assessment of the impairment of goodwill and intangible assets generated as a result of the acquisition of Depósito Centralizado de Valores de Colombia S.A. and Sophos Solutions S.A.S. (See note 17 of the consolidated financial statements)

Key Audit Matter	How it was addressed in the audit
	<p>4. Evaluation, with the support of professionals with experience and knowledge in valuation, of the key variables and the methodology adopted by the Group in its annual impairment test, with reference to the requirements established in the applicable regulatory framework and additionally to carry out an independent sensitivity analysis with respect to the key assumptions with greater estimation uncertainty in the cash flow model.</p> <p>5. Recalculation of income statement projections, free cash flows, discount rates and net present value, by valuation professionals.</p> <p>6. Assessment of the appropriateness of the disclosures included in the consolidated financial statements in relation to the main assumptions used in the projections of cash flows and sensitivity of the result.</p>

Other matters

The consolidated financial statements of Bolsa de Valores de Colombia S.A. and its Subsidiaries as of December 31st, 2018 are exclusively presented for comparative purposes. Those consolidated financial statements were audited by me, on which we expressed our unmodified opinion on February 20th, 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining the internal control that Management considers necessary to allow the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; as well as making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our



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auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a confirmation that we have met the relevant ethical requirements for independence and that we have communicated to them all relationships and other matters that can reasonably be considered to influence our independence and, where applicable, related safeguards.

Based on the matters communicated with those charged with governance, we determine the matters that were of the greatest importance in the audit of the consolidated financial statements for the current period and, therefore, are the key audit matters. we describe these matters in our Auditor's report unless the law or regulation prevents public disclosure of the matter or when, in extremely exceptional circumstances, we determine that a matter should not be reported in our report because the adverse consequences of doing so would be reasonably greater than the public interest benefits of such communication.

Bolsa de Valores de Colombia S.A. and Subsidiaries. Consolidated Financial Statements

(COP\$ thousand)

	Footnote		At 31 December 2019	At 31 December 2018
Assets				
Current assets				
Cash and cash equivalents	12	\$	34,545,179	31,194,969
Financial assets - investments	13		24,692,915	23,608,001
Accounts receivable from related parties	40		325,335	274,182
Net trade and other accounts receivable	14		48,868,415	40,134,353
Net current tax assets	39		973,032	4,778,264
			109,404,876	99,989,769
Noncurrent assets				
Noncurrent financial assets - investments	13		2,625,868	2,115,941
Other non-financial assets	15		8,954,638	6,098,052
Investments in associates and joint ventures	16		45,354,603	43,144,810
Capital gains	17		110,485,088	110,485,088
Intangible assets other than capital gains	18		290,029,338	279,133,529
Property, plant, equipment and right-of-use	19		57,664,001	54,251,171
Deferred tax assets	39		555,184	800,712
			515,668,720	496,029,303
Total assets		\$	625,073,596	596,019,072
Liabilities and Shareholder Equity				
Current liabilities				
Financial obligations	20	\$	11,228,688	7,151,631
Financial liabilities - derivatives	21		-	279,468
Employee benefits	23		14,259,994	12,242,030
Trade and other accounts payable	24		22,467,980	16,133,083
Current tax liabilities	39		987,009	1,080,199
Accounts payable to related parties	40		25,048	40,154
Other non-financial liabilities	25		11,125,853	7,524,474
Prepaid income	26		1,985,849	980,946
			62,080,421	45,431,985
Noncurrent liabilities				
Financial obligations	20		14,426,421	16,240,554
Estimated liabilities and provisions	27		3,230,470	8,734,269
Deferred tax liabilities	39		36,219,268	36,765,554
Other liabilities	28		1,354,997	1,348,294
			55,231,156	63,088,671
Total liabilities			117,311,577	108,520,656
Shareholder equity	29			
Subscribed and paid-up capital			30,256,734	30,256,734
Cash surplus			298,397,252	298,397,252
Reserves			134,316,249	124,737,733
Net profit			51,448,005	39,241,317
Retained profit			(7,985,364)	(1,448,562)
Other equity and other comprehensive income			(13,131,371)	(13,141,301)
IFRS first time adoption			886,489	(1,638,291)
Assets attributable to the parent company's owners			494,187,988	476,404,882
Non-controlling interests			13,574,031	11,093,534
Total equity			507,762,019	487,498,416
Total liabilities and equity		\$	625,073,596	596,019,072



Diego Javier Fernández Perdomo
Legal Representative (*)

The footnotes are an integral part of the consolidated financial statements.

(*) We, the undersigned Legal Representative and Public Accountant, hereby certify that we have verified the contents of these consolidated financial statements, and that they are a faithful reproduction of the company accounts (certification attached).

Bolsa de Valores de Colombia S.A. and Subsidiaries. Consolidated Financial Statements and Other Comprehensive Income

(COP\$ thousand, except net income per share)

	At 31 December 2019	At 31 December 2018
Income		
Operating income	30	274,641,250
Investment income	31	3,104,217
Earnings and other income	32	2,786,012
		280,531,479
Expenses		
Ordinary expenses	33	(74,621,484)
Employee expenses	34	(59,651,975)
Depreciation and amortisation	35	(15,069,019)
Other ordinary expenses	36	(55,018,020)
Other expenses		(178,374)
		(204,538,872)
Operating profit		
Equity method profit, associate companies and/or joint ventures	16	8,538,057
Equity method loss, associate companies and/or joint ventures	16	(75,411)
Profit or loss, capital fund value	37	265,081
Finance charges		(5,199,589)
		79,520,745
Pre-tax profit		
Income tax	39	(21,562,012)
		57,958,733
Net profit		
Earnings attributable to:		
Parent company's owners		51,448,005
Non-controlling interests		6,510,728
Profit		
Shares in circulation		57,958,733
Net earnings per share		
Other comprehensive results		
Net profit		
Other comprehensive income components not reported as income	16	
Equity method investments		-
Other changes to other comprehensive income		-
Other comprehensive income components that will be reported as income	29	
Cash flow hedges		(42,852)
Pre-tax income (loss) from exchange rate conversion		97,120
Other comprehensive income (pre-tax)		54,268
Total income and other comprehensive income		58,013,001
Final comprehensive results attributable to:		
Parent company's owners		51,457,929
Non-controlling interests		6,555,072
Total income and other comprehensive income		58,013,001



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Bolsa de Valores de Colombia S.A. and Subsidiaries. Changes to Consolidated Shareholder Equity

(COP\$ thousand, except net income per share). Years ended 31 December 2019 and 2018.

	Footnote	Subscribed and paid-up capital	Cash surplus	Legal reserves	Voluntary reserves	Total reserves	Net annual profit and retained profit	First time adoption	Other equity shares, other comprehensive income	Total attributable to parent company's owners	Non-controlling interests	Total shareholder equity
Balance At 1 January 2018		\$ 30,256,854	298,397,252	9,371,547	39,548,179	48,919,726	103,564,513	[1,638,291]	4,083,469	483,583,523	13,634,133	497,217,656
Appropriation and release of reserves	29	—	—	10,336,030	65,481,977	75,818,007	(74,753,767)	—	—	1,064,240	—	1,064,240
Act 31, 22 March 2018 – Dividend distribution of \$500 per share x 60,513,469 shares	29	—	—	—	—	—	(30,256,734)	—	—	(30,256,734)	(3,127,575)	(33,384,309)
Annual income	—	—	—	—	—	—	39,241,317	—	—	39,241,317	5,413,294	44,654,611
Total other comprehensive income	—	—	—	—	—	—	—	—	(338,612)	(338,612)	—	(338,612)
Effect of converting other comprehensive income	—	—	—	—	—	—	—	—	195,751	195,751	165,500	361,251
Share premium	29	—	—	—	—	—	—	—	(17,081,909)	(17,081,909)	—	(17,081,909)
Reverse Split	29	(120)	—	—	—	—	(2,574)	—	—	(2,694)	—	(2,694)
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	(4,991,818)	(4,991,818)
Balance 31 December 2018		\$ 30,256,734	298,397,252	19,707,577	105,030,156	124,737,733	37,792,755	(1,638,291)	(13,141,301)	476,404,882	11,093,534	487,498,416
Balance At 1 January 2019		\$ 30,256,734	298,397,252	19,707,577	105,030,156	124,737,733	37,792,755	(1,638,291)	(13,141,301)	476,404,882	11,093,534	487,498,416
Appropriation and release of reserves	29	—	—	109,058	9,469,458	9,578,516	(9,578,516)	—	—	—	—	—
Act 33, 28 March 2019 – Dividend distribution of \$550 per share x 60,513,469 shares	29	—	—	—	—	—	(33,282,407)	—	—	(33,282,407)	(4,074,850)	(37,357,257)
Annual income	—	—	—	—	—	—	51,448,005	—	—	51,448,005	6,510,728	57,958,733
Total other comprehensive income	—	—	—	—	—	—	(392,416)	—	—	(392,416)	—	(392,416)
Effect of converting other comprehensive income	—	—	—	—	—	—	—	—	(42,852)	(42,852)	—	(42,852)
Share premium	29	—	—	—	—	—	(2,524,780)	2,524,780	—	—	—	—
Reverse Split	—	—	—	—	—	—	—	—	52,776	52,776	44,344	97,120
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	275	275
Balance 31 December 2019		\$ 30,256,734	298,397,252	19,816,635	114,499,614	134,316,249	43,462,641	886,489	(13,131,377)	494,187,988	13,574,031	507,762,019

The footnotes are an integral part of the consolidated financial statements.



Diego Javier Fernández Perdomo
Legal Representative (*)

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Bolsa de Valores de Colombia S.A. and Subsidiaries. Consolidated Cash Flow

(COP\$ thousand)

	Footnote	At 31 December	
		2019	2018
Operational cash flow			
Operational income			
Income from the sale of goods and services	\$	326,089,607	284,627,465
Other operational income		240,062	457,924
Operational expenses			
(-) Goods and services		(97,839,219)	(86,585,340)
(-) Operational taxes		(64,086,519)	[50,528,908]
(-) Employees		(112,273,792)	(103,876,991)
(-) Other operational activities		(695,491)	(494,200)
(-) Interest on financial leases	41	(344,604)	-
Interest received from financial subleasing		4,047	-
Interest received		1,066,982	751,383
(-) Income tax		(4,628,102)	(15,560,113)
Other cash flow (government subsidies)		48,542	-
Other cash expenses		(784,063)	(310,458)
Net operational cash flow		46,797,450	28,480,762
Investment cash flow			
(-) Other payments for joint venture participation		-	(300,000)
(-) Other contingent payments		(5,311,928)	-
Sale of property, plant and equipment		-	1,600,000
(-) Property, plant and equipment purchases	19	(5,060,546)	(3,723,992)
(-) Intangible asset purchases	18	(2,585,750)	(6,833,492)
(-) Future, term, option and swap contract charges		(521,434)	-
(-) Paid interest		(37,039)	-
Received interest		501	136,685
Received dividends	16	5,353,698	4,946,417
Other portfolio cash income		4,370,667	11,125,823
Other cash expenses on hedge collateral		(9,700)	-
Net utilised investment cash flow		(3,801,531)	6,951,441
Financing cash flow			
(-) Other payments to acquire equity or debt instruments from other organisations		-	(21,446,912)
Amount from loans	20	5,000,000	26,027,338
(-) Loan payments		(6,494,786)	(5,131,808)
(-) Financial lease liabilities		(1,791,940)	(482,226)
Income from financial subleases		4,871	-
(-) Dividend payments	29	(34,584,788)	(33,384,253)
(-) Interest payments		(1,511,471)	(394,365)
Other cash income		-	3,672
Net financing cash flow		(39,378,114)	(34,808,554)
Net cash and cash equivalents increase		3,617,805	623,649
Effect of exchange rate variations on cash and cash equivalents		(267,595)	804,481
Net cash and cash equivalent increase		3,350,210	1,428,130
Cash and cash equivalent balance at start of year		31,194,969	29,766,839
Cash and cash equivalent balance at year-end	\$	34,545,179	31,194,969



Diego Javier Fernández Perdomo

Legal Representative (*)

The footnotes are an integral part of the consolidated financial statements.

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Bolsa de Valores de Colombia S.A. and Subsidiaries, footnotes to the financial statements

31 December 2019 and 2018 (COP\$ thousand, unless stated otherwise)

Footnote 1 – Reporting organisation

Bolsa de Valores de Colombia S.A. was incorporated through public deed No.1234, 17 April 2001 (valid to 2051) at Notary Public 4, Bogota D.C., using the corporate name Servicios Integrados Bursátiles S.A. On 27 June 2001, its name was changed through public deed No. 2697. Its business purpose is organising, regulating, administering and operating commercial establishments dedicated to conducting all types of business related to all classes of securities and goods susceptible to market transactions, in accordance with legal and legislative precepts regulating securities' exchange activities.

At 31 December 2019 and 2018, **bvc** Group had 1784 and 1285 employees, respectively, and **bvc** had 235 and 228 employees.

bvc is controlled and monitored by the Colombian Financial Superintendence. The company is headquartered in Bogota D.C., and has offices in Medellin and Cali.

Bolsa de Valores de Colombia S.A., as authorised by shareholders on 11 December 2006, listed shares on the National Securities Registry and Bolsa de Valores de Colombia S.A. (self-listing) on 22 June 2007, and trading began on 28 June 2007.

1.1 bvc Group companies

The group is headquartered in Colombia. The consolidated financial statements At 31 December 2019 and 2018 include Bolsa de Valores de Colombia S.A. and its subsidiary companies. There follows a description of **bvc** Group subsidiary companies, their business purpose and **bvc**'s respective level of direct or indirect equity participation.

Depósito Centralizado de Valores de Colombia S.A. – deceval

Custody, administration, registration, clearing and settlement of **bvc** trades through a secure, high-technology computerised system that mitigates the risk of physically handling transfers, registrations and equity rights. At 31 December 2017, **bvc** owned 94.71% of the shares. In 2018, **bvc** acquired the remaining 5.29% of the shares from Bancolombia S.A., and now has 94.96% direct and 5.04% indirect share ownership.

sophos Solutions S.A.S.

Consultancy services, banking core implementation, test construction and software development, mainly for financial and stock trading companies; Supported by India-based consultants with high levels of knowledge and experience. The company was created on 8 February 2006 through public deed No. 000279, Notary Public 49 Bogota, and registered with indefinite validity at the Bogota Chamber of Commerce on 21 February 2006 in Book IX, No. 01039977. **bvc**'s equity participation is 54.18%.

precia - Proveedor de Precios para Valoración S.A.

bvc has 90.91% direct and 9.09% indirect equity participation in precia S.A. The company's incorporation is indefinite, and it began formal operations on 4 March 2003; Colombian Financial Superintendence (CFS) resolution 1531, 28 September 2012, authorised precia as a legal provider of pricing. In 2018, Infovalmer changed its name to precia S.A. Since its formation, precia has provided pricing for fixed-income, equity, OTC derivative, structured product instruments, and other assets not traded on the securities market. Since March 2014, precia has also provided pricing for assets not traded on the securities market, such as companies, properties and projects. All prices are the result of applying proprietary valuation methodologies, not objected to by the CFS.

For more than 16 years, the company has been valuing Colombian market fixed-income instruments and it is the most experienced such organisation in the country. Leading financial derivative market participants have chosen precia S.A. as their pricing provider due to its methodological quality and sophistication.

precia continually updates its methodologies to guarantee information quality; Having the largest client base in the industry means that these methodological updates are revised by a high percentage of relevant market participants, who submit comments for consideration.

Invesbolsa S.A.S.

bvc owns 100% of Invesbolsa shares. The company was created on 10 March 2010 through a private document pertaining to its sole shareholder and registered with the Bogota Chamber of Commerce (No. 01368350) with indefinite validity. Invesbolsa's main objective is to create and participate in companies and organisations directly related to **bvc** activities and services, with a view to facilitating, growing or complementing them. The company may invest in the share capital of companies in which **bvc** is legally able to invest. It may also conduct any other licit economic activity in Colombia and abroad.

Inverbvc S.A.S.

bvc owns 100% of Inverbvc shares. The company was created on 6 December 2017 through a private document pertaining to its sole shareholder and registered on 7 December 2017 with the Bogota Chamber of Commerce (No. 02282751) with indefinite validity. Inverbvc's main objective is to create and participate in companies and organisations directly related to bvc activities and services, with a view to facilitating, growing or complementing them. The company may invest in the share capital of Colombian centralised securities depositaries.

BVC PLUS S.A.S.

bvc owns 100% of BVC PLUS shares. The company was created on 6 December 2017 through a private document pertaining to its sole shareholder and registered on 7 December 2017 with the Bogota Chamber of Commerce (No. 02282745) with indefinite validity. BVC PLUS's main objective is to create and participate in companies and organisations directly related to bvc activities and services, with a view to facilitating, growing or complementing them. The company may invest in the share capital of Colombian centralised securities depositaries.

BVC PRO S.A.S.

bvc owns 100% of BVC PRO shares. The company was created on 6 December 2017 through a private document pertaining to its sole shareholder and registered on 7 December 2017 with the Bogota Chamber of Commerce (No. 02282743) with indefinite validity. BVC PRO's main objective is to create and participate in companies and organisations directly related to bvc activities and services, with a view to facilitating, growing or complementing them. The company may invest in the share capital of Colombian centralised securities depositaries.

bvc subsidiary company financial information, 2019 and 2018:

At 31 December 2019

Name	Direct and indirect share ownership	Assets	Liabilities	Equity	Annual income
deceval	100.00%	111,371,701	30,495,539	80,876,162	28,972,200
sophos Solutions S.A.S.	54.18%	49,097,254	24,823,874	24,280,468	14,676,703
recio S.A.	100.00%	3,550,601	1,637,318	1,193,283	614,032
Invesbolsa S.A.	100.00%	21,635,116	31,776	21,603,340	1,350,799
BVC PLUS S.A.S.	100.00%	93,362	77	93,285	4,660
BVC PRO S.A.S.	100.00%	93,366	77	93,289	4,663
Inverbvc S.A.S.	100.00%	93,362	77	93,285	4,660

At 31 December 2018

Name	Direct and indirect share ownership	Assets	Liabilities	Equity	Annual income
deceval	100.00%	95,352,798	16,402,940	78,949,858	29,092,223
sophos Solutions S.A.S.	54.18%	36,764,848	18,362,288	18,402,560	10,612,565
recio S.A.	100.00%	4,154,374	2,855,123	1,299,251	434,245
Invesbolsa S.A.	100.00%	21,385,348	15,048	21,370,300	(1,226,272)
BVC PLUS S.A.S.	100.00%	88,803	176	88,627	3,476
BVC PRO S.A.S.	100.00%	88,803	176	88,627	3,476
Inverbvc S.A.S.	100.00%	88,803	176	88,627	3,476

Control of bvc Group

On 9 January 2018 in No. 02291766, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of the following subsidiaries, headquartered in Bogota:

Depósito Centralizado de Valores de Colombia S.A.

i. BVC PLUS S.A.S.

ii. Inverbvc S.A.S.

iii. BVC PRO S.A.S.

iv. The group's control of the following companies is maintained:

- On 6 May 2010 in No. 01381319, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of Invesbolsa S.A.S., a legally incorporated Colombian company headquartered in Bogota.
- On 2 March 2011 2010 in No. 01457301, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company ofrecio Proveedor de Precios para la Valoración S.A., previously known as Infolavmer S.A., a legally incorporated Colombian company headquartered in Bogota.
- On 2 June 2015 in No. 01953309, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. was registered as parent company of sophos Solutions S.A.S.

- In addition, indirect control through sophos Solutions S.A.S. is maintained over:
 - i. sophos Technology Solutions S.A., a Chilean company.
 - ii. sophos Technology Solutions SA. DE CV., a Mexican company.
 - iii. sophos Technology INC., a Panamanian company.
- Following a loss of outright control, **bvc** and Sociedad Icap Global Broking Holdings LTD's joint control of Set Icap Securities S.A. and Set Icap FX S.A. was registered with the Bogota Chamber of Commerce by private document on 26 December 2017 in Book IX, No. 02291766.

Footnote 2 – Professional accounting norms

The consolidated financial statements have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations Committee of the International Financial Reporting Standards (IFRIC), issued by International Accounting Standards Board (IASB), present the comprehensive, explicit and unreserved adoption of the aforementioned international standards; The standards applied correspond to those issued as of December 31, 2018 and which are required for accounting periods beginning on or after January 1, 2019.

The consolidated financial statements of the **bvc** Group have been prepared on the basis of historical cost with the exception of the valuation of financial instruments measured at fair value and hedging operations.

A detail of the accounting policies is included in note 8 of these consolidated financial statements.

This is the first set of **bvc** Group annual financial statements in which IFRS 16 - Leases has been applied. Changes related to significant accounting policies are described in Note 5.

Footnote 3 - Functional currency and presentation

The values contained in these consolidated financial statements correspond to the functional currency used during operations – the Colombian peso.

To determine its functional currency, Bolsa de Valores de Colombia S.A. must analyse primary factors and, if the result is not conclusive, secondary factors. This requires Bolsa de Valores de Colombia S.A. to use its professional judgement as primary and secondary factors may be mixed. To determine its functional currency, bvc Group analysed primary and secondary factors related to the most used currency in service pricing, that which generated funds from financing activities, and that in which payment is made for operational activities – the Colombian peso. All data is presented in thousands of pesos rounded to the closest unit, unless otherwise stated.

Footnote 4 – Estimates and judgement

During the preparation of these consolidated financial statements it was sometimes necessary for bvc Group to use estimates and assumptions that could affect the recognised amounts and disclosures, in accordance with international financial information norms accepted in Colombia.

There follows a list of the principal areas where bvc Group used estimates:

- **Property, plant and equipment:** The useful life of an asset during which it is depreciated or amortised is based on an estimate of future usage and performance. The residual value and useful life of each asset is revised at least once a year and if there is a change compared to the previous estimate, it is added to the accounts as a change in an accounting estimate.
- **Intangibles:** Impairment is measured as the greater of fair value less the cost of sale, where available, and value-in-use calculations determined by management using best-estimates of future cash flow, long-term growth rates and appropriate discount rates. Intangibles are valued at the time of their procurement using appropriate methodologies, and amortised during their estimated useful life, unless they have an indefinite useful life. These estimates are management best-estimates on future performance and future value creation.
- **Provisions and contingencies:** A management decision is required on whether to recognise or disclose provisions and contingencies, and at what value, based on past experience and other factors relevant to each situation.
- **Bad debt:** A management decision is required on bad debt, basing estimates on past experience and other relevant factors.
- **Income tax:** Income tax calculations require estimates and judgements. If there is a difference between provisions and final obligations, an adjustment is made.
- **Right-of-use:** bvc Group will use its judgement to decide the reasonable probability of lease extension or termination, based on the quality of the lessee or lessor.

Footnote 5 – Significant changes to accounting policy

Bolsa de Valores de Colombia S.A. initially applied IFRS 16 from At 1 January 2019, using a modified retrospective focus. Comparative 2018 information was not re-expressed and is presented as previously informed, using IAS 17.

Accounting policy changes appear below.

a. Lease definition

During the transition to IFRS 16, bvc Group made the practical decision to not evaluate which transactions may correspond to leases, and only applied IFRS 16 to contracts already identified as leases. Contracts not identified as leases according to IAS 17 and IFRIC 4 will not be re-evaluated to determine if they are IFRS 16 leases. Therefore, IFRS 16 lease definition was only applied to contracts signed or modified after At 1 January 2019.

b. Lessee

bvc Group leases office space for administrative use and recognises right-of-use assets and lease liabilities on its balance sheet.

IAS 17 operational leases

Previously, bvc Group classified property leases as IAS 17 operational leases. During the transition, lease liabilities were measured using current remaining payment value, discounted using the company's incremental loan rate obtained from a quote provided by a lease credit financial organisation, as follows:

Credits < \$500,000 - EAR 11.15%

Credits > \$500,000 - EAR 8.07%

Bolsa de Valores de Colombia S.A. used the following practical resources to apply IFRS 16 to leases previously classified as IAS 17 operational leases:

- Right-of-use assets and liabilities with a lease term of less than 12 months were not recognised.
- Direct costs of initial measurement of right-of-use assets were excluded.
- Retrospective measurement was used to set the lease term if a contract contained an extension or termination option.

c. Lessor

Bolsa de Valores de Colombia S.A. subleases some property. In accordance with IAS 17, principal leases and subleases are classified as operational leases. During the transition to IFRS 16, principal right-of-use assets are listed as property, plant and equipment in a right-of-use asset group corresponding to IFRS 16 operational leases.

d. Impact on the financial statements

The transition's impact is as follows:

At 1 January 2019		
Initial right-of-use asset recognition	\$	4,070,110
Initial right-of-use obligation recognition	\$	4,070,110

Footnote 6 – Previous period adjustments

Consolidated financial statements

The 31 December 2018 financial statements have been adjusted to separate other equity interests and other comprehensive income from IFRS first time adoption income.

Prepayment income was adjusted to correctly present sophos Solutions S.A.S. deferred income that had been presented as trade and other accounts payable. The adjustment was \$883,944.

Consolidated profit and loss statement and other comprehensive income

For year-ending 31 December 2018, bvc Group disclosed in other comprehensive income only the parent company component related to other comprehensive income generated by sophos Solutions S.A.S., in which it has a minority stake. According to paragraph 82, IAS 1, the full value of other comprehensive income should be disclosed, and paragraph 83, IAS 1, requires disclosure of comprehensive income attributable to (i) non-controlling interests and (ii) parent company interests. The adjustment was \$165,500.

Cash flow

Cash flow at 31 December 2018 was adjusted to correctly present cash flow used to obtain control of subsidiaries and other businesses, that had been included in financing activity cash flow rather than investment activity cash flow.

bvc Group does not consider the impact of these adjustments on previous year financial statements to be material.

Footnote 7 – Measurement baselines

7.1 Fair value

bvc Group uses a three-level hierarchy to classify the importance of factors used to measure asset and liability fair value. Fair value refers to the value that may be obtained for an asset, or paid for a liability, during a transaction between a buyer and seller.

Level 1

Non-adjusted quoted prices on active markets for assets and liabilities identified on the measurement date.

Level 2

Directly or indirectly observable asset and liability quoted prices different to those included in Level 1. bvc Group discloses in this level available investments in private debt securities.

Level 3

Non-observable data will be used to measure fair value if relevant observable data is not available, taking into account situations where little, if any, market activity takes place related to an asset or liability.

Financial asset positions are valued by precia using IFRS 13 Fair Value hierarchy level 2.

Determining fair value

Valuation techniques and principal entry data for level 2 assets and liabilities measured at recurring fair value:

Asset	Valuation technique	Data
Investments in fair value debt securities	Observable market price	- Securities trade price in accordance with price provider methodology
Mutual investment funds	Value provided by the administrator	- Estimated or theoretical price - Mutual funds that capitalise or pay interest at the end of each month
Private capital funds	Value provided by the administrator	Pre-close unit price multiplied by the total number of units
Derivative operations		
Currency forward (trading) Futures contracts and operations (hedging)	Income	- Price of the underlying security - Functional currency curves for the underlying security

Financial assets and liabilities measured at fair value

It is not considered necessary to calculate the fair value of investments in associates and registered joint ventures as assets, because they are organisations that do not list shares with Bolsa de Valores de Colombia S.A. and the cost of valuation would exceed the benefit of disclosure.

At 31 December 2019 and 2018, the following financial assets were classified as investments, measured at fair value, by hierarchical level:

Financial assets	At 31 December		
	2019		2018
	Level 2	Level 2	Level 2
Private capital funds (1)	\$ 2,610,183		2,100,256
Treasury securities	727,260		–
Securities guaranteed by financial sector organisations	23,965,655		23,608,001
Cash equivalents (MIF)	14,080,798		8,927,505
Total financial assets	\$ 41,383,896		34,635,762

(1) Fondo Inversor valuation: Bolsa de Valores de Colombia S.A. is an investor in the Fondo Inversor private capital fund, with 245,494.59 participation units at 31 December 2019 and 2018.

The unit value is calculated daily and corresponds to the pre-close fund value divided by the total number of units. Calculation is done by Corredores Davivienda S.A. and divulged by monthly statement to Bolsa de Valores de Colombia S.A.. bvc Group management reclassified this investment from level 3 to level 2, and it contributed \$2,100,256 in 2018.

a. Financial liabilities measured by fair value

At 31 December 2019 no financial liabilities were measured at fair value. The 31 December 2018 balance follows:

Financial liabilities	At 31 December 2018	
	Level 2	
	Notional value	
Forward contracts	Notional value	288,185
Total	\$ 279,468	288,185

b. Determining the fair value of registered financial liabilities by amortised cost, only for disclosure purposes

For financial obligations and other short-term liabilities, the book value is taken to be the fair value. Long-term obligation fair value was calculated using cash flow models, discounting risk-free interest rates adjusted for each organisation's risk premium.

In compliance with fair value measurement and disclosure requirements, the following were not included:

- IFRS 16 lease transactions, because bvc conducts financial lease operations.

bvc Group uses financial leasing operations at bvc and its subsidiary companies.

The following table discloses the fair value of long-term financial obligations at 31 December 2019, excluding leases and right-of-use goods.

	At 31 December 2019	
	Book value	Estimated fair value
Financial liabilities		
Current financial obligations	\$ 9,107,342	9,107,342
Noncurrent financial obligations	10,000,000	10,061,233
Total financial liabilities	\$ 19,107,342	19,168,575

	At 31 December 2018	
	Book value	Estimated fair value
Financial liabilities		
Current financial obligations	\$ 6,601,699	6,601,699
Noncurrent financial obligations	14,000,000	14,302,281
Total financial liabilities	\$ 20,601,699	20,903,980

At 31 December 2019, no liability hierarchy levels were reclassified. bvc Group did reclassify cash equivalents (mutual investment funds) from level 3 to level 2, because the fund administrators inform prices at the close. The reclassified value at 31 December 2018 was \$8,927,505.

Footnote 8 – Summary of principal accounting policies

The accounting policies and bases set forth below have been consistently applied in the preparation of the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS).

8.1 Consolidation baseline

i. Acquisition of non-controlling interests

For each business combination, bvc measures non-controlling interests using:

- Fair value; or
- The proportional interest of identified net assets acquired, generally at fair value.

Adjustments are not made to capital gains and profit and loss are not recognised in income.

Non-controlling interests acquired prior to 1 January 2014 were recognised by net equity interest % on the first consolidation date.

ii. Subsidiary companies

Subsidiary companies are organisations controlled by bvc Group and their financial statements are included in the consolidated financial statements from the date control is acquired, until it is lost or sold. bvc Group controls an organisation when it is exposed to and has rights over variable performance items, and it has the capacity to influence their performance through its controlling interest.

A structured organisation is designed such that voting and other similar rights are not a fundamental factor in deciding who exercises control. For example, voting rights may refer exclusively to administrative tasks, while other activities are controlled through contractual agreements.

The subsidiary companies' financial results used for consolidation correspond to the same period and presentation date as those of the parent company.

iii. Impairment

bvc Group uses impairment criteria developed for financial instruments to determine whether to recognise impairment losses additional to those already registered in the net investment in an associate, or in any other financial asset recognised using the equity method.

Impairment is determined by comparing book value with recoverable value. Recoverable value is understood to be the higher of: value-in-use or fair value less sale or disposal costs. Value-in-use is calculated using bvc Group's interest in the current value of estimated ordinary cash flows and the amount that may result from selling the associate. The recoverable value of an investment in an associate is assessed in relation to each associate, unless it is not a cash-generating unit.

Impairment losses are not assigned to capital gains, nor to other assets related to investments in associates recognised using the equity method. In subsequent periods, value reversal on investments is recognised as income if the recoverable value increases. Impairment losses are presented separately to bvc Group's participation in associates' profit and loss.

iv. Transactions eliminated during consolidation

Intercompany transactions and any non-realised income or expense arising from transactions between bvc Group companies are eliminated when preparing the consolidated financial statements. Non-realised earnings on transactions with companies whose investment is recognised using the equity method are eliminated from the investment in proportion to bvc Group's stake. Non-realised losses are eliminated in the same way as non-realised earnings, but only if there is no evidence of impairment.

v. Loss of control

When control is lost, the ex-subsidiary's assets and liabilities and any non-controlling interest and other equity components shall be derecognised from accounts, and any earnings or losses will be recognised in profit and loss. If any interest is maintained in the ex-subsidiary, and is accounted for using the equity method, earnings or losses will be proportionally recognised at fair value in profit and loss. If the retained interest is accounted for using IFRS 9, proportional earnings or losses will be fully recognised in profit and loss.

8.2 Transactions and balances

As a general rule, individual financial statement assets, liabilities, income and expenses are not cleared, except where this is required or allowed by law and is a faithful reproduction of the transaction.

Income and expenses related to transactions that by contract or legal imperative allow for clearing, and that Bolsa de Valores de Colombia S.A. intends to settle at their net value, or to realise the asset and settle the liability simultaneously, are presented as net on the balance sheet.

8.2.1 Classifying current and noncurrent balances

bvc Group uses the following criteria to classify balances:

- a. Current asset – that which has a term equal to or less than twelve months, or that bvc intends to sell or realise during the normal operational cycle of activities and businesses.
- b. Noncurrent asset – that which has a term superior to twelve months.
- c. Current liability – that which has a term equal to or less than twelve months, or that bvc intends to liquidate during the normal operational cycle for activities and businesses.
- d. Noncurrent liability – that which has a term superior to twelve months.

8.3 Foreign currency transactions and balances

Transactions in currencies other than bvc Group functional currency will be converted at the market exchange rate on the transaction date. At the close of each reporting period, assets and liabilities in other currencies will be converted to COP using the market exchange rate at the close. Foreign currency profits and losses resulting from currency conversion and clearing will be disclosed in the comprehensive profit and loss statement.

At 31 December 2019 and 2018 the COP-USD exchange rate was COP\$3,277.14 = USD\$1 and \$3,249.75 = USD\$1 respectively.

8.4 Cash and cash equivalents

Cash and cash equivalents shall be disclosed using their nominal value, and are comprised of cash in hand and in banks, visible bank deposits, deposits in clearing, short-term deposits with original maturity equal to or less than three months, and other short-term, high-liquidity investments that are easily convertible to cash with a low-risk of value variation.

8.4.1 Presenting cash flow

Cash flow is classified according to operational, investment and financing activity, to enable users to evaluate their impact on bvc Group's financial position.

Cash flow from transactions realised in foreign currency shall be converted to the bvc Group functional currency at bvc rate on the date of the cash flow was produced.

bvc Group uses the direct method to present cash flow, with principal gross charge and payment categories being presented separately. IAS 7 recommends that organisations present cash flow using the direct method, because this provides useful information to estimate future cash flow, that would not be available using the indirect method.

8.4.1.1 Presenting cash and cash equivalents

bvc Group shall present cash and cash equivalents in descending order of liquidity on its balance sheet.

Cash flow shall not include movement between cash and cash equivalents, because these components are part of bvc Group cash management, nor investment of cash and cash equivalent remainders.

8.4.2 Financial asset investments

8.4.2.1 Fixed-income investments

8.4.2.1.1 Initial recognition

Investments shall be classified based on the bvc Group business model for financial asset management and the contractual cash flow characteristics for financial assets. Initial recognition shall be at fair value.

8.4.2.1.2 Subsequent measurement

bvc Group will subsequently measure its investments held for trading.

Cash flow business model:

All investments bvc Group holds with the intention obtaining benefits from changes in their value, measured using fair value.

Fair value with profit and loss changes:

All investments held with the intention of obtaining benefit from changes in value.

The best evidence of fair value is the price quoted on an active market. If there is no active market for a given investment, bvc Group shall use a valuation technique that allows it to estimate a price if an orderly transaction were to take place between market participants, using current market conditions on the measurement date.

Domestic financial assets classified as investments and measured at fair value shall be valued using Colombian market prices, and foreign investments shall use market values from the assets' countries of origin. In all cases, bvc Group shall strive to use relevant observable data in valuation processes, and minimise the use of non-observable data.

8.4.3 Profit and loss

bvc Group Exchange shall disclose net profit and loss by transaction group, or derivative instruments held for trading. However, where an item has relative importance it shall be presented separately.

Investment profit and loss measured using fair value shall be disclosed on the balance sheet for the period, unless it is part of a hedge (an investment in an equity instrument that is not held for trading).

Other comprehensive income in the financial statements includes adjustments for reclassifying anything not recognised in profit and loss.

8.4.4 Investments in associated and joint ventures

8.4.4.1 Investments in associates

Associates are organisations over which bvc Group exercises significant influence, but not control or joint control, on financial and operational policy. Significant influence is assumed to exist when bvc Group owns between 20% and 50% of the voting rights in another organisation.

Investments in associates and joint ventures are recognised using the equity method, and are initially measured using the cost model. The cost of the investment includes the transaction costs.

8.4.4.2 Equity method

The equity method will be used when bvc group has joint control of, or exercises significant influence over, another organisation. The existence of significant influence is normally evidenced in one or more of the following ways:

- Participation on the board, or an equivalent organisational management body;
- Participation in setting policy, including decisions on dividends or other distributions;
- Transactions of relative importance between both organisations;
- Exchange of management staff;
- Delivery of essential technical information.

8.4.4.3 Initial recognition

Initial recognition shall be at cost, using the most trustworthy estimate.

8.4.4.4 Subsequent measurement

Following acquisition, bvc Group will increase or decrease the book value to reflect its share of income in reporting period. Dividends received will decrease the investment's book value. It may also be necessary to adjust the book value to reflect changes in the proportional participation of the investment due to changes in the organisation's other comprehensive income. These changes may include revaluation of property, plant and equipment, and exchange rate variations. Any changes affecting the investor will be reflected in other comprehensive income.

When entering into equity participation, the latest financial statements will be used. If the reporting periods used by each organisation are different, the beneficiary will produce financial statements that correspond to bvc's reporting period, unless it is impractical to do so. If the transaction dates used on each organisation's financial statements differ, the necessary adjustment will be made to reflect any significant transactions or events occurring between the two dates. Under no circumstances may the year-end of either organisation differ by more than three months.

Reporting period duration and any difference in end-dates shall be the same from one period to the next. The organisations' financial statements will be produced using uniform accounting policies for similar transactions and other events that have occurred under similar circumstances.

If objective evidence exists of investment impairment, it should be reduced to a recoverable value, this being the greater of the following values: the fair value less the cost of sale (net sale price) and the value in use (anticipated cash flow). To this end, the current value will be estimated using anticipated dividends and the investment's final settlement value or participation in anticipated cash flow.

8.4.5 Financial asset equity investments with profit and loss adjustments

8.4.5.1 Initial recognition

Initial recognition of investment in an organisation over which significant influence is not exercised will be registered at cost, using the most trustworthy estimate.

8.4.5.2 Subsequent measurement

Following acquisition, bvc Group shall measure equity investments over which it does not exercise significant control using the cost model, and will annually evaluate the following indicators to determine whether the cost remains representative of fair value.

- Significant change in performance compared to budgets, plans or objectives.
- Changes in expectations on achievable results in technical production.
- Significant change in the equity market related to the organisation or its current and future products.
- Significant change in the global economy, or that of the organisation's country of operation.
- Significant change in the performance of comparable organisations, or in global market valuations.
- Internal problems such as fraud, commercial disputes, litigation, and management or strategy changes.
- Evidence of external transactions on the organisation's assets, initiated by the organisation itself (e.g. a recent securities issue), or of asset transfers between third parties.

8.4.6 Derivative investments - futures

8.4.6.1 Derivative operations

In accordance with the portfolio business model, bvc Group may trade derivative financial instruments with any of the following objectives:

- (a) Risk mitigation

8.4.6.2 Risk mitigation

Bolsa de Valores de Colombia S.A. may carry out derivative operations to cover primary positions and limit or control its financial risk, using hedge accounting policy.

8.4.6.3 Derivative trading

bvc Group may carry out trading operations using derivative financial instruments in accordance with the portfolio business model approved by the Finance and Administration Committee, or its equivalent in subsidiary companies, with the objective of obtaining earnings on changes in the underlying market.

8.4.6.4 Hedge accounting

8.4.6.4.1 Necessary criteria for hedge accounting

Hedge accounting may only be used if the following criteria are met:

- a. The hedge is comprised only of eligible hedge instruments and hedge items.
- b. From the outset, the hedge is supported by formal documentation stating the hedging relationship and the organisation's risk management objective and strategy. The documentation must identify the hedging instrument, the hedged item and its risk profile, and the mechanism used to evaluate whether the hedging relationship complies with hedge effectiveness requirements (including analysis of sources of ineffectiveness and how it determined the hedge ratio).
- c. The hedge complies with the following effectiveness requirements:
 - There is an economic relationship between the hedged item and the hedging instrument (IFRS 9 paragraphs B6.4.4 to B6.4);
 - The effect of credit risk does not dominate the value change resulting from the economic relationship (IFRS 9 paragraphs B6.4.7 and B6.4.8); and
 - The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged items. However, that designation shall not reflect an imbalance between the hedged item's weightings and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting (see paragraphs B6.4.9–B6.4.11).

8.4.6.4.2 Types of hedge accounting

bvc Group may, at its discretion, use hedge accounting to mitigate impact or significantly reduce exposure to change in a financial asset or liability.

There are three classes of hedge accounting relationships:

- a. Fair value hedge: a hedge on exposure to fair value changes of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.
- b. Cash flow hedge: a hedge on exposure to cash flow variation attributable to (i) a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, that (ii) could affect profit or loss.
- c. Hedge of a net investment in a foreign operation as defined in IAS 21.

At 31 December 2019 Bolsa de Valores de Colombia S.A. and deceval were using cash flow hedging.

8.4.6.4.3 Requirements for hedge accounting

bvc Group management shall produce formal documentation at the start of the hedge that details the hedging relationship, and present it to the Finance and Administration Committee for approval. The documentation must contain the following minimum information:

- a. The organisation's risk management objective and strategy, including identification of the hedging instrument, the hedge item or transaction, the risk being hedged, and how the instrument's effectiveness in hedging reasonable value changes in the hedged item or changes in cash flow will be measured.
- b. It is hoped that the hedge will be highly effective in reducing exposure to fair value or cash flow changes to the hedged item, in accordance with the documented risk management strategy for the hedging relationship. (The hedge is considered effective if it is between 80% and 125%).
- c. For cash flow hedges, the hedged transaction must be highly probable and in addition be exposed to cash flow variations that could affect profit or loss.
- d. Hedge effectiveness must be faithfully measured – the fair value or cash flow attributable to the hedged item and the fair value of the hedging instrument must be measurable.
- e. The hedge will be evaluated in the context of the business being conducted and must be seen to have been highly effective throughout all periods during which it has been applied.

8.4.6.4.4 Cash flow hedge accounting:**8.4.6.4.5 Cash flow hedges shall be accounted for as follows**

- a. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income; and
- b. The ineffective part of the hedging instrument shall be recognised in profit and loss. If the cash flow hedge later results in asset or liability recognition, the associated gain or loss that would have been recognised in other comprehensive income will be reclassified to profit and loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flow affects profit and loss. However, if the organisation expects that all or part of a loss will not be recovered, it shall reclassify the amount that is not expected to be recovered into profit and loss for the period as a reclassification adjustment.

8.4.6.5 Initial recognition

The initial recognition of derivative instruments shall be made at fair value.

Fair value measurement assumes that a derivative is passively transferred to a market participant on the date of measurement. The passive transfer of a derivative assumes that the derivative remains in circulation and require that the receiving party satisfy the obligation. The liability will not be settled with the counterparty nor cleared by any other means on the date of measurement.

8.4.6.6 Subsequent measurement

Subsequent adjustment to the reasonable value of derivative contracts will be recognised in profit and loss unless they are part of a hedge.

The derivative portfolio's reasonable value is determined using prices and inputs from price providers.

To ensure that market participants incorporate the appropriate credit risk adjustment, bvc group organisations include their own credit risk to determine reasonable value of passive positions, and the counterparty risk in the case of active positions.

8.4.6.7 Discontinuation of hedge accounting

When bvc Group discontinues a hedge, it will do so prospectively from the date on which hedge accounting will be discontinued and may affect:

- a. all of a hedging relationship; or
- b. part of a hedging relationship.

8.4.6.8 Traded derivative financial instruments

A traded derivative financial instrument is not the same as a hedge derivative, nor does it satisfy the requirements established in item 8.4.6.3 of this policy.

8.4.6.8.1 Initial recognition

Traded derivative instrument initial recognition will be at fair value on the date of creation.

8.4.6.8.2 Subsequent measurement

Subsequent measurement will be at the fair value specified by a price provider and recognised in profit and loss.

8.4.6.8.3 Derecognition of financial assets and liabilities

Bolsa de Valores de Colombia S.A. will use the IFRS9 section 3.2 and 3.3 guidelines when derecognising assets and liabilities.

8.4.6.9 Other non-financial assets**8.4.6.9.1 Initial recognition**

For a paid expense to be recognised, it must comply with all of the following requirements:

- a. Its value can be reliably measured.
- b. The disbursement will allow bvc to obtain future goods or services.
- c. A prepaid expense shall be recognised as such when payment for the service is made, for the amount transferred.

8.4.6.9.2 Subsequent measurement

Prepaid expenses shall be amortised using straight-line methodology on their full cost over the duration of the contract, or when right-of-use is exercised.

Amortisation shall be recognised in profit and loss in accordance with receipt of the contracted good or service. Straight-line methodology will be applied to monthly amortisation to determine the total prepaid expenses divided proportionally by the number of months it is anticipated that the service will generate economic benefits.

8.4.6.9.3 Derecognition

Prepaid expenses on services or rights do not involve receiving money or other financial assets, and are therefore non-financial assets.

Only when bvc has the firm intention to withdraw in a given period corresponding to the prepaid expense, may it be reclassified as a receivable value that will be paid in cash, and therefore an account receivable (financial asset).

When bvc has made full use of a service it will derecognise the prepaid expense. Other causes to deregister a prepaid expense are:

- a. Non-recoverable balances and/or those that will not produce future benefits due to obsolescence, contract expiry or for legal reasons.
- b. Loss of the right to future use.

8.4.7 Trade and other accounts receivable

8.4.7.1 Initial recognition

Initial recognition of trade and other accounts receivable will only occur when contractual obligations have been met, services have been provided for the established period, and rights and risks have been transferred.

Definition and analysis of accounts receivable shows that they do not have a significant financial component, and so initial recognition will be made at the transaction price.

8.4.7.2 Subsequent measurement

In view of the classification and initial recognition of trade accounts receivable, the following guidelines will be used for their subsequent measurement:

Subsequent to initial recognition, bvc Group shall measure trade and other accounts receivable by their amortised cost, applying the initial measurement of the account less capital repayments plus or minus accumulated amortisation less any reduction for impairment or non-recoverability. At 31 December 2019, none of the Group's subsidiaries present impairment or non-recoverability.

8.4.7.3 Simplified deterioration approach for accounts receivable

bvc Group always measures value corrections for losses using an amount equal to the expected credit loss over the lifetime of the account receivable.

With a view to calculating the best-estimate of expected financial asset losses on trade accounts receivable, a simplified calculation model was developed that is aligned to the business model and the recoverability process of future cash flows from the payment of trade accounts receivable.

8.4.7.4 Reclassifying trade accounts receivable

If bvc group changes its business model for managing financial assets, it shall proceed to reclassify trade accounts receivable prospectively from the date of reclassification, while not allowing the re-expression of previously recognised profits, losses or interest.

The reasonable value of trade accounts receivable shall be measured on the date of reclassification. Any profit or loss arising from a

difference between the previous net accounting value and fair value will be recognised in profit and loss.

8.4.8 Property, plant and equipment

8.4.8.1 Initial recognition

bvc Group will measure its fixed assets using the cost model.

Fixed assets acquired will be recognised using the cost model, in compliance with IAS 16 paragraph 30. Historic cost shall be incremented with any additions, improvements and repairs made that increase an asset's useful life.

8.4.8.2 Subsequent measurement

Measurement will be made using the cost model. This is the fair value at the time of acquisition, plus additions, improvements and repairs, minus accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment is comprised of its acquisition price plus all directly related costs related to asset location and installation, according to management provisions. Also considered to be property, plant and equipment costs are all costs related to financing interest directly attributable to the acquisition or construction of assets that require significant preparation time before being ready for use or sale.

Subsequent costs for improvements and growth, among others, shall be included in the initial value of the asset or recognised as a separate asset only when it is probable that the future economic benefits associated with property, plant and equipment items will flow into Bolsa de Valores de Colombia S.A., and the cost can be faithfully determined and depreciated during the periods remaining to depreciate the initial asset.

Repair, preservation and maintenance costs will be recognised in the period in which they are incurred. At the closing date, or if there is an indication of asset impairment, the recoverable value (the best fair value less sale and use costs) will be compared to the net accounting value. Any loss or revaluation resulting from this operation will be registered as a charge or credit accordingly. Property, plant and equipment depreciation will be calculated using the straight-line method based on estimated useful life.

8.4.8.3 Registering items as assets or expenses

Goods acquired by bvc Group shall be classified before their registration as an asset or expense in the period, and include the materiality principal in their acquisition cost.

The following parameters will be used to define whether a good is accounted for as an asset or expense:

a. Asset definition parameter:

- Items not exceeding a value of 50 tax value units (\$34,270 per unit in 2019, and \$33,156 per unit in 2018) will be recognised as expenses.
- Goods costing less than 50 tax value units, but whose relevance and use match the asset definition will be treated as fixed assets.

b. UVT reference in the purchase year:

- Property, plant and equipment are calculated using the straight-line method on their estimated useful lives. The minimum a fixed asset shall be depreciated in different tax periods is 50 tax value units. An asset purchased in a given year will be depreciated that same year.

c. Useful life parameter:

When an acquired good's useful life is equal to or less than one year, it will be treated as an expense, and bvc Group will value it using the cost model.

8.4.8.4 Asset group

bvc Group classifies assets into six classes:



8.4.8.5 Determining which goods go into which classes

bvc assets are classified into the following groups:

- **Buildings and land:** Real estate used by Bolsa de Valores de Colombia S.A. as commercial and administrative offices, and car parks.
- **Furniture and fittings:** Office items, e.g. furniture, filing cabinets, archives, shelving, etc.
- **Computing, communications and electronic equipment:** Desktop and portable technology items: computer, monitor, hard drive, printer, server, rack, scanner, CCTV, alarms, access systems, security doors, white goods, generator, UPS, telephone switchboard, telephone, router, switch.
- **Transport equipment:** mobile goods used to transport people or merchandise.
- **Improvements to leased property:** Improvements made to leased goods
- **Right-of-use:** Leased goods, per IFRS 16

During initial adoption and subsequent acquisitions, bvc Group shall determine the fixed-asset components of each property, plant or equipment item, apply depreciation and determine its residual value.

A significant asset component can be identified as follows:

- The component can be perfectly differentiated within the asset's general context.
- Its value is material within the total asset value.
- Its useful life as a component is different.
- Its residual value is different.

Component determination shall be conducted through a technical evaluation or concept by the relevant Bolsa de Valores de Colombia S.A. expert area (IT, Premises, Services, etc.), and it should be accounted for separately.

When damage occurs to property, plant or equipment and it is repaired, the cost shall be registered as an increase in value of the fixed-asset concerned.

8.4.8.6 Component maintenance and replacement

Replacements, improvements and enhancements to an asset or its components, subsequent to its acquisition, shall be included in the initial value or recognised as a separate asset only if it is probable that future economic benefits attributable to the investment will flow towards the company, and the cost can be reliably measured.

If components are replaced, their book value will be derecognised and substituted by the acquisition value of the new component.

Outlays following acquisition that correspond to recurrent or periodic repairs or maintenance will be recognised as expenses.

8.4.8.7 Managing depreciation

Depreciation will be registered using the straight-line method in accordance with anticipated useful life. Useful life refers to the time that an asset will contribute an element or good to bvc Group, and assets may exist that have a useful life that is lower than their economic life.

The depreciation method and asset's useful life will remain the same for the accounting period. However, if from one year to the next different depreciation methods or useful life estimates are used, this must be managed using IAS 8 indications, whether due to policy change, changing estimates, or error.

When a used good is acquired, that has therefore already been partially or completely depreciated, bvc Group will depreciate the good for its remaining useful life.

The useful life of improvements to leased property or goods may not exceed the length of the contract.

Depreciation will be calculated from the month after a fixed asset becomes available for use, that is to say, when it is in the location and conditions necessary for its operation.

Where more than one component is identified in an asset, the useful life of the principal component's useful life will be used as that of all other components.

The straight-line method will be used to recognise the asset's contribution to bvc Group income generation, given the continuous use characteristics of the assets and the advantages this method offers:

- The straight-line method allows more reasonable financial measurements to be made of the future impact of depreciation on assets.
- bvc Group asset usage does not present large variations in frequency.
- The impact on expenses in the period will be constant.

8.4.8.8 Derecognition

Derecognition of fixed assets must be authorised by the corporate CFO. Property, plant and equipment items may be derecognised for the following reasons: theft, total loss, or damage.

An item's book value will be derecognised following its disposal or when no future economic benefits are anticipated from its use or disposal. This may happen through various means such as a sale, a purchase option not being exercised, or a donation.

8.4.8.8.1 Defining useful life

bvc Group asset useful life:

Real estate	Useful life
Buildings	45 to 80 years
Movable goods	
Computing, communications and electronic equipment	3 to 5 years
Furniture and fittings	5 to 10 years
Transport equipment	3 to 5 years
Improvements to leased property	Length of contract
Right-of-use	Length of contract

8.4.8.9 Financial lease goods

Financial lease property, plant and equipment shall be depreciated using the straight-line method, according to the contract term; this currently applies to bvc Group buildings and computing equipment.

An asset's depreciation value is its cost less its residual or recoverable value.

8.4.8.10 Recognising property, plant and equipment impairment

Impairment occurs when an asset's book value exceeds the amount recoverable from its use or sale.

Impairment is recognised when there is objective evidence that an asset has become impaired due to events occurring after its initial recognition.

At the end of each reporting period, bvc Group will evaluate whether any assets show evidence of impairment, and request a valuation of the impaired assets to determine their recoverable value.

In compliance with IAS 36 – Impairment of assets, **bvc** Group must ensure that its assets are accounted for at amounts not exceeding their recoverable value. If this is not the case, assets will be considered to be impaired and the impairment value will be recognised.

The following indicators shall be used by **bvc** Group to determine impairment:

Nº	Indicator	Sign of impairment	Description
1	Market value	A significant reduction in an asset's market value	An asset's value has fallen significantly more than expected during the period, as a consequence of usage and the passage of time
2	Technological	Technological advances that affect assets	Software or operating system changes that require hardware changes
3	Availability	Significant changes to an asset's use or purpose	Changes due to restructuring or technological plans that change the demand for an operational asset
4	Obsolescence	Damage leading to a loss of function, or market or sector conditions that make its use redundant	An asset's obsolescence is informed through a technical report

8.4.9 Intangibles and capital gains

8.4.9.1 Definition

8.4.9.1.1 Intangible assets

bvc Group recognises an intangible asset only if:

- It is probable that future economic benefits attributable to the asset will flow towards the company.
- The asset's cost can be reliably measured.

bvc Group will evaluate the probability of future economic benefit using reasonable, well-supported hypotheses based on a management best-estimate of economic conditions during the asset's useful life.

bvc Group may acquire or develop intangible assets.

Acquired intangibles: Include software licences and other intangibles that are acquired in business combinations.

Internally development intangibles: To evaluate recording an internally generated intangible asset, **bvc** Group classifies project expenses during the following phases:

- Research phase: Costs during this phase will be recognised as expenses.
- Development phase: Costs are the sum of disbursements from the time the following capitalisation conditions are met, and if the following are demonstrated:
 - Technical feasibility.

- The intent to make the asset ready for use or sale.
- The ability to use or sell the asset.
- Technical, economic and other resource availability to make the asset ready for use or sale.
- The probability the asset will generate future economic benefits.
- The ability to reliably measure direct disbursements related to the asset.
- Training phase: Costs incurred in this phase by any asset class or type are directly recognised as expenses.
- Production phase: When project amortisation begins and **bvc** Group classifies it as an internally developed application.

Projects being developed by **bvc** Group:

Amarú ([deceval](#))

Banking As a Service ([sophos](#))

X-Stream Inet (second phase)

Master Trader (second phase)

Marketplace

[deceval](#) Promissory Notes

Marketplace- BID

RPA

A2censo (second phase)

Marketplace (second phase)

Master Trader (third phase)

X-Stream INET (third phase)

8.4.9.1.2 Capital gains

Capital gains arising from subsidiary company acquisition are measured using the cost model less accumulated impairment losses.

Capital gains are not amortised and impairment is annually measured, or earlier if there are indications of an asset's potential loss of value. Capital gains from business combinations are assigned to each of the cash-generating units, or groups of units, that will benefit from the combination's synergies.

Internally generated capital gains are not recognised as assets.

8.4.9.2 Initial recognition

Acquired intangible assets shall be initially measured by cost.

When an intangible asset is acquired through a business combination, its cost shall be its fair value on the acquisition date. If the acquired asset can be separated, or forms part of a contractual or legal obligation, enough information will exist to faithfully measure its fair value.

Brands will not be recognised as intangibles, nor will newspaper or magazine mastheads, editorial imprints or names, client lists or other similar items that have been internally generated.

8.4.9.3 Subsequent measurement

bvc Group uses the cost method, and intangible assets will be accounted for according to their cost less accumulated amortisation and impairment where this exists.

Capital gains are measured by cost less accumulated impairment losses. In investments using equity method accounting, the capital gains book value is included in the investment book value, and any impairment loss is assigned to the investment book value.

8.4.9.4 Impairment

The amortisation period and method used for intangible assets with finite useful lives will be revised at least at the end of each period. If useful life varies from previous estimates, the amortisation period will be adjusted to reflect this. If there is a change in anticipated future economic benefits, the amortisation method will be changed to reflect this. These changes will be treated as accounting estimate changes.

bvc Group shall assess whether assets with indefinite useful live have suffered impairment loss by comparing their recoverable value with their book value each year, or sooner if indications exist of their impairment.

8.4.9.5 Useful life

Intangible assets' useful lives should be revised at the end of each period. In the event that a licence has a useful life shorter than that considered in amortisation policy, it shall be amortised until the end of its useful life, regardless of the amount.

Intangible	Useful life
Licences	5 years
Internally developed	Asset's economically useful life
Acquired businesses and commercial brands	Indefinite
deceval acquired intangibles	2 years
Technological and client relationships	Asset's economically useful life

Internally developed intangible assets shall be straight-line amortised for the duration of their useful lives, as defined by the VP Technology for software and VP Projects for projects using demonstrable technical analysis. Costs incurred during organisation, construction, installation, preparation and launch are considered to be expenses.

8.4.9.6 Intangible asset derecognition and disposal

An asset will be derecognised:

- On disposal (sale or donation)
- When no future economic benefits are expected form its use or disposal.

The gain or loss resulting from intangible asset disposal is the difference between the net amount obtained from its disposal and its book value, and will be recognised in the period it is disposed (unless IFRS 16 establishes otherwise in the case of a sale/leaseback). Profits shall not be classified as ordinary income.

8.4.10 Financial liabilities

8.4.10.1 Initial recognition

Financial liabilities will be initially recognised by their fair value, except loans and accounts payable where transaction costs are directly attributable.

bvc Group financial liabilities include trade accounts payable, loans and other accounts payable.

Financial liabilities shall be initially registered at their fair value less directly attributable transaction costs. Premiums or discounts applied at the start form part of fair value.

8.4.10.2 Classifying financial liabilities

bvc Group classifies its financial liabilities by amortised cost using the effective interest method, except for:

- Financial liabilities that are accounted for at reasonable value with profit and loss changes. These liabilities include derivative liabilities, and shall be subsequently measured at reasonable value.
- Financial liabilities resulting from financial asset transfers that do not comply with the regulations for their derecognition or that have been accounting for using the continued involvement approach.

8.4.10.3 Contract cash flow

Bolsa de Valores de Colombia S.A. uses the following classes for contract cash flow financial liabilities:

- Financial obligations
- Accounts payable
- Vendors
- Prepaid income
- Tradable derivatives

8.4.10.4 Financial liabilities that differ from fair transaction value

If a financial liability's initially recognised fair price differs from its transaction price, bvc Group will account for this instrument on the date of occurrence as follows:

- If the fair price of an identical liability is different, or based on a valuation technique only using observable market data, the organisation shall recognise the difference between the fair value and the transaction price as an earning or loss.
- In all other cases, the fair value must be adjusted to split the difference between the initial fair value and the recognised transaction price. Following initial recognition, the organisation shall recognise the difference as an earning or loss only in as much as it changes a factor (including time) that market participants will take into account when setting an asset's price.

8.4.11 Loans and financial obligations

The bank is simply an intermediary from the economic perspective of financial organisations; from a market perspective those taking out loans do so of their own free will and may do so in any organisation they consider to offer market interest rates. Therefore, we do not consider it necessary to make any adjustment to the fair value of loans and obligations.

8.4.12 Accounts payable

bvc Group shall use fair value for the initial recognition of accounts payable or financial liabilities; this shall normally be the transaction price (that is, the nominal value of the paid good or service).

Transaction costs that are directly attributable to a financial liability shall be subsequently included in amortisation costs over the useful life of the instrument.

8.4.13 Other non-financial liabilities

8.4.13.1 Prepaid income

8.4.13.1.1 Recognition

If a client makes payment, or an invoice is generated for a client before a good or service is transferred to them, bvc will present the contract as a liability. A contract liability is an obligation for the bvc to transfer a prepaid good or service to a client or request payment from them.

8.4.13.1.2 Initial recognition

bvc Group shall recognise the liability as the initial received payment value or the payment due.

8.4.13.1.3 Subsequent measurement

As goods and services are transferred and the obligation is satisfied, bvc Group will remove the contract liability and recognise it as ordinary income.

8.4.14 Employee benefits

8.4.14.1 Definition

Employee benefits are comprised of all types of remuneration bvc Group provides to its employees in exchange for their services.

Employee benefits are comprised of:

- Wages, salaries and social security contributions.
- Statutory bonus payments (equivalent to one monthly salary each year, paid in two equal instalments).
- Paid leave and sick leave entitlements.
- Non-monetary benefits such as life, health and funeral insurance.
- Annual performance bonuses.
- Educational support.
- Other benefits such as vision checks, dental support and others.
- Transport services.
- Contributions to the employee fund, Fonbolsa.

8.4.14.2 Short-term employee benefits

When an employee has been engaged by bvc Group for an accounting period, the company will recognise the undiscounted value of the corresponding short-term benefits:

- As a liability (accumulated or accrued expenses), after verifying the amount already paid. If the amount already paid exceeds the benefits' undiscounted value, bvc Group shall recognise the excess as an asset (a prepaid expense) if the prepaid service will be provided.
- As an expense, unless another IFRS requires or allows for the benefits to be included as an asset.

Short-term employee benefit accounting is usually immediate because it is not necessary to develop actuarial hypotheses to measure the corresponding costs or obligations, and therefore the possibility is low of actuarial gains or losses. Furthermore, short-term employee benefit obligations are measured without deducting the resulting amounts.

8.4.14.3 Paid leave

bvc Group shall recognise the cost of paid leave as follows:

- Paid leave an employee has accumulated according to their time of service, that may be enjoyed in the future; and
- Non-accumulated paid leave.

bvc Group allows employees to take paid leave for a number of reasons, among which are annual leave, illness or temporary inability to work, maternity and paternity leave. The right to leave is divided into two categories:

- Accumulated; and
- Non-accumulated

Accumulated leave is that which is paid at a later date, and may be used in future periods if it has not been used previously. The right to this type of leave is irrevocable, and employees have the right to receive cash in exchange for unused accumulated leave when they leave a bvc Group company.

The obligation grows as employees provide services and accumulate the right to future leave. The obligation exists and is recognised even if the paid leave is not irrevocable, although the possibility that employees leave bvc Group before using non irrevocable leave does affect this obligation's measurement.

8.4.15 Contingent liability provisions

8.4.15.1 Contingent liability

A contingent liability is an obligation related to a past event, that may occur depending on future events not all controlled by bvc Group. Although related to a past event, it is not recognised if it is not likely or cannot be reasonably measured.

bvc Group shall not recognise contingent liabilities in its financial statements, but will disclose them in the footnotes, unless the possibility of the liability resulting in a cost is remote.

Contingent liabilities may evolve or change from their initial form, and therefore shall be periodically revised to determine whether their likelihood has become probable. If it is determined probable, a provision shall be recognised in bvc Group financial statements in the period the probability occurs.

If bvc Group is jointly responsible for a given obligation, the proportion attributable to other responsible parties shall be treated as a contingent liability, and the company will recognise a provision for the probable liability, unless it cannot be reasonably measured.

8.4.15.2 Recognising provisions

bvc Group will only recognise a provision if it complies with all of the following conditions:

- **bvc** Group has a current legal or implicit obligation related to a past event;
- It is probable that **bvc** Group will have to assign resources that include economic costs to meet the obligation; and

If these conditions are not met, the provision will not be recognised.

bvc Group shall undertake to reliably determine value, as required for the financial statements, and only in exceptional cases will it use a range of possible outcomes related to an uncertain event to determine its recordable value.

In the exceptional case that **bvc** Group is unable to determine a reliable estimate, the liability is not recordable and, therefore, shall be disclosed in the footnotes as a contingent liability including details of why it could not be reliably measured.

bvc Group shall not recognise provisions for future operational losses because these are not liabilities or provisions. If they do exist, they are an indications of asset impairment and, if this is the case, **bvc** Group will determine impairment based on IAS 36 Impairment of Assets.

Provisions may only be used for disbursements related to their original purpose; using them for any other purpose would, in effect, conceal two separate events.

When all or part of a provision is reimbursable by a third party, the reimbursement will only be recognised when it has been made or its reception is basically certain. The reimbursement will be treated as a separate asset and its value may not exceed that of the provision.

8.4.15.3 Legal proceedings

Legal and administrative proceedings are the responsibility of Vice Presidents, as follows:

Vice President in charge	Type of proceeding
Human Resources Director and VP Legal	All legal proceedings on labour issues
VP Finance and Administration	All administrative proceedings on tax issues
VP Legal, General Secretary	All other proceedings not mentioned above

The corresponding VP shall only recognise a provision when there are sufficient elements to determine at the start of proceedings, or during subsequent procedural stages, a probable outflow of **bvc** Group resources resulting from the proceedings.

Probability depends on each VP's professional judgement and is dependent on various factors such as procedural budgets, the evidence presented, the procedural stage, jurisprudence in similar cases, internal or external legal analysis and other factors that must be documented by the company and disclosed in its financial statements.

8.4.15.4 Initial recognition

bvc Group will recognise provisions using the amount generated by a best-estimate of the necessary disbursement to pay the current obligation, at the close of the corresponding accounting period.

The best-estimate must consider:

- A rational evolution of the amount payable by **bvc** Group to settle or transfer the debt at the close of the corresponding period.
- Management judgement and experience, and expert advice, on each of the possible outcomes and their financial effect. The evidence analysed must include information on events occurring after the corresponding accounting period but before publication of the financial statements.
- The risk and uncertainty surrounding almost all provision valuations, although this does not justify the creation of excessive provisions nor the deliberate over-stating of liabilities.
- Future events that may affect the sum necessary to settle the obligation, where enough objective evidence exists of their probability.

8.4.15.5 Subsequent measurement

Provisions must be reviewed at the end of each reporting period, and adjusted to keep the best-estimate up to date. In the case that a resource outflow (including economic resources) becomes improbable, **bvc** Group will reverse the provision. If the best estimate changes, this will be accounted for according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

8.4.15.6 Provisions for restructuring

bvc Group will recognise restructuring provisions only when the general conditions for doing so are met, and a formal, detailed restructuring plan exists detailing the following:

- The activities and those affected;
- The main facilities affected;
- The location, function and approximate number of employees who will receive redundancy payments;
- The resulting disbursements; and
- The dates on which the plan will be implemented.

The implicit obligation becomes active when those affected are informed of the restructuring plan. If a restructuring decision is made before the end of a reporting period, it will not become an implicit obligation unless:

- The restructuring plan is in execution, or
- The restructuring plan's main characteristics have been announced to those affected, and are firm enough for them to have formed valid expectations regarding whether bvc Group will carry out the restructuring.

If a restructuring plan commences after the close, it will be disclosed in the footnotes as an event occurring after the reporting period (IAS 10).

8.4.16 Tax assets and liabilities

8.4.16.1 Income tax

Current tax is the tax payable on income in a tax year at current rates on the date of the balance sheet, plus any previous year adjustments to the amount payable.

8.4.16.2 Recognition

Current tax liabilities shall be recognised as such if they have not been paid. If the value, less previous period withholding tax and anticipated payments, plus anticipated future payments, is higher than the tax obligation, it shall be recognised as an asset.

Current tax liabilities (assets), whether from the current or previous periods, shall be measured at the end of the reporting period by the amount payable to (recoverable from) the tax authorities using approved legislation and rates.

8.4.16.3 Deferred tax recognition

Deferred tax assets and liabilities shall be measured using anticipated tax rates and legislation for the period in which they will be recovered or paid.

Deferred tax assets and liabilities shall be calculated using the balance sheet liability method, that establishes the timing differences between book values and the amounts used for fiscal purposes. The deferred tax amount will always be based on its forecast or on the way asset and liability book values are settled, using current tax rates at the date of the balance sheet.

Deferred tax liabilities are the amount of income tax payable in future periods, related to taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future periods, related to:

- Deductible temporary differences.
- Previous period losses that have yet to receive fiscal refunds.
- Unused credits from previous periods.

An asset or liability's tax base is its attributable amount for fiscal purposes.

An asset's tax base is the value deductible from future taxable bvc Group income when it recovers the asset's book value. If the income is not taxable, the tax base shall be equal its book amount.

A liability's tax base is its book value less any amount that may become tax deductible in the future. For prepaid ordinary income, the liability's tax base corresponds to its book value less any non-taxable future amount.

8.4.16.4 Initial recognition

Current tax liabilities (assets), from current or previous periods, shall be measured by the amount (or almost approved amount) payable to (recoverable from) the Colombian tax authority (DIAN) using current tax rates and legislation at the close of the reporting period.

bvc Group shall measure deferred tax assets and liabilities using the tax rates it expects to be applicable during the period it intends to recover or pay them, based on approved rates and legislation at the end of the period.

8.4.16.5 Subsequent measurement

bvc Group shall revise how it intends to recover or pay the book value of assets and liabilities as this may affect one or more of the following:

- The applicable rate when bvc Group recovers the asset or settles the liability; and
- The asset or liability's tax base.

In these cases, bvc Group shall proceed to measure deferred tax assets and liabilities using a rate and base that are coherent with the way in which it hopes to recover or pay the corresponding item.

8.4.16.6 Initial recognition of deferred current taxes

bvc Group shall recognise deferred and current taxes as income or expenses and include this in profit and loss, except where resulting from:

- A recognised transaction or event from the current or previous period, outside earned income, whether in other comprehensive income or directly in shareholder equity.
- A business combination.

Current and deferred taxes shall be recognised outside earned income if related to recognised outside earned income entries from the same or a previous period.

8.4.17 IFRS 16 Leases

Policy short-term from At 1 January 2019

bvc Group will recognise right-of-use assets and lease liabilities except for:

- Short-term leases (less than 12 months); and
- Leases where the underlying asset is of low value – less than COP\$15,000 per year.

An underlying asset is of low value only if:

- The lessee will benefit from using the underlying asset in itself, or together with other resources that are readily available to the lessee; and
- The underlying asset is not highly dependent on nor interrelated with other assets.

An underlying asset lease does not comply with low-value asset lease requirements if when new it is not usually of low value.

bvc Group recognises payment for short-term and low-value assets on a straight-line basis for the duration of the lease, or using another systematic baseline that better represents the expense. Short-term leases are considered to be new leases if they are amended or the lease period changes.

8.4.17.1 Initial right-of-use asset measurement

bvc Group will measure right-of-use asset cost, as follows:

- The initial measured lease liability.
- Lease payments made before or from the date of commencement, less any lease incentives received.
- Initial direct costs incurred.
- An estimate of the cost of dismantling and disposing the asset, returning it to its place of origin, or returning it to its original state, as required by the terms and conditions of the lease.

8.4.17.2 Initial lease liability measurement

bvc Group will measure lease liability using the current unpaid payment value, and discount payments using the incremental loan rate applicable to the lease, based on its duration, type and value.

bvc Group will recognise lease payments included in the liability measurement that are comprised of future right-of-use payments for the underlying asset for the duration of the lease.

- Fixed payments.
- Variable payments that depend on an index or rate, using the current value at the date of commencement.
- Amounts Bolsa de Valores de Colombia S.A. will pay as collateral on residual value.
- The cost of purchase options, if Bolsa de Valores de Colombia S.A. is reasonably certain it will exercise them.
- Early exit penalty payments, if the lease reflects that Bolsa de Valores de Colombia S.A. will exercise this option.

8.4.17.3 Subsequent right-of-use asset measurement

bvc Group will use a cost model to measure right-of-use asset depreciation in accordance with depreciation rates specified in property, plant and equipment accounting policy.

If ownership is transferred to the lessee at the end of the lease, or if lease expenses include a purchase option, **bvc** Group will depreciate the asset from the start date to the end of its useful life. Otherwise, **bvc** Group will depreciate the asset from the start date until the end of its useful life or the end of the lease, whichever is sooner.

bvc Group will apply devaluation accounting policy on the asset, and calculate the value of identified losses for devaluation.

8.4.17.4 Subsequent lease liability measurement

bvc Group will measure lease liabilities and:

- Increase book values to reflect lease liability interest;
- Reduce book values to reflect lease payments made; and
- Remeasure book values to reflect the new measurements or amendments to the lease.

Lease liability interest for each period during the lease will be the amount produced by the rate of interest on the remaining lease liability. Following the date of commencement, **bvc** Group will recognise the amount corresponding to the period, unless the cost has already been added, for:

- Lease liability interest; and
- Variable lease payments for events or conditions not included in lease liability measurement, in the period within which they occur.
- Changes to future lease payments following changes to an index or rate used to calculate payments, including, for example, price changes following a revision of lease market rates.

8.4.17.5 Sublease measurement

Sublease classification

bvc Group classifies subleases as financial or operational as follows:

- If the principal lease is short-term, as specified in IFRS 16 paragraph 6, it will be classified as an operational lease.
- Otherwise, the sublease will be classified according to the right-of-use asset referenced in the principal lease, rather than that of the underlying asset (for example, the property, plant and equipment item being leased).

bvc Group has decided that when classifying subleases, it will evaluate the right-of-use asset referenced in the principal lease, rather than that of the underlying asset, because:

The risk for bvc Group associated with the right-of-use asset lease becomes a credit risk when converted to a sublease that covers most or all of the principal lease period. Accounting for the sublease as a financial lease (classified in reference to the right-of-use asset) recognises this risk because bvc Group recognised the net investment in the sublease as an account receivable rather than as a right-of-use asset. It is, therefore, appropriate for bvc Group to remove right-of-use assets from its accounts and recognise the net investment in the sublease.

To measure net investment in the sublease bvc Group will use the discount rate used in the primary lease (adjusted for direct initial costs associated with the sublease).

During subsequent measurement, bvc Group will apply lease payments for the period against gross investment in the lease. To reduce the principal as well as the non-accumulated financial earnings (yield), bvc Group will apply IFRS 9 account removal and depreciation requirements to the net lease investment.

At the date of commencement, bvc Group will recognise in its accounts the financial situation of financial lease assets, presented as accounts receivable at a value equal to the net lease investment.

Net lease investment: Gross lease investment less the implicit interest rate.

Gross lease investment: The sum of:

- Lease payments receivable by the lessor for the financial lease; and
- And non-guaranteed residual value receivable by the lessor.

In accordance with IFRS 16 paragraphs 75 and 76, bvc Group shall recognise financial income for the duration of the lease, using a baseline that reflects a constant performance rate on the net financial investment the lessor has made in the lease.

Policy before 1 January 2019

Operational leases:

A lease will be classified as operational if it does not substantially transfer risk and benefit related to the property.

Subsequent measurement

Financial leases:

For subsequent measurement, each of the lease payments will be divided into parts that represent financial charges and lease debt reduction, respectively. The total financial charge will be distributed between the periods corresponding to the duration of the lease, so that a constant interest rate is obtained on the remainder of the debt to be amortised. Contingency payments will be added as expenses in the periods during which they are incurred.

Financial leases will incur depreciation charges and financial costs each period. Depreciation policy for leased assets will be the same as for other depreciable assets possessed, and the depreciation rate will be calculated according to IAS 16 Property, plant and equipment, and IAS 38 Intangible asset guidelines. If no reasonable certainty exists that the lessee will obtain ownership at the end of the lease, the asset will be completely depreciated over its useful life or during the term of the lease, whichever is lower.

Operational leases:

Measured each period according to expenses.

8.4.18 Related-party operations

8.4.18.1 Definition

A related-party transaction is the transfer of resources, services or obligations between a reporting organisation and a related-party, regardless of whether a price is charged.

bvc Group considers related parties to be individuals defined as key personnel, and companies in which one party is directly or indirectly involved in the management, administration, control or capital of the other. This definition extends to:

- Subsidiaries
- Associates
- Joint ventures
- Shareholders with a 10% stake or higher
- Managers
- Vice Presidents
- The Board of Directors

bvc Group will disclose relationships with its subsidiaries regardless of whether any transactions have occurred between them.

bvc Group shall ensure that its individual financial statements contain the necessary information to verify whether the period's financial position and profit and loss could have been affected by the relationship, transactions made and their remaining balances, as follows:

- Related-party relationships and transactions;
- Remaining balances, including commitments, between **bvc** Group and related-parties;
- Circumstances that may require disclosure regarding subsections (a) and (b); and
- A determination of the disclosable information on the above.

Related-party transactions must be conciliated and revised each quarter. **bvc** Group will disclose the nature of its relationship with each related-party, and information on transactions and remaining balances (including commitments), with a view to understanding the potential effect of the relationships on the financial statements.

8.4.19 Ordinary contract income

bvc Group shall recognise contracts with clients when they meet all of the following criteria:

- All parties have approved the contract in writing, orally or by other customary means, and have committed to meeting their respective obligations;
- The organisation can identify each parties' rights with regard to the transferrable services;
- The organisation can identify payment conditions with regard to the transferrable services;
- The contract is commercially valid (i.e. organisational risk and cash flow will change as a result of the contract); and
- It is probable that the organisation will collect the contracted value in exchange for the goods or services transferred to the client. To evaluate this probability, the organisation will consider the client's intention and capacity to make payment when due. The amount of payment may be lower than the contracted price if payment is variable, because the organisation may offer the client a discount.

bvc Group will recognise income from ordinary activities when it satisfies its obligation to provide the services contracted by the client. **bvc** Group performance and service may not include obligations not described in the contracts and that is not quantified within the income figures.

At the start of non-standard contracts, **bvc** Group will evaluate the goods and services contracted by the client to identify the performance obligations of each transferrable item as follows:

- Identify the contract.
- Identify its individual items.
- Determine the transaction price.
- Distribute the transaction price among the obligations.
- Recognise the income after it has met the terms of the contract.

8.4.19.1 Initial measurement

Income from ordinary activities will be measured using the received or receivable payment value less any discount.

In most cases, payment will be in cash and income will be measured by the amount of cash received or receivable. When the cash inflow will be deferred over time, the fair value shall be the nominal cash received or receivable over at most one year.

bvc Group invoices clients monthly for services, in accordance with the contract and based on tariff information published on the company website. However, there are some exceptions that shall be treated as follows:

- Prepayment of services: Prepayments are recognised as income in the corresponding period.
- Late settlement: **bvc** Group shall make monthly provisions for services provided even when it has not issued an invoice. These provisions will be settled once the invoice is issued for the associated services.

bvc Group will annually assess current contracts to validate that they comply with IFRS 15 guidelines and that they have been properly recognised as income on the financial statements.

bvc Group income generating services are:

Service	Detail
Domestic custody	Custody and administration services for domestic securities, ensuring information privacy and notifying the issuer of any nominal values.
International custody	Facilitate individual and company overseas investment portfolios through deceval agreements with international custodians.
TIDIS (tax rebate certificates)	Issue, redemption and transfer of tax rebate certificates.
Dematerialised promissory notes	A DECEVAL product for financial and securities markets. A complete life-cycle solution for dematerialised promissory notes, providing agile, effective, risk-free processes, in a high-security web environment.
Dematerialised term deposits	Enjoy the same rights as a physical term deposit, but using technology. Security against robbery, fraud, loss or damage; agile issue and easy trading and redemption.
Securities administration	Equity management for issuers: capital, interest, returns and dividends on securities, deposited promptly in the indicated account. Services comply with decree 2555, 2010.
Transactions	deceval registers credit and debit values to and from depositor accounts. Payment is externally realised by the participating parties. Payment on delivery: deceval offers the service of securities transfer to counterparties that make immediate payment. This service eliminates securities trading risk (counterparty, credit and liquidity).
Capital market	Manage and administer trading operations; information; fixed-income, equity and standardised derivative platforms; and the foreign currency market, by operating in 100% of the financial, registration and information, cash and foreign currency forward markets.
Issuers	Facilitate access to financing in the Colombian market through debt and share issues, and facilitate the sale and participation of shares in OPA processes.
Knowledge and information	Investment valuations, complementary pricing services, company valuations, market information for vendors, and education services.
Technology and innovation	Consultancy, core banking implementation, and sophos Banking Solutions test and software construction for financial and trading companies.
Securities administration	Custody, transaction, clearing and settlement.
Banking information development	Banking software development and implementation by sophos Solutions S.A.S.
Other	All other activities not included in IFRS guidelines and not mentioned above.

8.4.20 Government subsidies

8.4.20.1 Definition

Government: central, local, regional, national or international governments and government agencies, and similar bodies.

Government aid: Actions undertaken by the public sector with the objective of delivering specific economic benefit to an organisation or a group of organisations selected according to specific criteria. For the purposes of this policy, government aid is not the benefit indirectly produced by actions on general trading or industry conditions, such as infrastructure construction, or the imposition of commercial restrictions on competition.

Government subsidies: Government aid in the form of resource transfers to an organisation in exchange for past or future compliance with specific conditions related to operational activity. Aid for which a value cannot be reasonably determined is excluded, as are transactions with the government that cannot be distinguished from other normal operational transactions.

Asset-related subsidies: Government subsidies that when granted require the beneficiary to purchase, construct or acquire some form of fixed-asset. There may be other conditions that restrict the type or location of assets, or the period within which they may be acquired or maintained.

Income-related subsidies: Government subsidies different to those related to assets.

Debt write-off: Where a creditor agrees to write off repayment under certain established conditions.

Fair value: The price that would be received for selling an asset or that would be paid for transferring a liability on the day of measurement, in an orderly transaction between market participants.

8.4.20.2 Identifying subsidies

bvc Group shall assess government subsidies by considering whether aid has been received that incentivises a bvc Group company to take a specific course of action.

Aid may be known by another name, such as transfers, premiums, or non-repayable loans, and its nature and conditions required may vary.

8.4.20.3 Recognition

bvc Group shall recognise monetary and non-monetary government subsidies as soon as it is reasonably certain that the recipient company complies with the necessary conditions and will receive the subsidy. Reasonably certain is understood to mean that all the necessary conditions to be a real beneficiary of the subsidy have been met.

8.4.20.4 Initial recognition

Monetary government subsidies shall be recognised as deferred income, and amortised in the income statement over the period the organisation recognises as expenses the costs associated with the subsidies.

A government subsidy received in exchange for previously incurred expenses or losses (in the current or previous periods), or to lend immediate financial support to the organisation without related subsequent costs, or having met the conditions of being a real beneficiary, shall be recognised as income in the period it becomes executable.

8.4.20.5 Subsequent measurement

A government subsidy that becomes returnable, shall be accounted for as a change in accounting estimates according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The return of an income-related subsidy will incur in the first instance the cost of any income recognised as non-amortised deferred income related to the subsidy. When the refund is greater than the sum to be deferred (or if none remains), it shall be immediately recognised on the income statement for the period.

8.4.21 Expense policy

8.4.21.1 Recognition

Expenses shall be recognised when a decrease in assets or an increase in liabilities has occurred, and the expenses can be reliably measured.

Expenses are recognised on the income statement using a direct association baseline between the cost incurred and the income obtained.

Expenses will be immediately recognised on the income statement when disbursement will not produce any future economic benefits, or when future economic benefits do not materialise, or the conditions end that required them to be recognised as assets on the balance sheet.

Expenses are also recognised in cases where a liability occurs without a corresponding asset.

8.4.22 Operating segment

8.4.22.1 Identifying operating segments

bvc Group information is structured by operating segment.

Operating segments are bvc Group components for which financial information is available that is regularly assessed by high-level bvc Group management. Operational decisions on resource distribution and performance assessment is the responsibility of bvc Group management.

Operating segments are:

bvc:

Business purpose: organising, legislating, administering and operating securities trading establishments and electronic systems to facilitate trading in all classes of tradable securities and goods (foreign currency, derivatives), in accordance with relevant legal precepts and legislation.

deceval:

Business purpose: custody, administration, clearing and settlement of depositary receipts, credit securities, equities and financial instruments registered with the National Securities and Issuers Register, that are domestically or internationally issued, traded or registered.

sophos:

Business purpose: Administrative, technical and BPO consultancy, mainly related to information systems, developing and using technological information system services, and consultancy on core banking and test and software construction for financial and trading companies.

precia:

Business purpose: Pricing and valuation of fixed-income, equity and OTC derivative instruments, structured products and other assets not traded on the securities market (including companies, real estate and projects); valuation system administration; and risk fund analysis.

Other investment vehicles:

Other investment vehicles are comprised of Invesbolsa S.A.S, Inverbvc S.A.S, BVC PRO S.A.S and BVC PLUS S.A.S. Their objective is to create and participate in companies and organisations that are directly related to **bvc** activities and services, with a view to facilitating, growing or complementing them.

8.4.22.2 Information disclosure

bvc Group regularly evaluates each segment's performance and discloses information separately for each, in compliance with the following quantitative thresholds:

- a. Disclosed ordinary income by segment and between segments that is equal to or greater than 10% of combined ordinary income
- b. Total net income reported by segment is, in absolute terms, equal to or greater than 10% of the larger amount between:

Net combined income from all segments not reporting a loss; and

The combined losses of all operational segments showing a loss.

Ordinary income shall be disclosed by the following business lines:

Capital market

Fixed-income
Equities
Derivatives and securities lending

Issuers

Issuer deposits and promissory notes
Securities registration and support

Special operations

Knowledge and information
Information publications and subscriptions

Terminals

SAE connection

Master Trader

Education

precia

Post-trade**Technology and innovation**

Other income (investment activities, earnings and other income)

Other ordinary income

c. **bvc** Group discloses expenses incurred during ordinary activities in the identified operational segment.

d. Assets and liabilities that are equal to or greater than 10% of combined assets and liabilities from all operational segments, or assets and liabilities that management considers important to disclose. Information on business activities from operational segments not subject to disclosure is combined and divulged within the "Other" category.

Footnote 9 – Non-effective issued norms

Norms and amendments applicable from At 1 January 2020

In compliance with Decree 2270 – 2019, there follows a list of corrections and interpretations issued by IASB in 2018, that are applicable from At 1 January 2020. bvc Group management is currently evaluating the impact of these changes, but does not anticipate them having significant impact on the company's consolidated financial statements.

Norm / Interpretation / Modification	Date	Modified norm or interpretation	Description
IFRS reference modifications	March 2018	IFRS 1, IFRS 2, IFRS 3, IFRS 5 IFRS 6, IFRS 8 IFRS 9, IFRS 10 IFRS 12, IFRS 14 IFRS 15, IFRS 16 IFRS 17; IAS 1, IAS 8, IAS 12, IAS 16, IAS 19, IAS 21, IAS 28, IAS 32, IAS 34, IAS 36, IAS 37, IAS 38, IAS 40, IAS 41; IFRIC 5, IFRIC 12, IFRIC 14, IFRIC 17, IFRIC 19, IFRIC 20, IFRIC 22; SIC-29, SIC-32; IFRS Practice Statements N° 1 and N° 2	Some IFRS norms, documentation and practice statements refer to the IAS Conceptual Framework for Financial Reporting adopted in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The Conceptual Framework modified IFRS norm references and updates other references and sources to refer to 2018's Conceptual Framework, and made other modifications to clarify which Conceptual Framework was being referred to in each document.
Business definition (IFRS 3 modification)	October 2018	IFRS 3	IFRS 3 modification to clarify business definition and help organisations identify which transaction to classify as business combinations, and which to classify as asset acquisitions.
Definition of material (IAS 1 and IAS 8 modification)	October 2018	IAS 1, IAS 8, IAS 10, IAS 34, IAS 37; IFRS 2, IFRS 4, IFRS 17; Conceptual Framework for Financial Reporting (2018 and 2010); IFRS Practice Statement N° 2	Improve definition of material understanding a) IFRS norm and Conceptual Framework improved redaction to avoid confusion. b) Support requirements incorporated into IAS 1 to give them greater importance and better signpost their applicability. c) Include the existing guidelines in the definition of material in just one place, together with the definition.

Footnote 10 – Business combinations – acquiring subsidiaries

deceval Acquisition

On 14 December 2017, bvc Group acquired 71.73% equity in **deceval**, increasing its direct and indirect share ownership from 22.98% (2016) to 94.71%. On 31 May 2018, Bancolombia S.A.'s 5.29% stake was acquired, and 100% share ownership was achieved. The transaction was finalised following formal acceptance by all **deceval** shareholders of the share subscription agreement, a legal instrument regulating the corporate integration transaction.

a. Identifiable acquired assets and liabilities other than capital gains

There follows a summary of acquired asset net fair value on the date of business combination. Values are provisional and may be adjusted during the measuring period, in accordance with IFRS 3 paragraph 45 and following.

In 2018 bvc Group assessed the acquired asset net fair value using definitive values following an adjustment to acquired net assets.

Below are the assets acquired by the company at the moment of acquisition, and the 2018 adjustments:

	deceval	Initial fair value	2018 adjustment	Adjusted fair value
Cash and cash equivalents	\$ 15,459,795	–	–	15,459,795
Investments (1)	37,538,982	–	–	37,538,982
Accounts receivable	9,429,110	–	–	9,429,110
Current tax assets	9,565,981	–	–	9,565,981
Other non-financial assets	1,817,733	–	–	1,817,733
Property, plant and equipment (1)	28,456,473	–	–	28,456,473
Intangible assets	3,478,666	–	–	3,478,666
Current liabilities	(27,662,790)	–	–	(27,662,790)
Total acquired net assets	78,083,950	–	–	78,083,950
Identified intangible assets acquired (2)	237,800,000	8,600,000	–	246,400,000
Deferred tax PPA (3)	(80,294,745)	54,962,216	–	(25,332,529)
Total identified and acquired assets	235,589,205	63,562,216	–	299,151,421
Capital gains (4)	152,434,107	(63,562,216)	–	88,871,891
Non-controlled equity	(3,827,271)	–	–	(3,827,271)
Previously acquired equity	(93,205,157)	–	–	(93,205,157)
Payment upon acquisition	290,990,884	–	–	290,990,884

(1) The PPA carried out on the measuring process during the **deceval** S.A. business combination identified a fair value adjustment on CRCC equity instruments acquired by **deceval**, whose value was \$6,694,596. An adjustment of \$177,186 was made to buildings.

(2) The following table details adjustments made to identified intangible asset fair value during 2018's assessment.

Fair value of identified intangible assets		Initial fair value	2018 adjustment	Adjusted fair value
National Securities Brokerage Register Certificate of Authorisation	\$	174,500,000	14,700,000	189,200,000
Brand/trademark		50,700,000	(8,200,000)	42,500,000
Internally developed software		2,600,000	2,100,000	4,700,000
Database		10,000,000	-	10,000,000
Total	\$	237,800,000	8,600,000	246,400,000

(3) The following table details recognised deferred tax following fair value measurement and adjustment:

2019 adjusted deferred tax	2019 adjusted deferred tax				
	Tax value	Reasonable value	Timing difference	Negative rate	Deferred tax
Financial instruments – investment	\$ 30,844,386	37,538,982	(6,694,596)	0%	-
PP&E	29,633,659	28,456,473	1,177,186	33%	388,471
Authorisation certificate	–	189,200,000	(189,200,000)	10%	(18,920,000)
Brand	–	42,500,000	(42,500,000)	10%	(4,250,000)
Database	\$ –	10,000,000	(10,000,000)	10%	(1,000,000)
Deferred tax for deceval business combination					(23,781,529)

Concept	2018 adjusted deferred tax				
	Tax value	Reasonable value	Timing difference	Negative rate	Deferred tax
Financial instruments – investment	\$ 30,844,386	37,538,982	(6,694,596)	0%	-
PP&E	29,633,659	28,456,473	1,177,186	33%	388,471
Authorisation certificate	–	189,200,000	(189,200,000)	10%	(18,920,000)
Brand	–	42,500,000	(42,500,000)	10%	(4,250,000)
SIIDJ Software	–	4,700,000	(4,700,000)	33%	(1,551,000)
Database	\$ –	10,000,000	(10,000,000)	10%	(1,000,000)
Deferred tax for deceval business combination					(25,332,529)

b. Acquisition of non-controlled deceval equity.

There follows detail on the 5.29% non-controlled equity acquired in 2018 and its transaction cost.

Share acquisition cost	\$	21,443,612
Non-controlled equity acquired		
Accumulated profit		1,289,920
Non-controlling equity		1,047,709
Authorised capital		637,456
Period income		551,269
Legal reserves		318,729
Other voluntary reserves		286,318
First time IFRS adoption adjustment		230,302
Total non-controlled equity acquired on 31 May 2018		4,361,703
Effect on equity of share acquisition	\$	17,081,909

The difference between the value paid to acquire **deceval** shares and the equity acquired is reflected in bvc Group consolidated equity, in accordance with IFRS 10 paragraphs 22, 23 and B96.

Footnote 11 – Risk management and administration (not audited)

Bolsa de Valores de Colombia S.A.

Risk management and administration

Risk management

The scope of risk and process management is as follows:

Operational risk management system

Risk management is aligned with the strategic context and Superintendence guidelines, and assigns the resources, processes and tools required to implement the ORMS, based on ISO 31000.

The ORMS includes processes that directly and indirectly deliver value to clients, and establishes mechanisms to identify, value, treat, monitor and communicate risk to the organisation's business activities.

In 2019

Risk management was strengthened through resources and training, risk analysis was expanded, service and commercial model strategic initiatives were incorporated, and risk management of organisational projects, including a2censo and INET was maintained.

We developed a risk culture development plan that included awareness and training programmes at all levels of the organisation, including providers and subsidiaries. This kept awareness high of the importance of internal controls and their effect on risk management and administration, and achieved a high level of opportune risk management prevention and treatment.

The current level of risk in the organisation is within the tolerance threshold, and risk management mechanisms related to the bvc's ability to deliver value are working. This internal and external audit finding has been ratified by the Colombian Financial Superintendence.

Risk event management coverage and effectiveness was strengthened, and exceeded the organisation's operational risk indicator expectations.

Business continuity management

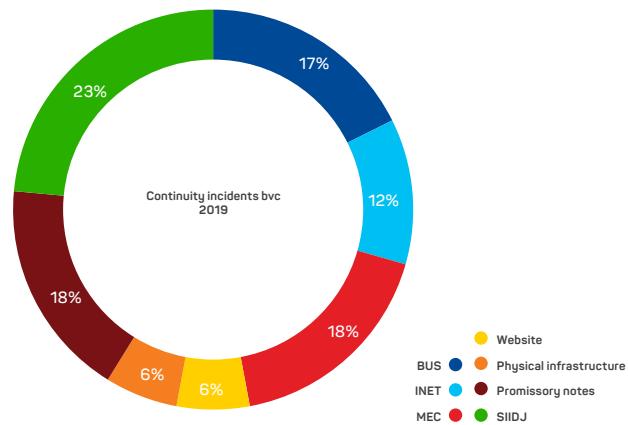
In 2019, we continued to constantly manage **bvc** crisis and business continuity planning, and we strengthened BIA methodology implementation efforts for integrated **bvc** processes.

A planned test programme was implemented at bvc and Depository, and 13 tests were completed, as detailed below:



For the first time at bvc, a complete continuity test was conducted outside business hours that included fixed-income, equities and derivatives, integrated with compliance and collateral processes.

There were ten continuity incidents in 2019, as shown below, of which one exceeded the RTO for market products.



Exchange technology uptime was 99.98% in 2019.

We continued to participate in the Colombian Securities and Stock Market Crisis Management Committee, alongside other infrastructure providers (CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, precia, Tradition, Enlace and GFI). Plan goals were met and we implemented Colombian Financial Superintendence (CFS) External Circular 012 guidelines for Stock Market Crisis Management Protocols as preparation for crisis situations following global or individual failures that supersede individual reaction capacity. To implement the adjustments made to the initial version of this protocol, we coordinated with legal representatives and teams, coordination teams and the CFS throughout the year.

Information security management system and cybersecurity

The following documents were updated: Information security event and incident process and regulation management; Information security and cybersecurity policy; External standards Windows Server 2012; Information asset process and regulation management; Identifying, analysing and minimising vulnerabilities flowchart; Information security and cybersecurity regulations; Standards for creating and administering users and passwords; Information destruction flowchart; Monitoring management regulations and processes; Digital evidence policies; Information asset classification matrix; and Monitoring information security.

We offered information security training throughout 2019, with the objective of raising awareness among exchange and depository employees on concepts such as: password management; ransomware; personal information cybersecurity; secure development; information asset classification; security incidents; and clean desks. We also offered training on cybersecurity to directors and, as a value-added, to third parties on topics such as: security policy; security incidents; and information assets.

In 2019, we also renovated cybersecurity policy, held simulations of a national cybernetic crisis, and set up a working group on cybersecurity with other securities market organisations.

Security checks were carried out that focussed on the following topics:

- Ethical hacking: We commissioned two ethical hacking tests in 2019 (first and second half), generating action plans that we implemented throughout the year.
- Analysis of vulnerabilities: We carried out two analyses of vulnerabilities in 2019 (first and second half), generating action plans that we implemented throughout the year.
- We carried out compliance visits to the main and contingency datacentres.
- We revised the information security and confidentiality clauses contained in service contracts.
- We carried out a simulated cyberattack, in conjunction with the crisis committee, that enabled us to undertake a strategic evaluation of bvc crisis management capacities in the event of an incident affecting the operational availability of products and services.

We actively participated in meetings of the Armed Forces' Joint Cybernetic Command, and we participated in the Command's National Cyber-Olympics.

Cloud security management

For some projects, information and cybersecurity has been managed through a focus on minimising vulnerabilities in the system and reducing potential attack vectors by designing security into every phase of the software development lifecycle. This focus is different to a traditional security focus.

In addition, we developed a risk and opportunity matrix for migrating existing systems to the cloud.

Cloud operation security

- Prepare
- Prevent
- Detect
- Respond
- Recover

Cloud portal access

- API security
- Portal access console
- Multi factor authentication
- Web application firewall

User access control

- Key administration
- Access ID administration
- Access level administration

Virtualised resource security

- API Gateway
- Hardening
- At-rest encryption
- Web application firewall
- Network zones
- Patch management
- DDoS protection
- Logs

Application security

- Static code scanning
- In-transit encryption
- API security

Data security

- Data security and monitoring
- Data encryption

Regulatory compliance

We implemented external circular 007 on cybersecurity and external circular 005 on cloud security, issued in 2019 by the Colombian Financial Superintendence. We also implemented security standards for exchange and **deceval** technology projects, and ensured compliance with the Information Security Model as related to the following information security and quality criteria: Confidentiality, Availability, Integrity, Effectiveness, Efficiency and Trustworthiness.

Monitoring and prevention

In 2019, the monitoring and prevention area carried out 428 activities related to prevention, awareness building and monitoring fraud prevention; personal data management and control; physical risk prevention; workplace risk prevention; and due diligence on clients, providers and third-parties.

Matrixes were created for fraud risk, personal data, and organisational process workplace health and safety, that found existing controls to be adequate and identified risks to be within acceptable limits.

An illegal activity risk evaluation guide was defined and implemented to establish an analytical and taxonomic methodology for processes.

In accordance with the established plan, we completed 21 walk-through tests that evidenced an adequate level of control for fraud prevention, personal data management and control, and physical and workplace risk prevention.

100% of planned objectives were met.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

- Activities were developed to implement and strengthen controls that mitigate AML/CFT risks.
- Legislative reports were opportunely sent to the Financial Analysis and Information Unit, and we met the requirements of AML/CFT compliance organisations.
- We continue to strengthen client enrolment checks. The compliance area supports verification of provider enrolments.
- We encouraged AML/CFT prevention culture by distributing AML/CFT policy and procedure to all new Exchange employees during the risk culture and quality training programme.
- We monitored compliance with web-based information reporting requirements for Collective Investment Funds, Private Capital Funds, Colombian Global Market, IR, and other requirements for equities and fixed income.
- We worked on non-compliance, director, administrator and cyber risk administration policies.
- We conducted biannual checks of employees against control lists and produced reports on market investments.
- We managed the certification and audit process on other infrastructures, assessors and clients.
- We conducted a self-evaluation of the Internal Control System.

Risk and process management is regularly reported to bvc's Audit and Risk Committee and the Board of Directors. We have an annual agenda of escalated themes and we establish specific monitoring plans.

Financial risk management for products, issuers and affiliates

Financial risk management has contributed to bvc strategic objectives throughout the year by administering risks in the Colombian financial market that could affect our reputation, and administering risks associated with the company's investment portfolio.

Work fronts

bvc focussed its efforts on improving the quantity and quality of published information with a view to improving information disclosure standards and facilitating investor decision making. We revised the existing issuer disclosure requirements and added controls to ensure compliance. We also strengthened the monitoring and detailed analysis process for issuers.

In terms of products and affiliates, bvc periodically calibrated monthly risk administration parameters applied to money market operations, and developed new methodologies to strengthen monitoring in fixed-income, equity and derivative markets.

Finally, with a view to incentivising and increasing RRP operations in the fixed-income market, bvc obtained CFS approval to eliminate price allocation criteria for non-TES fixed-income title eligibility, where these may be used for RRP operations. We also obtained approval for a modification focussed on allowing titles to be left as collateral, as long as they comply with the price allocation and qualification criteria.

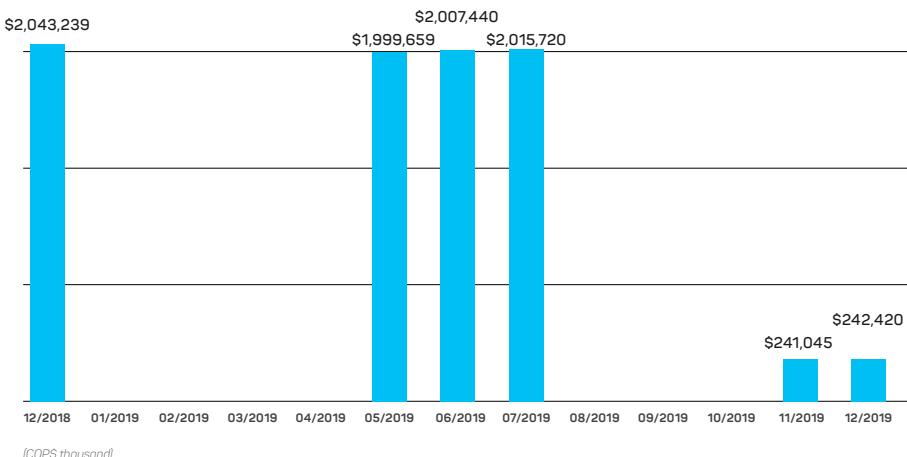
Financial risk management and the investment portfolio

Bolsa de Valores de Colombia S.A. investment portfolio risk management is based on establishing limits and policies to mitigate materialisation of and exposure to risk and its impact on financial statements and profitability. The general objective is to facilitate the effective treatment of the inherent uncertainty and risk when administering financial resources, and improve value generation capacity for shareholders.

The guidelines restrict exposure for five asset classes: (i) TES in COP, (ii) TES in UVR (Real Value Unit, a central bank accounting unit), (iii) Local private debt securities, (iv) Mutual investment funds and (v) Derivatives. This selection matches the nature of Exchange liquidity requirements and investment risk appetite.

To December 2019, the investment portfolio was valued at \$242,420 thousand pesos. The company's liquidity requirements in 2019 reduced the investment portfolio's value by \$1,800,819 thousand pesos (-88%) compared to December 2018. The following graph shows investment portfolio evolution over the year.

investment portfolio evolution



A daily valuation was made of the investment portfolio at market prices, with the objective of reflecting the fair exchange prices of securities in the portfolio.

Market risk*Investment portfolio*

Market risk is defined as the probability that losses will be incurred due to adverse variables in the financial markets.

To date, the portfolio is exposed in fixed-income instruments that are index-linked to short and long-term local currency simple fixed rates. The risk is associated with possible losses generated by interest rate variance that lead to portfolio devaluation and a lower return. Exposure at December 2019 by reference rate is as follows:

Portfolio composition by rate type:

Rate	Market value (COP\$ thousand) 2019		Part. %	Market value (COP\$ thousand) 2018		Part. %	Δ Market value
	\$	242,420		\$	2,043,239		
Fixed Rate	\$	242,420	100%	\$	2,043,239	100%	(1,800,819)
FTD	\$	—	0%	\$	—	0%	—
CPI	\$	—	0%	\$	—	0%	—
IBR	\$	—	0%	\$	—	0%	—
Total	\$	242,420	100%	\$	2,043,239	100%	(1,800,819)

At 31 December 2019

At 31 December 2018

At the 2019 close, compared to 2018, there was still a concentration of fixed rate titles in the portfolio. This concentration consists of mitigating significant portfolio value variations due to changing market rates, with a view to facilitating the company's 2019 cash flow compliance.

Value at Risk (VaR)

We use VaR methodology to calculate market risk by determining the maximum expected portfolio value loss over time, through a normal distribution with a 99% confidence level.

Risk management has defined the VaR reference threshold to be 2% monthly. In 2019, the average monthly VaR was 0.19%. This estimate is the standard deviation of daily portfolio returns.

VaR evolution can be seen in the following table, with a 99% confidence level.

Portfolio - VaR	
Date	bvc
31/12/2018	0.19%
31/01/2019	NA
28/02/2019	NA
31/03/2019	NA
30/04/2019	NA
31/05/2019	NA
30/06/2019	0.19%
31/07/2019	0.19%
31/08/2019	NA
30/09/2019	NA
31/10/2019	NA
30/11/2019	0.21%
31/12/2019	0.16%

NA = months with no investment.

In 2019, the established limit was not exceeded.

The following table shows an analysis of VaR sensitivity to interest rate variations. The analysis simulates two scenarios where the standard deviation on returns is two and three times greater than real 2019 data. The VaR level of confidence is 99%.

VaR Sensitivity Analysis

Scenario 1: 2x increase in standard deviation		Scenario 2: 3x increase in standard deviation	
Date	bvc	Date	bvc
31/01/2019	NA	31/01/2019	NA
28/02/2019	NA	28/02/2019	NA
31/03/2019	NA	31/03/2019	NA
30/04/2019	NA	30/04/2019	NA
31/05/2019	NA	31/05/2019	NA
30/06/2019	0.39%	30/06/2019	0.58%
31/07/2019	0.39%	31/07/2019	0.58%
31/08/2019	NA	31/08/2019	NA
30/09/2019	NA	30/09/2019	NA
31/10/2019	NA	31/10/2019	NA
30/11/2019	0.42%	30/11/2019	0.64%
31/12/2019	0.32%	31/12/2019	0.48%
Average VaR	0.38%	Average VaR	0.57%

NA = months with no investment.

Estimated VaR with 99% confidence.

The sensitivity analysis shows that VaR does not exceed the 2% limit in either scenario.

Credit risk

bvc is exposed to credit risk, understood to be the possibility that the organisation suffer financial losses as a consequence of a debtor, issuer or counterparty not complying with their contractual obligations. Risk is measured as the replacement cost of cash flow following default. Credit risk also includes losses generated if an issuer's credit rating is lowered by a credit rating agency, thus generating a fall in its share price.

Credit risk to the investment portfolio

Credit risk is managed by determining counterparty and issuer quotas individually and by economic group, as a control measure on portfolio concentration and diversification.

To maintain high-quality assets in the investment portfolio, the treasury will only conduct operations with A rated issuers and above, and minimises credit risk by choosing counterparties demonstrating high financial solidity. Foreign issuers must have a rating higher or equal to that of the Colombian nation.

Portfolio distribution

In a worst-case scenario, the credit risk would imply full noncompliance of issuer expected cashflows in the investment portfolio.

The following table shows exposure by issuers:

Issuer	Rating	Market value (COP\$ thousand) 2019	Part. %	Market value (COP\$ thousand) 2019	Part. %
Ministry of Finance and Public Credit	Nation	\$ 242,420	100%	\$ —	0%
Banco Coomeva S.A.	AA-	\$ —	0%	\$ 2,043,239	100%
Total		\$ 242,420	100%	\$ 2,043,239	100%

At 31 December 2019

At 31 December 2018

Liquidity risk

Investment portfolio liquidity risk

Liquidity risk is the probability of full or partial noncompliance with anticipated and non-anticipated current and future cash flow. A funding liquidity risk is manifested as a disposable liquid asset insufficiency and/or the need to meet unusual funding costs, where the company's capacity to generate or dissolve financial positions at market prices is limited because the market lacks adequate depth, or because of drastic changes to rates and prices (market liquidity risk).

Treasury management is focussed on maintaining an adequate balance between the company's assets and liabilities, and having the required cash flow to meet acquired contractual obligations. Some of the more representative liquidity requirements are tax obligations, dividend payments and project cash flow, all of which are duly incorporated into cash flow projections and the budget, and are a determining parameter for short and medium-term investment strategy. The following table shows the maturity of Exchange portfolio instruments:

Term	Market value (COP\$ thousand) 2019	Part. %	Market value (COP\$ thousand) 2018	Part. %
90 - 180 days	\$ —	0.00%	\$ 2,043,239	100.00%
180 - 360 days	\$ 242,420	100.00%	\$ —	0.00%
Total	\$ 242,420	100%	\$ 2,043,239	100%

* At 31 December 2019

* At 31 December 2018

From a liquidity perspective, bvc strives to maintain high liquidity assets that are easily realised, thus mitigating a significant impact on returns in the case of exceptional resource needs.

Exchange rate risk

The bvc portfolio is exposed to exchange rate risk if:

- i. The current value of asset positions does not coincide with the current value of liability positions in the same currency, and the difference is not offset,
- ii. A position is taken on a derivative product where the underlying asset is exposed to exchange rate risk and has not been fully immunised against exchange rate variations,
- iii. There is interest rate risk exposure in a currency different to the reference currency that may alter the parity between asset and liability positions in said currency that generate losses or earnings.
- iv. The margin depends directly on exchange rates.

DEPOSITO CENTRALIZADO DE VALORES DE COLOMBIA**Risk management and administration****Risk management**

The scope of risk and process management is as follows:

Operational risk management system

Risk management is aligned with the strategic context and Superintendence guidelines, and assigns the resources, processes and tools required to implement the ORMS, based on ISO 31000.

The ORMS includes processes that directly and indirectly deliver value to clients, and establishes mechanisms to identify, value, treat, monitor and communicate risk to the organisation's business activities.

In 2019

Risk management was strengthened through resources and training, risk analysis was expanded, service and commercial model strategic initiatives were incorporated, and risk management of organisational projects, including Amarú was maintained.

We developed a risk culture development plan that included awareness and training programmes at all levels of the organisation, including providers and subsidiaries. This kept awareness high of the importance of internal controls and their effect on risk management and administration, and achieved a high level of opportune risk management prevention and treatment.

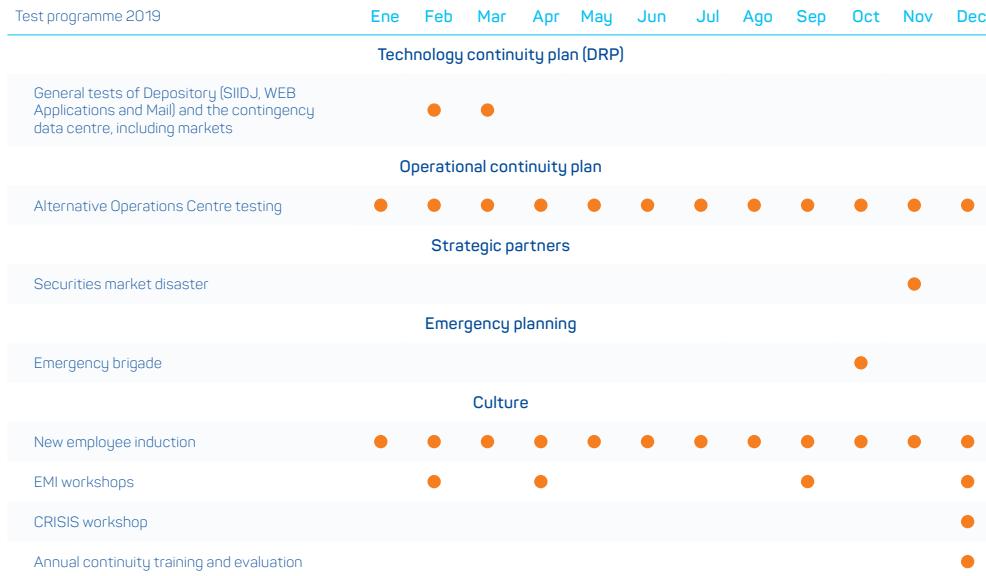
The current level of risk in the organisation is within the tolerance threshold, and risk management mechanisms related to the bvc's ability to deliver value are working. This internal and external audit finding has been ratified by the Colombian Financial Superintendence.

Risk event management coverage and effectiveness was strengthened, and exceeded the organisation's operational risk indicator expectations.

Business continuity management

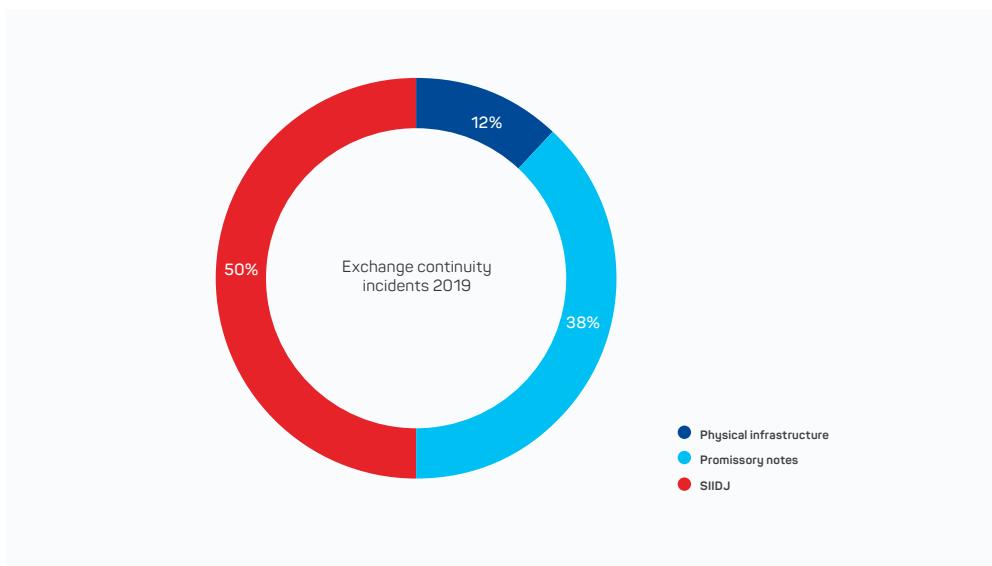
In 2019, we continued to constantly manage bvc crisis and business continuity planning, and we strengthened BIA methodology implementation efforts for integrated bvc processes.

A planned test programme was implemented at the Depository, and 8 tests were completed, as detailed below:



There was one real operational and technological contingency at the Depository, for a period of five consecutive weeks, that had a recovery time of 19 minutes – 25% better than previously.

There were eight continuity incidents in 2019, as shown below, of which three exceeded the RTO for market products.



In 2019, technology uptime was 99.97% for SIIDJ and 99.95% for Promissory notes, for an average of 99.96%.

We continued to participate in the Colombian Securities and Stock Market Crisis Management Committee, alongside other infrastructure providers [CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, precia, Tradition, Enlace and GFI]. Plan goals were met and we implemented Colombian Financial Superintendence [CFS] External Circular 012 guidelines for Stock Market Crisis Management Protocols as preparation for crisis situations following global or individual failures that supersede individual reaction capacity. To implement the adjustments made to the initial version of this protocol, we coordinated with legal representatives and teams, coordination teams and the CFS throughout the year.

Information security management system (ISMS) and cybersecurity

The following documents were updated: Information security event and incident process and regulation management; Information security and cybersecurity policy; External standards Windows Server 2012; Information asset process and regulation management; Identifying, analysing and minimising vulnerabilities flowchart; Information security and cybersecurity regulations; Standards for creating and administering users and passwords; Information destruction flowchart; Monitoring management regulations and processes; Digital evidence policies; Information asset classification matrix; and Monitoring information security.

We offered information security training throughout 2019, with the objective of raising awareness among exchange and depository employees on concepts such as: password management; ransomware; personal information cybersecurity; secure development; information asset classification; security incidents; and clean desks. We also offered training on cybersecurity to directors and, as a value-added, to third parties on topics such as: security policy; security incidents; and information assets.

In 2019, we also renovated cybersecurity policy, held simulations of a national cybernetic crisis, and set up a working group on cybersecurity with other securities market organisations.

Security checks were carried out that focussed on the following topics:

- Ethical hacking: We commissioned two ethical hacking tests in 2019 (first and second half), generating action plans that we implemented throughout the year.
- Analysis of vulnerabilities: We carried out two analyses of vulnerabilities in 2019 (first and second half), generating action plans that we implemented throughout the year.
- We carried out compliance visits to the main and contingency datacentres.
- We revised the information security and confidentiality clauses contained in service contracts.
- We carried out a simulated cyberattack, in conjunction with the crisis committee, that enabled us to undertake a strategic evaluation of bvc crisis management capacities in the event of an incident affecting the operational availability of products and services.
- We actively participated in meetings of the Armed Forces' Joint Cybernetic Command, and we participated in the Command's National Cyber-Olympics.

Cloud security management

For some projects, information and cybersecurity has been managed through a focus on minimising vulnerabilities in the system and reducing potential attack vectors by designing security into every phase of the software development lifecycle. This focus is different to a traditional security focus.

In addition, we developed a risk and opportunity matrix for migrating existing systems to the cloud.

Cloud operation security

- Prepare
- Prevent

- Detect
- Respond
- Recover

Cloud portal access

- API security
- Portal access console
- Multi factor authentication
- Web application firewall

User access control

- Key administration
- Access ID administration
- Access level administration

Virtualised resource security

- API Gateway
- Hardening
- At-rest encryption
- Web application firewall
- Network zones
- Patch management
- DDoS protection
- Logs

Application security

- Static code scanning
- In-transit encryption
- API security

Data security

- Data security and monitoring
- Data encryption
- Regulatory compliance

We implemented external circular 007 on cybersecurity and external circular 005 on cloud security, issued in 2019 by the Colombian Financial Superintendence. We also implemented security standards for exchange and **deceval** technology projects, and ensured compliance with the Information Security Model as related to the following information security and quality criteria: Confidentiality, Availability, Integrity, Effectiveness, Efficiency and Trustworthiness.

Monitoring and prevention

In 2019, the monitoring and prevention area carried out 428 activities related to prevention, awareness building and monitoring fraud prevention; personal data management and control; physical risk prevention; workplace risk prevention; and due diligence on clients, providers and third-parties.

Matrixes were created for fraud risk, personal data, and organisational process workplace health and safety, that found existing controls to be adequate and identified risks to be within acceptable limits.

An illegal activity risk evaluation guide was defined and implemented to establish an analytical and taxonomic methodology for processes.

In accordance with the established plan, we completed 21 walk-through tests that evidenced an adequate level of control for fraud prevention, personal data management and control, and physical and workplace risk prevention.

100% of planned objectives were met.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

- Activities were developed to implement and strengthen controls that mitigate AML/CFT risks.
- Legislative reports were opportunely sent to the Financial Analysis and Information Unit, and we met the requirements of AML/CFT compliance organisations.
- We continue to strengthen client enrolment checks. The compliance area supports verification of provider enrolments.
- We encouraged AML/CFT prevention culture by distributing AML/CFT policy and procedure to all new Exchange employees during the risk culture and quality training programme.
- We monitored compliance with web-based information reporting requirements for Collective Investment Funds, Private Capital Funds, Colombian Global Market, IR, and other requirements for equities and fixed income.
- We worked on non-compliance, director, administrator and cyber risk administration policies.
- We conducted biannual checks of employees against control lists and produced reports on market investments.
- We managed the certification and audit process on other infrastructures, assessors and clients.
- We conducted a self-evaluation of the Internal Control System.

Risk and process management is regularly reported to the Audit and Risk Committee and the Board of Directors. We have an annual agenda of escalated themes and we establish specific monitoring plans.

Financial risk management for products, issuers and affiliates

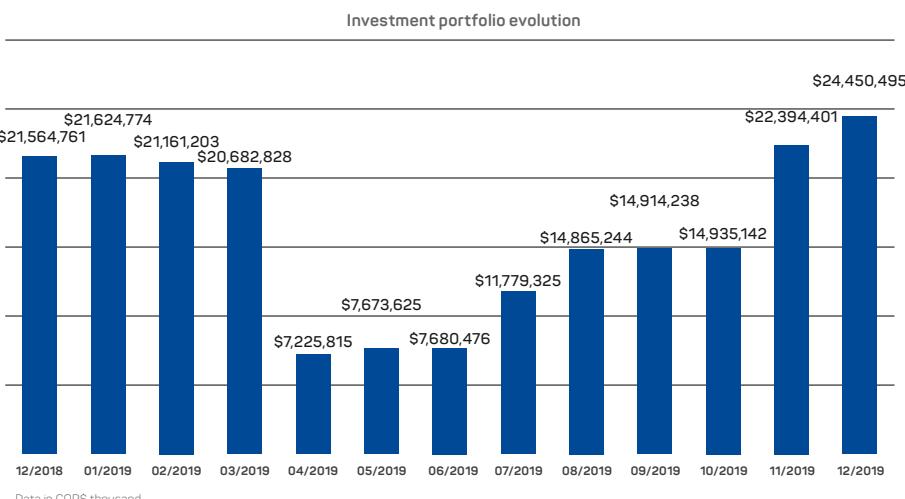
Financial risk management has contributed to **deceval** strategic objectives throughout the year by administering risks in the Colombian financial market that could affect our reputation, and administering risks associated with the company's investment portfolio.

Financial risk management and the investment portfolio

deceval investment portfolio risk management is based on establishing limits and policies to mitigate materialisation of and exposure to risk and its impact on financial statements and profitability. The general objective is to facilitate the effective treatment of the inherent uncertainty and risk when administering financial resources, and improve value generation capacity for shareholders.

The guidelines restrict exposure for five asset classes: (i) TES in COP, (ii) TES in UVR (Real Value Unit, a Central Bank accounting unit), (iii) Local private debt securities, (iv) Mutual investment funds and (v) Derivatives. This selection matches the nature of Exchange liquidity requirements and investment risk appetite.

To December 2019, the **deceval** investment portfolio was valued at \$24,450,495 thousand pesos. Investments in **deceval** throughout the year increased the portfolio by \$2,885,734 miles de pesos (+13%) compared to December 2018. The following graph shows **deceval** investment portfolio evolution over the year.



A daily valuation was made of the investment portfolio at market prices, with the objective of reflecting the fair exchange prices of securities in the portfolio.

Market risk

Investment portfolio

Market risk is defined as the probability that losses will be incurred due to adverse variables in the financial markets.

To date, the **deceval** portfolio is exposed in fixed-income instruments that are index-linked to CPI, IBR and short and long-term local currency simple fixed rates. The risk is associated with possible losses generated by interest rate variance that lead to portfolio devaluation and a lower return. Exposure at December 2019 by reference rate is as follows:

Rate	Market value (COP\$ thousand) 2019		Part. %	Market value (COP\$ thousand) 2018		Part. %	Δ Market value	
	\$	20,923,030		\$	15,001,151		\$	5,921,879
Fixed rate	\$	–	0%	\$	2,026,280	9%		[2,026,280]
FTD	\$	–	0%	\$	4,034,340	19%		(2,012,440)
CPI	\$	2,021,900	8%	\$	502,990	2%	\$	1,002,575
IBR	\$	1,505,565	6%	\$	21,564,761	100%	\$	2,885,734
Total	\$	24,450,495	100%	\$			\$	2,885,734

* At 31 December 2019

* At 31 December 2018

At the 2019 close, compared to 2018, there was still a concentration of fixed rate titles in the **deceval** portfolio. This concentration consists of mitigating significant portfolio value variations due to changing market rates, with a view to facilitating the company's 2019 cash flow compliance.

Value at Risk (VaR)

We use VaR methodology to calculate market risk by determining the maximum expected portfolio value loss over time, through a normal distribution with a 99% confidence level.

Risk management has defined the VaR reference threshold to be 2% monthly. In 2019, the average monthly VaR was 0.14%. This estimate is the standard deviation of daily portfolio returns.

VaR Sensibility Analysis			
Scenario 1: 2x increase in standard deviation		Scenario 2: 3x increase in standard deviation	
Date	deceval	Date	deceval
31/01/2019	0.34%	31/01/2019	0.51%
28/02/2019	0.34%	28/02/2019	0.51%
31/03/2019	0.34%	31/03/2019	0.51%
30/04/2019	0.34%	30/04/2019	0.49%
31/05/2019	0.33%	31/05/2019	0.50%
30/06/2019	0.34%	30/06/2019	0.46%
31/07/2019	0.31%	31/07/2019	0.40%
31/08/2019	0.25%	31/08/2019	0.38%
30/09/2019	0.27%	30/09/2019	0.41%
31/10/2019	0.24%	31/10/2019	0.37%
30/11/2019	0.24%	30/11/2019	0.36%
31/12/2019	0.22%	31/12/2019	0.33%
Average VaR	0.29%	Average VaR	0.44%

Estimated VaR with 99% confidence.

The sensitivity analysis shows that VaR does not exceed the 2% limit in either scenario.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	270
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Credit risk

deceval is exposed to credit risk, understood to be the possibility that the organisation suffer financial losses as a consequence of a debtor, issuer or counterparty not complying with their contractual obligations. Risk is measured as the replacement cost of cash flow following default. Credit risk also includes losses generated if an issuer's credit rating is lowered by a credit rating agency, thus generating a fall in its share price.

Credit risk to the investment portfolio

Credit risk is managed by determining counterparty and issuer quotas individually and by economic group, as a control measure on portfolio concentration and diversification.

To maintain high-quality assets in the investment portfolio, the treasury will only conduct operations with A rated issuers and above, and minimises credit risk by choosing counterparties demonstrating high financial solidity. Foreign issuers must have a rating higher or equal to that of the Colombian nation.

Portfolio distribution

In a worst-case scenario, the credit risk would imply full noncompliance of issuer expected cashflows in the investment portfolio. The following table shows exposure by issuers, including their rating, participation and value invested:

Issuer	Rating	Market Value (COP\$ thousand) 2019	Part. %	Market Value (COP\$ thousand) 2018	Part%
Banco Davivienda	AAA	\$ 4,053,410	17%	\$ 3,560,100	17%
Banco Popular	AAA	\$ 3,084,332	13%	\$ —	0%
Banco Colpatria Red Multibanca S.A.	AAA	\$ 3,032,910	12%	\$ 609,558	3%
Banco Santander de Negocios Colombia S.A.	AAA	\$ 2,507,025	10%	\$ —	0%
Banco de Occidente	AAA	\$ 2,031,260	8%	\$ 1,518,130	7%
Bancolombia S.A.	AAA	\$ 2,017,180	8%	\$ 4,678,235	22%
Banco W S.A.	AA	\$ 2,003,940	8%	\$ —	0%
Leasing Bancolídex	AAA	\$ 1,679,609	7%	\$ 1,597,992	7%
Banco Av Villas	AAA	\$ 1,505,565	6%	\$ —	0%
Itaú Corpbanca Colombia S.A.	AAA	\$ 1,493,067	6%	\$ 1,443,460	7%
Tuya S.A.	AAA	\$ 557,357	2%	\$ 528,737	2%
Ministerio de Hacienda y Crédito Público	Nación	\$ 484,840	2%	\$ —	0%
Banco Mundo Mujer	AA—	\$ —	0%	\$ 2,051,740	10%
Banco Finandina S.A.	AA+	\$ —	0%	\$ 2,026,280	9%
Banco Coomeva S.A.	AA—	\$ —	0%	\$ 1,011,210	5%
Banco BBVA	AAA	\$ —	0%	\$ 1,531,950	7%
Banco de Bogotá	AAA	\$ —	0%	\$ 1,007,370	5%
Total		\$ 24,450,495	100%	\$ 21,564,761	100%

*At 31 December 2019

* At 31 December 2018

Liquidity risk**Investment portfolio liquidity risk**

Liquidity risk is the probability of full or partial noncompliance with anticipated and non-anticipated current and future cash flow. A funding liquidity risk is manifested as a disposable liquid asset insufficiency and/or the need to meet unusual funding costs, where the company's capacity to generate or dissolve financial positions at market prices is limited because the market lacks adequate depth, or because of drastic changes to rates and prices (market liquidity risk).

Treasury management is focussed on maintaining an adequate balance between the company's assets and liabilities, and having the required cash flow to meet acquired contractual obligations. Some of the more representative liquidity requirements are tax obligations, dividend payments and project cash flow, all of which are duly incorporated into cash flow projections and the budget, and are a determining parameter for short and medium-term investment strategy.

The following table shows the maturity of **deceval** portfolio instruments:

Term	Market value (COP\$ thousand) 2019		Part. %	Market value (COP\$ thousand) 2018		Part. %
	\$	11,624,694		\$	3,035,910	
0 - 90 days	\$	12,340,961	50.5%	\$	18,528,851	85.9%
180 - 360 days	\$	484,840	2.0%	\$	—	0.0%
Total	\$	24,450,495	100%	\$	21,564,761	100%

At 31 December 2019

At 31 December 2018

From a liquidity perspective, **deceval** strives to maintain high liquidity assets that are easily realised, thus mitigating a significant impact on returns in the case of exceptional resource needs.

Diversifying the portfolio between various issuers and securities facilitates its administration and eventual partial settlement were an extraordinary liquidity requirement to emerge.

Exchange rate risk

The **deceval** portfolio is exposed to exchange rate risk if:

- i. The current value of asset positions does not coincide with the current value of liability positions in the same currency, and the difference is not offset.
- ii. A position is taken on a derivative product where the underlying asset is exposed to exchange rate risk and has not been fully immunised against exchange rate variations.
- iii. There is interest rate risk exposure in a currency different to the reference currency that may alter the parity between asset and liability positions in said currency that generate losses or earnings.
- iv. The margin depends directly on exchange rates.

PRECIA

In recent years, **precia** S.A. has enjoyed rapid growth and has had to adapt and develop processes to ensure timely response. Change has meant overcoming complex scenarios that have resulted in rigorous risk management on the part of process owners.

precia risk management includes operational risk, business continuity, information security and cybersecurity, and the prevention of money laundering and the financing of terrorism.

Our principal 2019 activities were:

- Monitoring risk event reports and action plans.
- Managing and monitoring critical elements of the Business Continuity and Information Security Management System.
- Business continuity tests.
- Compliance with AML / CFT policy.
- Employee training workshops on: process management, risk policy, operational risk management system, risk managers, AML/CFT, fraud prevention, password security, clean desks, business impact analysis, disaster management and business continuity, information assets and personal data, information security policy, and cybersecurity.
- Revising and signing contracts with critical vendors to ensure adequate levels of service, obligation and responsibility in information security, business continuity, AML/CFT, and operational risk.

Risk and control frameworks were updated for all company macroprocesses and risk profiles; 238 risks were identified across all macroprocesses and classified by level of impact (low, medium, high and very high). In addition, with a view to reducing risk probability and impact, and stay within the risk appetite defined by the Board of Directors, 320 control were established.

In the first half of the year, the principal risk profiles changes were:

- Risks and control for new business.
- An increase from 234 to 238 macroprocess risks.
- An increase in macroprocess controls from 313 to 320.
- A reduction in residual risks (risks outside risk appetite) from 4 to 2.

The **precia** risk profile is assessed twice-yearly by the Audit Committee and approved by the Board of Directors.

Operational risk event accounting

In accordance with External Circular 041, 2007, risk events that generate a loss in themselves or due to the cost of addressing them, and that affect profit and loss, must be recognised in expenses for the period in which they occur. In 2019, there were four risk events that generated a total accounting effect of \$8,921.

The four events were related to an employee executing unauthorised trades (RE-228/2019: \$4,738), ex-employee telephony payments (RE-235/2019: \$1,980), noncompliance with SENA obligations (RE-0236/2019: \$1,323), and a contingency related to employees return home from work during the general strike (RE-242/2019: \$880).

AML/CFT**Restricted lists**

In compliance with the AML/CFT manual, in 2019 precia clients, vendors, and Board and Valuation Committee members were checked against the restricted list, and no issues were identified.

Financial Information and Analysis Unit (FIAU) reporting

Reports were submitted to the FIAU on the absence of suspicious transactions, cash operations, and clients not on the cash transaction report. Evidence of report submission can be found in the monthly FIAU certificates.

Disaster management and business continuity**Participation in the Colombian securities and foreign exchange market Disaster and Business Continuity Committee**

In accordance with the committee's work plan and External Circular 012, 2018, we have actively worked with other infrastructures for the past two years to elaborate and consolidate the Governance Model, and design and gain approval for the Securities and Foreign Exchange Market Disaster Management and Communications Protocol.

The protocol is a definition and a guide regarding coordinated action among infrastructure providers to ensure fluidity in communications and decision making following a disaster that affects the Colombian securities and foreign exchange markets.

Disaster management and business continuity methodology

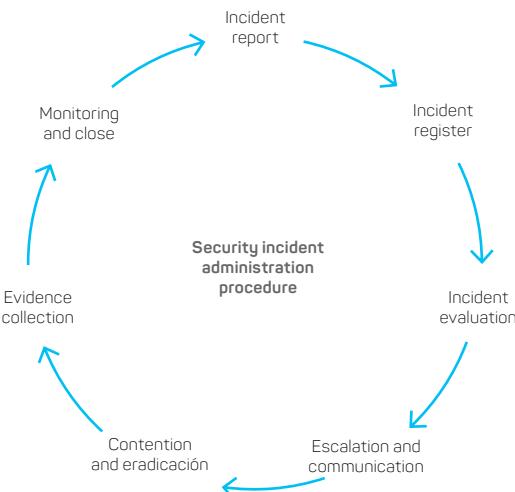
The precia Disaster Management and Business Continuity System procedures, plans and instruments were assessed, and the following plans were updated:

- Communication and disaster management plan.
- Operational continuity plan.
- Technology disaster recovery plan.
- Disaster risk management plan.
- Test plan.

Finally, employee knowledge and habits around business continuity management were strengthened through training activities and workshops on the system and its plans.

Information security and cybersecurity management**Information security and cybersecurity event management**

precia actively manages all events related to information confidentiality, integrity and availability. Incident procedures are based on international standards (ISO/IEC 27001, ISO/IEC 27032, ISO/IEC 27035, ISO/IEC 27037, ISO/IEC 27042 and the NIST Cybersecurity Framework), and ICT Ministry best-practice guidelines.

**Monitoring information security****precia monitoring methodology:**

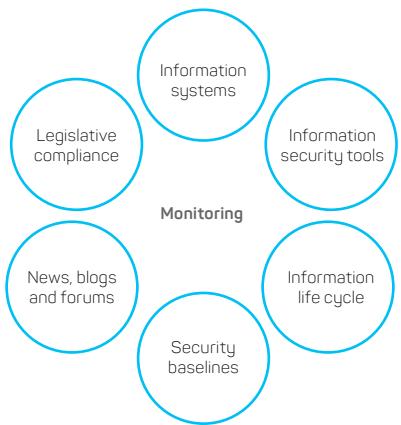
1 Data collection

2 Monitoring

3 Evaluation of results and service

4 Reporting results

5 Monitoring results

Monitored elements:**precia S.A. monitors:**

1. Valuation engine
2. Antivirus console
3. Active users
4. Information assets
5. Removable media
6. News
7. Contracts
8. Internet usage
9. Passwords
10. Security standards

Legislative compliance

precia is monitored by the Colombian Financial Superintendence (CFS), and must therefore comply with security, quality and cybersecurity risk administration requirements in addition to the continuous improvement its information security management system. Of note are CFS External Circulars 007, 2018, and 005, 2019, specifying minimum requirements for cybersecurity risk management and cloud computing, both of which are fully complied with.d.

sophos Solutions

sophos Solutions and subsidiaries are exposed to the following risks related to financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This footnote details sophos Solutions and subsidiaries' risk exposure, and the objectives, policies and procedures used to measure and manage risk and manage capital.

i. Risk management framework

The sophos Solutions Board of Directors is responsible for establishing and supervising risk management structures; It is currently working to strengthen risk management by defining policies to identify and analyse risk, set adequate risk controls and limits, and monitor compliance.

ii. Credit risk

Credit risk is the risk of financial loss if a client or counterparty of a financial instrument does not comply with their contractual obligations. The main sources of risk to sophos are trade accounts receivable, investment instruments and derivative products.

Credit risk exposure

Maximum risk exposure in trade accounts receivable, investment instruments and derivative products:

		At 31 December 2019	At 31 December 2018
Cash and cash equivalents	\$	5,284,564	5,002,582
Trade and other accounts receivable		28,423,483	20,697,063
Accounts receivable from related parties		1,763,412	1,192,838
	\$ 35,471,459	26,892,483	
Derivative operations			
Derivative operation accounts payable		–	279,468
	\$ –	279,468	

Footnote 12 – Cash and cash equivalents

	At 31 December 2019	At 31 December 2018
Local currency banks	\$ 14,110,792	13,632,740
Cash equivalent [1]	14,080,798	8,927,505
Foreign currency banks [2]	6,296,766	8,564,160
Cash in foreign currency	26,225	45,757
Petty cash	30,598	24,807
Total	\$ 34,545,179	31,194,969

Cash and cash equivalents have no restrictions.

bvc Group keeps its cash and cash equivalents at AAA, AA+, BBB+, and BB+ rated financial institutions.

[1] The following are mutual investment funds classified as cash equivalents at 31 December 2019.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	275
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Fund	Rating		At 31 December 2019 [1.2]	At 31 December 2018
Fondo Inversión Abierto Alianza	AAA	\$	5,870,209	—
Fondo BBVA Fam	AAA		3,556,925	2,011,039
Fondo de Inversión Fonval (deceval)	AAA		3,096,252	—
Fondo Fonval Credicorp Capital (bvc)	AAA		1,529,468	—
Payulatam [1.1]			13,580	5,434
Fondo inversión colectiva abierto Fiducuenta Bancolombia	AAA		12,508	85,028
Fondo Capital Trust	AAA		1,856	2,868,174
Fiduciaria Itaú fondo de inversión	AAA		—	1,817,811
Fondo BBVA Cca Efectivo 830126	AAA		—	1,560,209
Fiduprevisora	AAA		—	261,742
Fondo Inversión colectiva renta 4	AAA		—	143,135
Fondo de inversion colectiva Renta 4	AAA		—	117,221
Fondo Abierto Alianza	AAA		—	45,191
Fiduciaria Bogotá S.A.	AAA		—	10,729
Fiducuenta Bancolombia 2001281	AAA		—	1,792
Total cash equivalents		\$	14,080,798	8,927,505

[1.1] Payulatam is an online payment gateway that did not have a risk rating at 31 December 2019 and 2018; the balance corresponds to values in clearing from the previous 2 days' operations.

[1.2] The increase in cash equivalents corresponds to cash flow movements that bvc Group made on deposits with different organisations, such as Fondo Abierto Alianza, Fondo BBVA and Fondo Fonval Credicorp Capital.

At year-end 2019 and 2018 banks presented reconciling entries for \$1,504 and \$606,682, respectively. The larger variation corresponds to accounts receivable at 31 December 2018 that, due to the ACH cycle, were reflected in January 2019.

At 31 December 2019					
	Number	< 30 days	Number	> 30 days	
Deposits pending identification	—	\$	—	4	1,443
Accounts receivable	1		61	—	—
	1	\$	61	4	1,443

At 31 December 2018					
	Number	< 30 days	Number	> 30 days	
Deposits pending identification	5	\$	9,397	11	4,933
Cheques written but not cashed	1		728	—	—
Accounts receivable	5		591,436	1	188
	11	\$	601,561	12	5,121

[2] Bank balances in foreign currencies are comprised of the accounts below, re-expressed in pesos using the following certified exchange rate at year-end 2019 and 2018.

	At 31 December 2019	At 31 December 2018
Currency	Exchange rate	
US dollars USD	COP	3,277,14
Chilean pesos CLP	COP	4,48
Mexican pesos MXN	COP	173,54
		COP
		3,249,75
		4,68
		165,03

The re-expression process uses USD as the base, regardless of the currency of origin.

At 31 December 2019					
Entity	USD	CLP	MXN	COP	
Banco de Bogotá Miami	835	—	—	\$ 2,737,608	
Banco Itau Panamá	407	—	—	1,332,315	
Banco Monex México	—	—	5,313	921,962	
BBVA Chile	—	123,641	—	553,910	
Currency in transit	112	—	—	365,401	
Time Deposit - Bancolombia Panamá	74	—	—	241,583	
Banistmo Panamá	39	—	—	126,317	
BBVA Bancomer México	—	—	65	11,765	
Investment fund (Savings fund)	—	—	34	5,905	
Total	1,467	123,641	5,412	\$ 6,296,766	

At 31 December 2018					
Entity	USD	CLP	MXN	COP	
Banco de Bogotá Miami	\$ 1,126	—	—	\$ 3,659,227	
Time Deposit - Bancolombia Panamá	495	—	—	1,609,772	
BBVA Bancomer México	—	—	5,459	900,850	
BBVA Chile	—	114,825	—	538,030	
Banistmo Panamá	382	—	—	1,241,545	
Bancolombia Panamá	141	—	—	457,522	
Re-expression foreign banks	9	—	—	27,804	
BBVA Bancomer México	—	—	747	123,208	
Investment fund (Savings fund)	—	—	38	6,202	
Total	\$ 2,153	114,825	6,224	\$ 8,564,160	

Footnote 13 – Financial investment assets

The following investments were measured at fair value on 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Investments at fair value through profit or loss			
Private debt securities [1]	\$	18,850,063	23,101,010
Domestic treasury securities		727,260	–
Bonds [2]		5,115,592	506,991
Total current investments		24,692,915	23,608,001
Private capital fund		2,610,183	2,100,256
Other securities		15,685	15,685
Total noncurrent investments		2,625,868	2,115,941
Total financial investment assets	\$	27,318,783	25,723,942

[1] Fall in 2019 due to realisation of securities.

[2] In accordance with **deceval** strategy, bonds were acquired due to their liquidity and returns in the period.

The credit ratings of financial asset investments are AAA and AA+ based on credit risk administration policy, as indicated in Footnote 3 in the section on investment portfolio credit risk.

bvc Group investment portfolio by maturity:

Portfolio At 31 December 2019		< 1 year	> 1 year	Total
Term deposits	\$	18,850,063	–	18,850,063
Bonds		5,115,592	–	5,115,592
Domestic treasury securities		727,260	2,625,868	3,353,128
Total portfolio	\$	24,692,915	2,625,868	27,318,783

	Portfolio At 31 December 2018	Maturity < 1 year	Maturity > 6 years	Total
Term deposits		\$ 23,101,010	–	23,101,010
Bonds		506,991	–	506,991
Domestic treasury securities		–	2,115,941	2,115,941
Total portfolio		\$ 23,608,001	2,115,941	25,723,942

At 31 December 2019 and 2018 there were no restrictions on investments, except domestic treasury securities used as collateral on derivative future hedge operations using the Cámara de Riesgo Central de Contraparte de Colombia S.A.

At 31 December 2019 and 2018, the bvc Group investment portfolio showed no signs of impairment.

Footnote 14 – Net trade and other accounts receivable

Trade and other accounts receivable balances at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Clients (1)	\$	45,379,722	35,567,981
Securities Exchange brokerage firms		1,399,944	1,721,677
Securities and share issuers		789,483	271,697
Accounts past due (2)		30,148	1,027,722
Total trade debt		47,599,297	38,589,077
Prepayments and advances		158,086	322,789
Tax prepayment		799,907	443,715
Employee accounts receivable		617,489	1,032,462
Other debts		992,769	774,032
Total other accounts receivable		2,568,251	2,572,998
Trade and other accounts receivable impairment (3)		(1,299,133)	(1,027,722)
Total	\$	48,868,415	40,134,353

(1) Increase principally due to increased sales of sophos Solutions S.A.S. technology services that raised accounts receivable by 34%.

(2) Fall corresponds to **deceval** clients such as the Water and Sewerage Company, \$15,183; Compañía de Profesionales de Bolsa, \$4,174; Acciones de Bolsa Comisionistas de Bolsa, \$5,586; Compañía Profesionales de Bolsa \$3,742; and others, \$1,462. At 31 December 2018 sophos Solutions S.A.S had an account past due with Successful, that was paid in 2019.

(3) bvc Group measures impairment using the simplified method of expected loss, as indicated by IFRS 9.

The following table shows the evolution of portfolio impairment:

Concept		At 31 December 2019	At 31 December 2018
Starting balance	\$	1,027,722	561,747
Impairment (2)		353,417	591,594
Write-offs		(5,144)	(2,428)
Recoveries		(76,862)	(123,191)
Total impairment	\$	1,299,133	1,027,722

Impairment by subsidiary:

Subsidiary		At 31 December 2019	At 31 December 2018
Bolsa de Valores de Colombia S.A.	\$	790,974	501,435
sophos Solutions S.A.S.		374,688	428,884
deceval		133,076	96,564
precia S.A.		395	839
Total impairment	\$	1,299,133	1,027,722

Trade accounts receivable by term:

	At 31 December 2019						
	Not yet due	31-60 days	61-90 days (1)	91-180 days (2)	181-360 days	> 360 days (3)	Total
Trade accounts receivable	\$ 40,232,497	3,606,061	1,383,003	776,234	321,563	1,279,939	47,599,297
Trade debt provision		(1,990)	(11,074)	(560)	(3,394)	(2,176)	(1,279,939)
Net trade debt	\$ 40,230,507	3,594,987	1,382,443	772,840	319,387	–	46,300,164

At 31 December 2018								
	Current	31-60 days	61-90 days	91-180 days	181-360 days	>360 days	Total	
Trade accounts receivable	\$ 33,729,850	2,226,083	519,156	803,866	387,033	923,089	38,589,077	
Impairment provision	(1,809)	(7,446)	(1,956)	(3,522)	(89,900)	(923,089)	(1,027,722)	
Total	\$ 33,728,041	2,218,637	517,200	800,344	297,133	–	37,561,355	

[1] At 31 December 2019 sophos Solutions S.A.S. had a balance at Banco de Bogotá of \$1,112,894.

[2] 2019's fall in the 91-180 day band is due to pending invoices for FTSE International Ltda, \$57,623; Deutsche Börse AG for 48,856; Fiduciaria La Previsora,

[3] The increase in the >360 day band corresponds to: Construcciones Civiles S.A., \$97,137; Deutsche Börse AG, \$86,712; and Fondo Ganadero del Tolima, \$69,489; among others.

Footnote 15 – Other non-financial assets

Other non-financial assets at 31 December 2019 and 2018:

Concept	At 31 December 2019	At 31 December 2018
Software services and maintenance [1]	\$ 7,610,931	3,794,254
Insurance and financing	495,034	544,834
Other assets [2]	358,478	1,297,997
Social club shares	358,120	353,000
Subscriptions, memberships and contributions	132,075	107,967
Total	\$ 8,954,638	6,098,052

[1] Main variation due to licence support for Amarú project. Among the largest vendors are: Dacartec, \$2,278,708; Oracle \$712,509; Value, \$174,316; and Net data \$62,598.

[2] Main variation due to larger recognition of sophos Solutions subsidiary investment on 31 December 2019 of \$1,056,200, registered as collateral for indemnity payments and tax uncertainty following business combination in 2018.

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Footnote 16 – Investments in associates and joint ventures

Concept		At 31 December 2019	At 31 December 2018
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$	35,801,819	34,743,997
Cámara de Compensación de Divisas S.A.		2,769,600	2,515,264
Derivex S.A.		–	75,411
Set Icap FX S.A.		5,549,620	4,665,947
Set Icap Securities S.A.		1,233,564	1,144,191
Total	\$	45,354,603	43,144,810

bvc Group is undergoing a homogenisation process with its associates and joint ventures with respect to policy used for similar operations with similar characteristics. Associate and joint venture financial statements include conversion adjustments for NCIF (Colombian IFRS) where required and the necessary reclassifications are made to standardise accounting policy and bvc valuation criteria, prior to measurement using the equity method.

At 31 December 2019 and 2018 no investments in associates and joint ventures showed impairment.

Evolution of investments in associates and joint ventures:

Associate or joint venture	Investment value 31 December 2018	Dividends [1]	Equity method income	Investment value 31 December 2019
Cámara de Riesgo central de Contraparte de Colombia S.A.	\$ 34,743,997	[1,466,923]	2,524,745	35,801,819
Set Icap FX S.A.	4,665,947	(3,985,264)	4,868,937	5,549,620
Cámara Compensación de Divisas S.A.	2,515,264	(584,952)	839,288	2,769,600
Set Icap Securities S.A.	1,144,191	(215,714)	305,087	1,233,564
Derivex S.A. [2]	75,411	–	(75,411)	–
Total	\$ 43,144,810	(6,252,853)	8,462,646	45,354,603

Associate or joint venture	Investment value 31 December 2017	Additions or adjustments	Equity method income	Equity method income in other comprehensive income	Dividends [1]	Investment value 31 December 2018
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$ 32,473,680	–	3,599,568	(212,642)	(1,116,609)	34,743,997
Cámara de Compensación de Divisas S.A.	2,311,110	–	727,532	–	(523,378)	2,515,264
Derivex S.A.	100,907	300,000	(325,496)	–	–	75,411
Set Icap FX S.A.	654,604	3,215,260	4,011,343	–	(3,215,260)	4,665,947
Set Icap Securities S.A.	970,619	75,576	173,572	–	(75,576)	1,144,191
	\$ 36,510,920	3,590,836	8,186,519	(212,642)	(4,930,823)	43,144,810

[1] Dividends are in accordance with each bvc Group associate or joint venture's distribution project, and differ from those disclosed in cash flow at 31 December 2019 by \$5,353,698 after tax. At 31 December 2018 the value disclosed in cash flow includes \$15,594 from investment segments of little significant influence that are not accounted for using the equity method.

[2] In May 2019, Derivex capitalisation brought 3 new investors on board, and Bolsa de Valores de Colombia S.A. was diluted from 50.00% to 42.50%. In addition, this company is not recognised using the equity method because losses exceed the investment's value and, as detailed in IAS 28, equity method recognition will resume once income equals the non-recognised loss.

bvc Group investments in associates and joint ventures:

Company	At 31 December 2019		At 31 December 2018		Equity 2019
	%	Shares	%	Shares	
Cámara de Riesgo Central de Contraparte de Colombia S.A.	47.28%	13,173,209,671	47.28%	13,173,209,671	40,366,665
Cámara de Compensación de Divisas S.A.	30.79%	856,327,780	30.79%	856,327,780	2,781,465
Derivex S.A.	42.50%	304,000	50.00%	304,000	715,292
Set Icap FX S.A.	49.91%	549	49.91%	549	330,000
Set Icap Securities S.A	50.00%	428,500	50.00%	428,500	1,667,722

Associate and joint venture financial and operational information:

Associate or joint venture	At 31 December 2019					
	Cash and cash equivalents	Total current assets	Total noncurrent assets	Total current liabilities	Total noncurrent liabilities	
Cámara de Riesgo Central de Contraparte S.A.	\$ 52,885,561	65,865,134,524	21,003,057	65,833,126,001	111,131	
Cámara de Compensación de Divisas S.A.	2,277,606	7,444,559	106,249	1,111,760	—	
Derivex S.A.	1,799,324	44,305	1,844,917	333,834	1,688,031	
Set Icap FX S.A.	7,600,503	4,436,532	3,723,165	4,158,718	1,102,335	
Set Icap Securities S.A.	2,541,329	465,475	37,345	211,286	49,774	

Associate or joint venture	At 31 December 2018					
	Cash and cash equivalents	Total current assets	Total noncurrent assets	Total current liabilities	Total noncurrent liabilities	
Cámara de Riesgo Central de Contraparte S.A.	\$ 47,083,239	58,434,033,259	18,755,582	58,402,365,129	—	
Cámara de Compensación de Divisas S.A.	2,136,292	6,755,270	116,337	1,117,359	—	
Derivex S.A.	493,224	40,525	1,789,989	257,545	1,488,901	
Set Icap FX S.A.	7,637,678	4,264,577	2,403,106	5,329,456	232,750	
Set Icap Securities S.A.	2,137,299	680,640	34,228	217,588	30,355	

Associate or joint venture		At 31 December 2019					
		Income	Interest	Depreciation and/or amortisation	Interest expenses	Income tax	Profit
Cámara de Riesgo Central de Contraparte S.A.	\$	18,515,663	224,081	2,833,460	52,124	475,703	5,579,075
Cámara de Compensación de Divisas S.A.		10,734,831	—	137,228	14,836	2,726,113	2,726,113
Derivex S.A.		119,891	43,550	7,152	133,634	4,980	648,742
Set Icap FX S.A.		27,640,173	291,500	959,906	—	4,821,430	9,755,607
Set Icap Securities S.A.		2,333,498	15,299	2,227	—	333,563	610,173

Associate or joint venture		At 31 December 2018					
		Income	Interest	Depreciation and/or amortisation	Interest expenses	Income tax	Profit
Cámara de Riesgo Central de Contraparte S.A.	\$	19,064,692	434,405	1,945,923	572	356,290	6,894,485
Cámara de Compensación de Divisas S.A.		9,888,352	—	112,892	16,357	2,383,060	2,383,060
Derivex S.A.		148,148	2,457	1,344	126,176	126,048	650,991
Set Icap FX S.A.		24,156,521	198,212	657,549	—	4,860,682	7,999,614
Set Icap Securities S.A.		1,843,223	68,295	2,227	—	245,965	347,143

At year-end 2019 and 2018, investments in associates and joint ventures do not present restrictions nor signs of impairment.

CÁMARA DE RIESGO CENTRAL DE CONTRAPARTE DE COLOMBIA S.A. [CRCC]: Clears and settles, acting as a central operations counterparty and reducing or eliminating the risk of non-compliance with obligations on all standardised derivative operations. Headquartered at Carrera 7 # 71 21 torre B piso 10, Bogotá.

CÁMARA DE COMPENSACIÓN DE DIVISAS S.A. [CCDC]: A foreign currency clearing and settlement system for cash operation compliance between foreign exchange, reducing the liquidity, market, operational and legal risks associated with foreign exchange operation compliance. Headquartered at Carrera 7 # 80 49 oficina 403, Bogotá.

DERIVEX S.A.: The first standardised energy commodity derivative market, in association with XM Compañía de Expertos en Mercados S.A. E.S.P as a strategic partner. Derivex began operations in October 2010, and is headquartered at 7 # 71 21 torre B piso 12, Bogotá.

SET ICAP FX S.A.: The foreign exchange market leader with a 100% transactional market operation for cash and foreign exchange forward market registry and information. The foreign exchange market point of reference in Colombia, headquartered at Carrera 11 # 93 46, Bogotá

SET ICAP SECURITIES S.A.: On 16 March 2015, Bolsa de Valores de Colombia S.A. acquired a 50% shareholding in Icap Securities, a company providing fixed income and OTC derivative trading services at international levels of best practice that allow it to access offshore investment flows interested in Colombian securities. Headquartered at Carrera 11 # 93 46, Bogotá.

It is not considered necessary to calculate the fair value of investments in these associates and registered joint ventures as assets, because they are organisations that do not list shares on Bolsa de Valores de Colombia S.A. and the cost of valuation would exceed the benefit of disclosure.

Associates' financial statements for consolidation were measured at 31 December 2019 and 2018.

Footnote 17 – Capital gains

Capital gains at 31 December 2019 and 2018:

		At 31 December 2019	At 31 December 2018
sophos Solutions S.A.S.	\$	21,613,197	21,613,197
deceval		88,871,891	88,871,891
Total	\$	110,485,088	110,485,088

At 31 December 2019 and 2018 bvc Group determined that the registered capital gains showed no signs of impairment.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	284
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Footnote 18 – Net intangible assets other than capital gains

	Software and licences	Projects in development	Internally developed applications	deceval intangible acquisitions	Client and technology relations	Acquired business and trademarks	Total
Original value – acquisition cost	19,738,584	11,984,327	25,909,371	4,700,000	14,035,914	241,700,000	318,068,196
At 1 January 2019							–
Additions	2,541,960	17,329,893	–	–	–	–	19,871,853
Removals	–	[8,336,492]	8,336,492	–	–	–	–
Transfers	[5,394]	–	–	–	–	–	[5,394]
31 December 2019	22,275,150	20,977,728	34,245,863	4,700,000	14,035,914	241,700,000	337,934,655
Accumulated amortisation	(18,869,227)	–	(5,328,267)	(2,350,000)	(12,387,173)	–	(38,934,667)
Period amortisation charge	(1,363,765)	–	(3,619,733)	(2,350,000)	(1,099,161)	–	(8,432,659)
Impairment and/or removal	[537,991]	–	–	–	–	–	[537,991]
31 December 2019	(20,770,983)	–	(8,948,000)	(4,700,000)	(13,486,334)	–	(47,905,317)
Net book value 31 December 2019	1,504,167	20,977,728	25,297,863	–	549,580	241,700,000	290,029,338

	Software and licences	Projects in development	Internally developed applications	deceval intangible acquisitions	Client and technology relations	Acquired business and trademarks	Total
Original value – acquisition cost							
At 1 January 2018	18,985,249	18,320,590	6,552,952	2,600,000	14,035,914	235,200,000	295,694,705
Additions	947,698	13,020,156	–	2,100,000	–	14,700,000	30,767,854
Removals	(194,363)	–	–	–	–	[8,200,000]	[8,394,363]
Transfers	–	(19,356,419)	19,356,419	–	–	–	–
31 December 2018	19,738,584	11,984,327	25,909,371	4,700,000	14,035,914	241,700,000	318,068,196
Accumulated amortisation	(16,963,657)	–	(2,595,066)	–	(9,864,660)	–	(29,423,383)
Period amortisation charge	(1,897,319)	–	(2,733,201)	(2,350,000)	(2,522,513)	–	(9,503,033)
Impairment and/or removal	(8,251)	–	–	–	–	–	(8,251)
31 December 2018	(18,869,227)	–	(5,328,267)	(2,350,000)	(12,387,173)	–	(38,934,667)
Net book value 31 December 2018	869,357	11,984,327	20,581,104	2,350,000	1,648,741	241,700,000	279,133,529

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	285
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[1] Intangible software and licence additions are made in reference to the acquired asset's start of use date. This differs from the intangible purchase payment revealed in direct cash flow, because cash flow contains items paid for during the period. At 31 December 2019 the value was \$3,774,085 and at 31 December 2018 it was \$6,833,492.

Additions to projects in development correspond to salary concepts and capitalised services. Payment for these items is reflected in operational cash flow under vendor payments for goods and services, and employee payments.

[2] Acquired software licences are amortised during their validity using the straight-line method, unless the contract indicates and different timeframe.

[3] Projects in development:

		At 31 December 2018	Additions	Removals	At 31 December 2019
Amarú (deceval) [3:1]	\$	10,170,804	7,423,085	–	17,593,889
Banking As a Service (sophos)		558,595	–	–	558,595
X-Stream Inet (second phase)		457,475	3,625,236	(3,397,746)	684,965
Master Trader (second phase)		439,593	2,819,442	(2,608,500)	650,535
Marketplace		293,046	1,759,516	(1,879,684)	172,878
deceval promissory notes		64,814	649,182	–	713,996
Marketplace- BID		–	450,562	(450,562)	–
RPA		–	3,600	–	3,600
A2censo		–	599,270	–	599,270
Total Projects	\$	11,984,327	17,329,893	(8,336,492)	20,977,728

		At 31 December 2017	Additions	Removals	At 31 December 2018
Amarú (deceval) [3:1]	\$	2,190,150	7,980,654	–	10,170,804
Banking As a Service (sophos)		115,338	443,257	–	558,595
X-Stream Inet		9,651,673	2,303,860	(11,955,533)	–
Master Trader		3,069,382	976,961	(4,046,343)	–
X-Stream Inet (second phase)		–	457,475	–	457,475
Master Trader (second phase)		–	439,593	–	439,593
Marketplace		–	293,046	–	293,046
deceval Promissory Notes		47,531	17,283	–	64,814
Options		973,586	55,872	(1,029,458)	–
Dolla ebvc		665,606	77	(665,683)	–
Factura Electrónica		–	52,078	(52,078)	–
AFC (sophos)		1,390,026	–	(1,390,026)	–
MIH tool improvements (sophos)		36,079	–	(36,079)	–
Flow2I (sophos)		121,342	–	(121,342)	–
MAT Migration Administrative Tool (sophos)		59,877	–	(59,877)	–
Total Projects	\$	18,320,590	13,020,156	(19,356,419)	11,984,327

[3:1] Most significant increases are in Dacartec capitalised values for software license purchase, installation and configuration, and salaries on the Amarú project.

[4] Intangibles identified during the **deceval** business combination, such as trademarks, National Securities Brokerage Register and the database, that are valued at \$241,700.

[5] sophos Solutions S.A.S recognised costs of \$514,156 for licence amortisation, precia S.A. recognised other expenses of \$18,761, and **deceval** recognised \$5,903 in previous period amortisations.

At 31 December 2019 and 2018, there were no restrictions on bvc Group intangibles, and intangibles other than capital gains showed no indications of impairment.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	286
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Footnote 19 – Net property, plant and equipment, and right-of-use

		Buildings and land	Computing and communications equipment	Furniture and fittings	Improvements to leased property	Right-of-use [Footnote 40]	Transport equipment	Total
Original value – acquisition cost								
31 December 2018	\$	44,905,492	24,252,033	2,811,821	1,008,477	–	209,812	73,187,635
Initial IFRS 16 recognition [Footnote 40]		–	–	–	–	4,070,110	–	4,070,110
Additions [1]		509,712	3,708,948	350,754	466,463	1,269,837	–	6,305,714
IFRS 16 adjustments [Footnote 40]		–	–	–	–	[112,208]	–	[112,208]
Disposal of impaired assets		–	(1,598,006)	(104,216)	–	–	–	(1,702,222)
31 December 2019		45,415,204	26,362,975	3,058,359	1,474,940	5,227,739	209,812	81,749,029
Accumulated depreciation								
31 December 2018		(3,053,399)	(13,753,992)	(1,520,621)	(531,087)	–	(69,937)	(18,929,036)
Depreciation charge		(699,024)	(3,762,328)	(406,555)	(345,467)	(1,381,024)	(41,962)	(6,636,360)
Disposal of depreciated assets		–	1,571,419	82,496	–	–	–	1,653,915
Depreciated cost [2]		–	–	–	–	(166,119)	–	(166,119)
31 December 2019		(3,752,423)	(15,944,901)	(1,844,680)	(876,554)	(1,547,143)	(111,899)	(24,077,600)
Accumulated impairment								
Net book value 31 December 2019		41,662,781	10,410,646	1,213,679	598,386	3,680,596	97,913	57,664,001
Original value – acquisition cost								
31 December 2017		44,808,725	20,939,033	2,675,687	869,008	–	389,692	69,682,145
Additions		167,106	4,366,013	298,589	139,469	–	–	4,971,177
Disposal of impaired assets		(70,339)	(1,053,013)	(162,455)	–	–	(179,880)	(1,465,687)
31 December 2018		44,905,492	24,252,033	2,811,821	1,008,477	–	209,812	73,187,635
Accumulated depreciation								
31 December 2017		(2,360,580)	(10,942,360)	(1,263,692)	(354,813)	–	(207,855)	(15,129,300)
Period depreciation charge		(762,886)	(3,551,195)	(453,782)	(176,274)	–	(41,962)	(4,986,099)
Disposal of depreciated assets		70,067	739,563	196,853	–	–	179,880	1,186,363
31 December 2018		(3,053,399)	(13,753,992)	(1,520,621)	(531,087)	–	(69,937)	(18,929,036)
Accumulated impairment								
Net book value 31 December 2018		41,852,093	10,490,613	1,291,200	477,390	–	139,875	54,251,171

[1] Additions to property, plant and equipment may be made according to the acquired asset's start of use date. This differs from the value revealed in direct method cash flow for property, plant and equipment purchase payments, because cash flow discloses items actually paid for during the period, which at 31 December 2019 and 2018 was \$5,060,546 and \$3,723,992, respectively.

[2] Depreciated cost corresponds to the cost recognised by sophos Solutions S.A.

At 31 December 2019 and 2018 bvc Group property, plant and equipment do not have any restrictions, and have accumulated impairment of \$7,428. At 31 December 2019 there were no indications that this value needs updating.

Footnote 20 – Financial obligations

Current and noncurrent financial obligations:

		At 31 December 2019	At 31 December 2018
Current			
Financial obligation [1]	\$	21,752,263	23,392,185
Right-of-use liability [2]		3,902,846	–
Total current		25,655,109	23,392,185
Noncurrent			
Financial obligations		(12,080,354)	(16,240,554)
Liability and right-of-use		(2,346,067)	–
Total noncurrent		(14,426,421)	–
Total	\$	11,228,688	7,151,631

[1] Financial obligations:

Entity	Interest rate	Capital and interest
Banco de Bogotá S.A. [1]	CPI + 3.5%	\$ 14,107,342
Bancolombia S.A. [1]	IBR + 1.6%	5,000,000
Total bank loans		
Financial leasing operations		19,107,342
Bancolombia S.A. [12]	Term deposit rate+5.50 percentage points	37,729
Banco de Occidente S.A. [12]	IBR (nominal monthly) + 3.37 percentage points	588,131
Bancolombia S.A. [12]	DTF +5.7 percentage points	490,666
Bancolombia S.A. [12]	DTF T.A + 5.0 percentage points	376,512
Bancolombia S.A. [12]	IBR N.A.M.V + 3.54 percentage points	1,151,883
Total financial leasing operations		
Total financial obligations		21,752,263

Entity	At 31 December 2018		
	Interest rate	Capital and interest	
Banco de Bogotá S.A. [1]	CPI + 3.5	\$	18,097,472
Banco de Bogotá S.A. [1]	EAR 7.9961		2,003,361
Banco de Bogotá S.A. [1]	EAR 8.2119		500,866
Total bank loans			20,601,699
Financial leasing operations			
Bancolombia S.A. [12]	Term deposit rate + 5.7 percentage points		580,856
Bancolombia S.A. [12]	Annual term deposit rate + 5.0 percentage points		457,089
Bancolombia S.A. [12]	IBR (nominal monthly) + 3.54 percentage points		961,755
Banco Occidente S.A. [12]	IBR (nominal monthly) + 3.37 percentage points		696,522
Bancolombia S.A. [12]	Term deposit rate + 5.5		94,264
Total financial leasing operations			2,790,486
Total financial obligations			\$ 23,392,185

[1.1] On 30 May 2018, Bolsa de Valores de Colombia S.A. acquired an obligation with Banco de Bogotá S.A. for \$20,000,000 over 5 years, paid quarterly at an interest rate of CPI+3.5%. The loan is unrestricted and a promissory note was provided as collateral. In 2019, capital payments of \$4,000,000, and interest payments of \$1,107,683 were made on this obligation.

In December 2019, a financial obligation was acquired with Bancolombia S.A. for \$5,000,000 over 5 years at a rate of IBR+1.6%, with a promissory note as collateral.

In 2019, sophos Solutions S.A.S. settled financial obligation 0005187764 with Banco de Bogotá S.A. for \$2,504,227 that had existed since December 2018.

[1.2] sophos Solutions S.A.S and deceval leases of buildings and computer equipment, recognised as IFRS 16.:

Financial obligations by term, excluding right-of-use:

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	288
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At 31 December 2019							
Concept	< 1 year	1-2 years	2-3 years	3-4 years	> 5 years	Total	
Loans							
Capital	\$ 9,000,000	4,000,000	4,000,000	2,000,000	—	19,000,000	
Interest	107,342	—	—	—	—	107,342	
Total loans	9,107,342	4,000,000	4,000,000	2,000,000	—	19,107,342	
Financial leasing	564,567	468,070	391,365	289,696	931,223	2,644,921	
Total	\$ 9,671,909	4,468,070	4,391,365	2,289,696	931,223	21,752,263	

At 31 December 2018							
Concept	< 1 year	1-2 years	2-3 years	3-4 years	> 5 years	Total	
Loans							
Capital	\$ 6,500,000	4,000,000	4,000,000	4,000,000	2,000,000	20,500,000	
Interest	101,699	—	—	—	—	101,699	
Total loans	6,601,699	4,000,000	4,000,000	4,000,000	2,000,000	20,601,699	
Financial leasing	549,932	496,111	540,685	589,343	614,415	2,790,486	
Total	\$ 7,151,631	4,496,111	4,540,685	2,589,343	2,614,415	23,392,185	

(2) Right-of-use liabilities.

Correspond to IFRS 16 implementation At 1 January 2019, related to office at Cr 7 # 71 -21 oficina 402, and Calle 72 ground floor premises, sophos and precia offices at Cr 7 # 71 – 21 piso 4, and the deceval office in Cali.

Right-of-use by term:

Financial lease term	Value
< 1 month	\$ 136,094
1-3 months	272,137
3-12 months	1,148,547
Total current	1,556,778
1-5 years	2,346,068
Total right-of-use accounts receivable	\$ 3,902,846

Current value of minimum future payments:

	Undiscounted minimum future lease payments		Undiscounted minimum future interest payments		Capital discounted from the leasing rate		
	\$	2019	2018	2019	2018	2019	2018
< 1 year		526,837	457,967	202,094.00	227,350.00	488,284	423,608
1-5 years		2,080,355	1,902,563	401,478.00	595,583.00	1,629,383	1,676,751
> 5 years		–	335,692	–	162,287.00	–	44,180
	\$	2,607,192	2,696,222	603,572	985,220	2,117,667	2,144,539

In 2019 and 2018 all financial obligation covenants were met.

Footnote 21 – Financial liabilities - derivatives

Derivatives	At 31 December 2018		
Forward contracts	Notional	Fair value	
Foreign exchange purchases	\$ 288,185	279,468	
Total derivative liabilities	\$ 288,185	279,468	

Contracts are non-deliverable forwards whose underlying asset is the COP-USD exchange rate, where sophos commits to purchasing USD at the agreed rate. The contracts were negotiated in the OTC market. Payment is made using the official rate on the due date, and funds are transferred on the payment date. The contract strike rate is used to determine who pays and who receives the funds. Where the official rate is higher than the strike rate, sophos shall receive the difference, where the opposite is true it shall pay the difference.

At 31 December 2019 all derivative forward contracts were settled; 2018 data is shown below.

Entity	Forward rate	At 31 December 2018		
		USD Capital	Current obligation	Due date
Itaú Corpbanca Colombia S.A.	FWD 2,910.67	250,000	\$ 88,133	13/05/2019
Itaú Corpbanca Colombia S.A.	FWD 2,931.52	250,000	82,999	13/05/2019
Itaú Corpbanca Colombia S.A.	FWD 2,968.01	100,000	29,606	13/05/2019
Itaú Corpbanca Colombia S.A.	FWD 2,967.98	100,000	29,609	13/05/2019
Itaú Corpbanca Colombia S.A.	FWD 3,015.72	100,000	24,907	13/05/2019
Itaú Corpbanca Colombia S.A.	FWD 3,022.76	100,000	24,214	13/05/2019
Total USD		900,000	\$ 279,468	

Footnote 22 – Hedge futures

Bolsa de Valores de Colombia S.A. and **deceval** derivative financial instrument contracts are traded on organised markets and with financial sector organisations.

Bolsa de Valores de Colombia S.A. and **deceval** derivative instrument fair value at 31 December 2019:

Company	Fair value	Profit and loss balance
bvc	2,651,691	(22,232)
deceval S.A.	2,805,999	(27,621)

With regard to the effective portion of cash flow recognised in other significant income, admissible risk mitigation collateral are cash and government securities with the highest country risk rating and high liquidity.

Companies	Number of futures contracts	Nominal value	Total hedge value
bvc	16	USD\$50,000	USD\$850,000
deceval	17	USD\$50,000	USD\$850,000

Measuring effectiveness

Effectiveness is measured monthly in accordance with current CFS legislation and IFRS 9 requirements, as follows:

bvc

Hedge purchase date	Hedge value USD	Hedged item value USD	Exchange rate	Spot purchase	Fair value flow variation	Hedge fair value variation	Ratio	Hedge result
30/11/2019	350,000	350,000	3.522.48	3,323.55	(69,625)	69,625	100%	Perfecta
31/12/2019	250,000	250,000	3,277.14	3,329.98	13,210	(13,210)	100%	Perfecta
31/12/2019	200,000	200,000	3,277.14	3,281.40	852	(852)	100%	Perfecta

deceval S.A.

Hedge purchase date	Hedge value USD	Hedged item value USD	Exchange rate	Spot purchase	Fair value flow variation	Hedge fair value variation	Ratio	Hedge result
30/11/2019	400,000	400,000	3,522.48	3,316.18	(82,520)	82,520	100%	Perfecta
31/12/2019	250,000	250,000	3,277.14	3,329.98	13,210	(13,210)	100%	Perfecta
31/12/2019	200,000	200,000	3,277.14	3,281.40	852	(852)	100%	Perfecta

A hedge is effective if the ratio between the hedge item variation and the hedge value is between 85% and 125%. Therefore, a hedge will be deemed ineffective by Bolsa de Valores de Colombia S.A. and **deceval** if it falls outside these percentages.

Effectiveness measure calculations show that the ratio is 100% of changes in fair value of the hedged item, attributed to dollar/peso exchange rate risk.

Hedged items

Hedged items are related to anticipated foreign currency payments for Exchange project (Master Trader) items that are highly likely to be paid, and correspond to a maximum of 75% of the project being developed in 2020. bvc generally aims to use hedge accounting to manage income volatility

	2019	2020
USD balance	0.78 million	0.82 million
USD income		
Vendor information sales	2.07 million	3.24 million
USD expenses		
Recurring technology payments	2.61 million	3.16 million
Projects		
BME and NASDAQ	0.63 million	1.17 million
Derivatives	0.78 million	0.80 million
Final exposure	(0.39) million	0.53 million

deceval hedged items are related to anticipated foreign currency payments, principally to **deceval** project (Amarú) items that are highly likely to be paid, and correspond to a maximum of 65% of the project being developed in. **deceval** generally aims to use hedge accounting to manage income volatility.

	2019	2020
USD balance	2.25 million	1.66 million
USD income		
Vendor information sales	0.01 million	0.01 million
USD expenses		
Recurring technology payments	1.11 million	1.14 million
Projects		
TCS	0.97 million	2.01 million
Derivatives	0.78 million	0.85 million
Final exposure	0.18 million	(0.63) million

The estimated Bolsa de Valores de Colombia S.A. and **deceval** dollar payment values are USD 1,300,000 and 2,360,000 respectively. In accordance with IFRS 7 paragraph 21, budgeted project cash flow shall be executed as follows:

Company	Project	2020 - Q1	2020 - Q2
bvc	bvc (Master Trader)	USD 500,000	USD 800,000
deceval	deceval (Amarú)	USD 1,860,000	USD 500,000

Bolsa de Valores de Colombia S.A. and **deceval** strategy is to hedge 75% of these flows with derivative future instruments, while the remaining 25% will be exposed and supported by the operation. This strategy was defined and approved by the Board of Directors in October 2019.

Risk component detail

Derivative instruments may be favourable or unfavourable depending on exchange rate variations. The risk component is linked to agreed exchange rate variation vs. **bvc** rate at the end of operations. A loss occurs when it is below the strike price, and a profit when it is above the strike price. Bolsa de Valores de Colombia S.A. and **deceval** use derivatives to manage market risks, and all transactions are made according to Risk Management Committee guidelines.

Each hedge operation executed by the company includes the formal designation of the item being hedged.

In 2019, there was no hedge ineffectiveness.

Collateral

To mitigate the risk of default on a hedge operation, collateral of 5.75% was required on the position, and Bolsa de Valores de Colombia S.A. and **deceval** issued cash collateral (via a mutual fund) and securities, as follows:

Company	Nominal value
bvc	Public debt securities 212,500
deceval S.A.	Public debt securities 463,400

At the end of each operation, the securities issued as collateral will be returned to Bolsa de Valores de Colombia S.A. and **deceval**

Exchange rate risk analysis

Bolsa de Valores de Colombia S.A. and **deceval** use three scenarios to measure exchange rate risk: Projected (the budget-established exchange rate of \$3,400), Optimistic (exchange rate below the strike price), and Pessimistic (exchange rate above the strike price). Bolsa de Valores de Colombia S.A.

Scenario 1	Projected exchange rate	Loss > \$3,346.12	Profit <\$3,346.12
Initial valuation	3,400	3,300	\$3,500
COP values	\$ 1,190,000	1,155,000	1,225,000
Variation (%)	1.61%	(1.38%)	4.60%
Scenario 2	Projected exchange rate	Loss > \$3,359	Profit <\$3,359
Initial valuation	3,400	3,300	\$3,500
COP values	\$ 850,000	825,000	875,000
Variation (%)	1.22%	(1.76%)	4.20%
Scenario 3	Projected exchange rate	Loss > \$3,387.90	Profit <\$3,387.90
Initial valuation	3,400	3,300	\$3,500
COP values	\$ 680,000	660,000	700,000
Variation (%)	0.36%	(2.59%)	3.31%

deceval

		Projected exchange rate	Loss > \$3,338.90	Profit <\$3,338.90
Initial valuation		3,400	3,300	3,500
COP values	\$	1,360,000	1,320,000	1,400,000
Variation (%)		183%	(1.17%)	4.82%
		Projected exchange rate	Loss > \$3,361.90	Profit <\$3,361.90
Initial valuation		3,400	3,300	3,500
COP values	\$	680,000	660,000	700,000
Variation (%)		1.13%	(1.84%)	4.11%
		Projected exchange rate	Loss > \$3,334.20	Profit <\$3,334.20
Initial valuation		3,400	3,300	3,500
COP values	\$	850,000	825,000	875,000
Variation (%)		1.97%	(1.03%)	4.97%

Footnote 23 – Employee benefits

Employee benefits at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Consolidated vacations	\$	3,841,635	3,042,083
Severance funds		3,459,332	2,734,662
Indemnity payments		250,000	123,058
Severance fund interest		354,780	303,413
Extra-legal benefits (1)		6,160,101	5,828,550
Unpaid salaries		194,146	210,264
Total employee benefits	\$	14,259,994	12,242,030

(1) Bonuses paid by bvc Group and subsidiaries:

Company		At 31 December 2019	At 31 December 2018
Bolsa de Valores de Colombia S.A.	\$	2,616,773	3,386,402
sophos Solutions S.A.		619,247	724,427
Depósito Centralizado de Valores S.A.		2,588,124	1,590,679
precia Proveedor de Precios Para Valoración S.A.		335,957	127,042
Totales	\$	6,160,101	5,828,550

Employment obligations are the consolidation of social security payments made according to harmonised internal policy and current legislation.

Footnote 24 – Trade and other accounts payable

Trade and other accounts payable at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Costs and expenses payable [1]	\$	17,135,780	11,713,905
Other accounts payable		3,666,693	3,293,109
Salaries and contributions		1,544,916	1,053,481
Other		120,591	72,588
Total	\$	22,467,980	16,133,083

[1] Variation due to:

bvc: accounts payable to Hewlett Packard Colombia Ltda - \$1,018,865, Axity - \$549,271, Nuva - \$210,232, Comunicación Celular - \$193,969, Dell - \$109,430, and others - \$115,240.

deceval: accounts payable to Dacartec - \$382,776, and IBM - \$2,600,022 (not mentioned in 2018 as non-recurring).

Costs and expenses payable:

Concept		At 31 December 2019	At 31 December 2018
Fees [a]	\$	1,982,352	3,165,952
Services [b]		7,128,463	2,397,396
Cost of provisions		3,174,921	1,711,958
Maintenance and preparation		2,223,370	1,812,448
Travel		28,335	12,068
Other		2,548,650	2,595,048
Insurance		49,689	19,035
Total	\$	17,135,780	11,713,905

[a] Main variation due to BAIN payment of \$580,148 for services in 2018, PWC AG of \$240,840 and Exxis Colombia of \$65,164.

[b] Variation due to accounts payable recognition of: Hewlett Packard Colombia Ltda \$1,018,865, Axity \$549,271, Nuva \$210,232, Comunicación Celular \$193,969, Dell \$109,430, and others \$115,240, Dacartec \$372,776, IBM \$2,600,022, TST \$700,000, Bancolombia \$636,567, Digital Transformación \$416,632, Thales \$175,490, Vector \$54,810, Bancolombia \$636,146, Belltech \$34,741, Embarcadero \$49,948, Rackspace \$54,473, and Centurylink \$57,284, other services \$560,282, and others \$617,677.

Footnote 25 – Other non-financial liabilities

Other non-financial liabilities at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Commerce and industry tax	\$	1,125,007	661,268
Retained VAT		704,731	292,231
Payable VAT		7,401,387	5,371,341
Income tax		1,833,872	1,154,693
Retained commerce and industry tax		60,856	44,941
Total	\$	11,125,853	7,524,474

bvc Group classifies all of its tax obligations as other non-financial liabilities, except income tax.

Footnote 26 – Prepaid income

Deferred income		
Original value – acquisition cost		
At 1 January 2019	\$	32,967,510
Additions		21,298,256
31 December 2019		54,265,766
Accumulated amortisation		
At 1 January 2019		(31,986,564)
Period amortisation charge		(20,293,353)
31 December 2019		(52,279,917)
Net book value 31 December 2019	\$	1,985,849
Original value – acquisition cost		
At 1 January 2018	\$	16,054,084
Additions		16,913,426
31 December 2018		32,967,510
Accumulated amortisation		
At 1 January 2018		(15,914,288)
Period amortisation charge		(16,072,276)
31 December 2018		(31,986,564)
Net book value 31 December 2018	\$	980,946

Prepaid income corresponds to invoices issued for securities registration and maintenance by deceval and bvc, and equity charges by precia, and its value will be amortised monthly until December.

Footnote 27 – Estimated liabilities and provisions

bvc Group estimated liabilities and provisions at 31 December 2019 and 2018:

		At 31 December 2018	Increased provisions	Used provisions	Provision recovery	At 31 December 2019
Contingent future payments (1)	\$	5,661,665	–	(5,311,929)	(349,736)	–
Indemnity payment provision (2)		1,087,000	1,513,000	–	–	2,600,000
Restructuring provision (3)		856,726	–	(368,830)	–	487,896
Contingent tax liability (4)		696,000	–	–	(696,000)	–
Contingent employment liability (4)		360,213	–	–	(360,213)	–
Disposal services		72,665	69,909	–	–	142,574
Total	\$	8,734,269	1,582,909	(5,680,759)	(1,405,949)	3,230,470

		At 31 December 2017	Increased provisions	Used provisions	Provision recovery	At 31 December 2018
Contingent future payments	\$	4,805,231	856,434	–	–	5,661,665
Restructuring provision		2,260,175	1,087,000	(2,023,373)	(236,802)	1,087,000
Indemnity payment provision		153,265	1,642,190	(938,729)	–	856,726
Contingent tax liability		696,000	–	–	–	696,000
Contingent employment liability		360,213	–	–	–	360,213
Legal payment provision		140,000	–	(140,000)	–	–
Disposal services		70,426	2,239	–	–	72,665
Total	\$	8,485,310	3,587,859	(3,102,098)	(236,802)	8,734,269

(1) \$5,661,665 corresponding to a contingent provision for PPA during sophos Banking Solutions SAS acquisition, equivalent to future fair payment values as stated in the purchase agreement, plus fair value adjustment. In April 2019, bvc made the following payments to sophos Solutions shareholders: Atul Malhotra - \$2,203,243, Amitt Agarw - \$2,203,243, Mohanraj Subramani - \$905,443. Payment corresponds to contingent remuneration mentioned in the acquisition contract. In addition, a \$349,736 provision was recovered

(2) In 2019, deceval added a provision for indemnity payments in accordance with plans that it intends to use in 2020.

(3) At 31 December 2019, \$368,830 had been used for redundancy payments, in accordance with the bvc restructuring plan.

(4) Contingent employment and tax liabilities were determined during due diligence on the sophos Solutions S.A.S. acquisition, and are based on contractual conditions and bvc determined terms for reversing these positions.

Footnote 28 – Other liabilities

Other liabilities at 31 December 2019 and 2018:

Concept		At 31 December 2019	At 31 December 2018
Cooperation agreement (a)	\$	1,191,634	1,191,634
Deposits received and trade accounts payable		163,363	156,660
Total	\$	1,354,997	1,348,294

(a) In October 2018, the Interamerican Development Bank deposited \$1,191,634 with Bolsa de Valores de Colombia S.A. for developing the Marketplace project, with the following conditions attached:

1. The contract was signed on 31 May 2018.
2. The funds do not have a rate.
3. The finds shall be returned 42 months after the contract date and are subject to the project's anticipated results.

Footnote 29 – Shareholder equity

There were no changes to bvc Group shareholder equity in 2019. On 29 April 2018, a reverse split was carried out, as approved by shareholders on 22 March 2018. The nominal share value was increased from COP\$1 to COP\$500, and each 500x COP\$1 shares were converted to 1x COP\$500 share. As a result, at 31 December 2018 there were 60,513,469 shares in circulation and subscribed and paid-up capital was \$30,256,734.

At 31 December 2019 authorised share capital was \$35,000,000, represented by 70,000,000 ordinary shares at a value of \$500 each.

Dividends

Dividends are decreed and paid to shareholders according to bvc Group previous year net profits. On 28 March 2019 in act 033, shareholders approved the following dividends:

		At 31 December 2019	At 31 December 2018
bvc Group previous year net profits	\$	39,142,489	103,206,571
Cash dividends paid during the year		Cash dividend of \$550 per share paid in two instalments of 50% each, in April and August 2019, on a total of 60,513,469 authorised, subscribed and paid-up shares.	Cash dividend of \$500 per reverse split share, paid 50% and the remainder in August 2018 on a total of 60,513,469 authorised, subscribed and paid-up shares.
Shares in circulation		60,513,469	60,513,469
Liberation of or appropriation to reserves		5,860,082	72,947,691
Total dividend (1)		33,282,407	30,256,734
Dividend per share	\$	550	500

The dividends are in accordance with bvc's distribution project and differ from those presented in cash flow, where values were recognised at 31 December 2019 and 2018 for \$34,584,788 and \$33,384,253, respectively. The difference is due to sophos Solutions dividend payments for 2019 and 2018 of \$4,074,850 and 3,127,750 respectively, less the relevant taxes.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	297
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Reserves

Concept		At 31 December 2019	At 31 December 2018
Statutory reserves (a)	\$	19,816,635	19,707,577
Voluntary reserves (b)		114,499,614	105,030,156
Total	\$	134,316,249	124,737,733

a) Statutory reserves

In accordance with current legislation, bvc Group and subsidiaries in Colombia must create a statutory reserve equal to 10% of each year's net profit, until reaching a total equivalent to 50% of subscribed share capital. The reserve may fall below 50% to offset losses in excess of retained profits. The variation corresponds to Invesbolsa S.A.S. reserves of \$109,058.

b) Voluntary reserves

Voluntary reserves		
Balance 31 December 2018	\$	105,030,156
Bolsa de Valores de Colombia S.A.		5,860,083
deceval		2,091,391
sophos Solutions S.A.S.		1,083,740
precia S.A.		434,244
Balance 31 December 2019	\$	114,499,614

Other comprehensive income and other equity interests

Other comprehensive income in 2019 and 2018:

Concept		Initial balance 2019	Increase	Reduction	Final balance 2019
IFRS adoption	\$	9,476,298	—	—	9,476,298
IFRS adoption variation Icap Securities		(137,119)	—	—	(137,119)
IFRS adoption variation sophos		(40,126)	—	—	(40,126)
IFRS adoption variation bvc		(7,472,892)	2,524,780	—	(4,948,112)
IFRS adoption variation Derivex		(6,000)	—	—	(6,000)
IFRS adoption variation CRCC		1,578	—	—	1,578
IFRS adoption variation CCD		61,064	—	—	61,064
IFRS adoption variation deceval		(3,521,094)	—	—	(3,521,094)
Total IFRS adoption		(1,638,291)	2,524,780	—	886,489
Other comprehensive income					
sophos foreign business conversion difference		582,251	52,776	—	635,027
deceval equity instrument fair value		307,532	—	—	307,532
deceval debt instrument fair value		139,620	—	—	139,620
deceval asset reasonable value adjustment		534,406	—	—	534,406
deceval cash flow hedges		—	—	(20,620)	(20,620)
bvc cash flow hedges		—	—	(22,232)	(22,232)
Other comprehensive income		1,563,809	52,776	(42,852)	1,573,733
Other comprehensive income variation non-controlling interest					
sophos foreign business conversion difference		44,344	—	—	
Total variation other comprehensive income		97,120	(42,852)		
Excess paid by bvc for share purchases		(16,949,837)	—	—	(16,949,837)
Excess paid by Invesbolsa for share purchases		(132,072)	—	—	(132,072)
Other equity interests		2,376,799	—	—	2,376,799
Other shareholder equity		(14,705,110)	—	—	(14,705,110)
Total other equity interests and other comprehensive income	\$	(13,141,301)	52,776	(42,852)	(13,131,377)

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	298
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Concept		Initial balance 2018	Increase	Reduction	Final balance 2018
IFRS adoption	\$	9,476,298	—	—	9,476,298
IFRS adoption variation Icap Securities		(137,119)	—	—	(137,119)
IFRS adoption variation sophos		(40,126)	—	—	(40,126)
IFRS adoption variation bvc		(7,472,892)	—	—	(7,472,892)
IFRS adoption variation Derivex		(6,000)	—	—	(6,000)
IFRS adoption variation CRCC		1,578	—	—	1,578
IFRS adoption variation CCD		61,064	—	—	61,064
IFRS adoption variation deceval		(3,521,094)	—	—	(3,521,094)
Total IFRS adoption		(1,638,291)	—	—	(1,638,291)
Other comprehensive income					
sophos foreign business conversion difference		297,721	195,751	—	493,472
deceval equity instrument fair value		307,532	—	—	307,532
deceval debt instrument fair value		352,262	—	(212,642)	139,620
deceval asset reasonable value adjustment		749,155	—	(125,970)	623,185
Other comprehensive income		1,706,670	195,751	(338,612)	1,563,809
Other comprehensive income variation non-controlling interest					
sophos foreign business conversion difference		165,500	—	—	
Total variation other comprehensive income		361,251	(338,612)		
Excess paid by bvc for share purchases		—	—	(16,949,837)	(16,949,837)
Excess paid by Invesbolsa for share purchases		—	—	(132,072)	(132,072)
Other equity interests		2,376,799	—	—	2,376,799
Other shareholder equity		2,376,799	—	(17,081,909)	(14,705,110)
Total other equity interests and other comprehensive income	\$	4,083,469	195,751	(17,420,521)	(13,141,301)

Acquisition of non-controlled interest in deceval

(1) In 2018, a 5.29% non-controlled interest was acquired, with the following transaction costs:

Share acquisition cost	\$	21,443,612
Non-controlled interest acquired		
Accumulated profits		1,289,920
Non-controlled equity		1,047,709
Authorised capital		637,456
Period income		551,269
Statutory reserves		318,729
Other voluntary reserves		286,318
First time IFRS adoption adjustment		230,302
Total non-controlled interest acquired on 31 May 2018		4,361,703
Equity effect of share purchase	\$	17,081,909

The difference between the value paid to acquire **deceval** shares and the equity acquired is reflected in **bvc** Group consolidated equity, in accordance with IFRS 10 paragraphs 22, 23 and B96.

In Act N°33, 28 March 2019, shareholders approved the first-time adoption items, and the recognition made in September 2019 is as follows:

	First-time CNIF (Colombian IFRS) adoption
First-time adoption balance At 1 January 2019	\$ (971,029)
Net current value equity tax	2,850,442
Cost attributed to Bogota and Medellin buildings	(877,910)
Deferred tax actuarial calculation	552,248
Total variation	2,524,780
Balance 31 December 2019	\$ 1,553,752

Non-controlled interests

The 100% acquisition of **deceval** on 31 May 2018 means non-controlled interests fell in 2019.

Footnote 30 – Ordinary income

		At 31 December	
		2019	2018
Fixed-income	\$	9,828,850	10,653,667
Equities		15,530,636	14,943,292
Derivatives and securities lending		3,036,297	3,562,788
Capital market		28,395,783	29,159,747
Issuer deposits and promissory notes (1)		40,279,309	38,035,498
Securities registration and maintenance		14,581,507	12,547,863
Special operations (2)		5,162,097	6,086,116
Issuers		60,022,913	56,669,477
Information publications and subscriptions		10,741,492	10,139,543
Terminals (3)		891,057	2,353,871
SAE connection		1,539,631	1,571,874
Master Trader (4)		5,455,922	1,318,807
Education		657,144	898,976
precia		8,345,000	8,812,720
Knowledge and information		27,630,246	25,095,791
Post-trade		46,505,583	44,452,457
Technology and innovation (5)		110,479,359	72,965,439
Other ordinary income		1,607,366	1,180,435
Total ordinary income	\$	274,641,250	229,523,346

(1) Variation due to increased transaction, issue and promissory note volumes.

(2) Variation due to non-cyclical nature of auction income. The most representative operation in 2018 was ISAGEN, and in 2019 was Grupo Exito.

(3) Terminals fell due to the new Master Trader platform coming online in September 2018.

(4) Variation due to the Master Trader platform cannibalising terminals business.

(5) Variation due to sophos Solutions new contracts signed in 2019.

Footnote 31 – Investment income

		At 31 December	
	Concept	2019	2018
	Investment value increase (1)	\$ 1,041,453	1,243,885
	Financial income (2)	2,049,887	1,464,148
	Dividends and equity (3)	11,356	8,156
	Profit from sale of investments	1,521	–
	Total	\$ 3,104,217	2,716,189

(1) Investment value increase at 31 December 2019 and 2018:

		At 31 December	
	Class of security	2019	2018
	Term deposits	\$ 756,584	1,225,155
	Currency forwards	279,468	–
	Treasury securities COP	5,401	–
	Bonds	–	17,896
	UVR (real value unit) TIPS	–	10
	COP TIPS	–	824
	Total	\$ 1,041,453	1,243,885

(2) Financial income at 31 December 2019 and 2018:

At 31 December

Concept		2019	2018
Other interest	\$	565,943	555,508
Financial returns		1,483,944	908,640
Total	\$	2,049,887	1,464,148

(3) Dividends at 31 December 2019 and 2018:

At 31 December

Concept		2019	2018
XM Expertos Cia de Mercados	\$	11,356	8,156
Total	\$	11,356	8,156

Bolsa de Valores de Colombia S.A. share ownership of XM Expertos en Cia e Mercados is 0.0674%.

Footnote 32 – Earnings and other income

Concept	At 31 December	
	2019	2018
Exchange rate differences	\$ 2,703,260	3,323,115
Government subsidies	48,594	–
Recovered provisions	23,059	37,745
Profit from sale of assets (1)	10,098	262,810
Other income	1,001	33,594
Total	\$ 2,786,012	3,657,264

(1) Variation due to sale of **deceval** Medellin offices in 2018 for \$1,600,000, with a profit of \$217,710.

Footnote 33 – Costs

At 31 December 2019 and 2018, sophos Solutions operating costs were:

	At 31 December	
	2019	2018
Personnel (1)	\$ 70,749,154	45,621,603
Leases	1,592,405	1,133,713
Travel	557,303	380,345
Amortisations (2)	514,156	–
Other	384,554	231,186
Legal	185,313	106,136
Fees	168,467	131,327
Depreciation	166,120	–
Other	114,971	147,381
Insurance	97,753	11,424
Services	67,881	10,534
Operational lease interest	13,072	–
Maintenance and repairs	10,333	15,371
Total	\$ 74,621,482	47,789,020

(1) Number of personnel increased from 890 to 1284.

(2) In 2019 licences were acquired for service provision, and recognised as a cost. In 2018, licence amortisation was recognised as an expense.

Footnote 34 – Employee benefit expenses

Concept	At 31 December	
	2019	2018
Salaries (1)	\$ 17,338,571	14,808,755
Wages (1)	17,302,050	15,351,716
Pension contributions	3,513,866	3,155,101
Extra-legal premium	3,055,069	2,310,359
Other employee benefits (2)	2,875,267	4,974,197
Bonusses (3)	2,850,251	5,033,852
Parafiscal taxes	2,063,015	1,838,474
Indemnity payments (4)	1,693,664	2,071,746
Annual leave	1,637,859	1,639,658
Severance payments	1,496,942	1,426,850
Statutory premium	1,477,338	1,343,551
Overtime	1,280,045	729,892
Health insurance contributions	1,214,700	1,078,720
Training	757,096	597,093
Sport and recreation	624,958	507,304
Severance payment interest	159,966	151,874
Insurance	110,574	213,250
Other contributions and assistance	96,511	93,208
Sick leave	71,470	167,835
Transport subsidy	22,155	28,903
Employee uniforms and equipment	8,410	24,974
Nutritional subsidy	2,198	2,009
Total employee benefit expenses	\$ 59,651,975	57,549,321

(1) Variation due to legal and extra-legal bvc Group salary adjustments.

(2) Fall due to ending bvc five-year salary employee benefit in 2018, following unification of Group benefits.

(3) Main variation due to a redundancy payment of \$1,097,621 in 2018. Variable remuneration in 2019 and 2018 was \$2,365,233 and \$3,390,569, respectively.

(4) Corresponds to redundancy payments during restructuring.

Footnote 35 – Depreciation and amortisation expenses

Concept	At 31 December	
	2019	2018
Depreciation (1)	\$ 6,636,360	4,986,099
Amortisation	8,432,659	9,503,033
Total depreciation and amortisation expenses	\$ 15,069,019	14,489,132

(1) From At 1 January 2019, bvc Group adopted IFRS 16 Leases, and right-of-use assets are now recognised and depreciated over the term of the contract.

Footnote 36 – Other ordinary expenses

Concept	At 31 December	
	2019	2018
Fees (1)	\$ 18,935,384	24,612,485
Service and maintenance	13,652,503	11,995,273
Other	6,818,105	6,893,191
Tax	5,408,818	4,128,986
Leases	2,319,314	3,305,245
Travel	1,705,782	1,895,666
Contributions and memberships	1,840,956	1,869,712
Marketing and publicity	1,578,104	1,568,330
Insurance	1,282,397	1,026,444
Debt impairment	353,417	591,594
Installation and adaptation	228,919	359,333
Public relations	274,436	258,415
Meetings and symposia	141,117	211,911
Stationery, supplies and photocopies	311,627	200,290
Legal expenses	55,990	163,706
Administration and mediation services	83,444	76,052
Asset impairment	27,707	64,879
Total	\$ 55,018,020	59,221,512

(1) In 2019, bvc / deceval integration expenses fell.

Footnote 37 – Profit or loss, private capital fund

Other income at 31 December 2019 and 2018:

At 31 December	2019	2018
Value increase bvc Fondo Inversor securities	\$ 265,081	113,579
Total	\$ 265,081	113,579

Footnote 38 – Financial information by operating segment

Operating segments are **bvc** Group components participating in commercial activities that generate income and expenses, for which financial information is available and regularly assessed by the **bvc** Group Board of Directors.

Products and services generating income in operating segments

bvc Group has five operating segments: **bvc**, **deceval**, sophos, precia and other investment vehicles.

bvc, **deceval** and precia are monitored and controlled by the CFS, and their principal objective is to provide infrastructure to the financial sector.

sophos provides administrative, technical and BPO consultancy, mainly related to information systems, developing and using technological information system services, and consultancy on core banking and test and software construction for financial and trading companies.

Other investment vehicles create and participate in companies and organisations that are directly related to Bolsa de Valores de Colombia S.A. activities and services, with a view to facilitating, growing or complementing **bvc**'s investment activities.

Factors used to identify operating segment

The operating segments above are based **bvc** Group organisational strategy with regard to different Colombian economic sectors. Each of the organisations have been operating in Colombia for a number of years.

Consolidated **bvc** Group information is assessed by the Board of Directors in accordance with international standards and current Colombian financial legislation, and is made available to the general public.

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	304
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Assets and liabilities at 31 December 2019:

	bvc	deceval	sophos	precia	Other*	Eliminations	Consolidated 2019
Assets							
Current							
Cash and cash equivalents	\$ 11,888,133	15,001,093	5,284,564	983,324	1,388,065	—	34,545,179
Financial asset investments	242,420	24,450,495			—	—	24,692,915
Trade and other accounts receivable	7,012,848	11,637,712	28,872,589	1,210,016	—	135,250	48,868,415
Other	7,766,486	81,682	2,564,051	120,865	—	(9,234,717)	1,298,367
Noncurrent					—	—	—
Financial asset investments	2,625,868				—		2,625,868
Investments in associates and joint ventures	30,254,581	8,656,837	—	—	1,341	6,441,844	45,354,603
Capital gains	—		—	—	—	110,485,088	110,485,088
Intangible assets (excl. goodwill)	27,560,118	19,248,910	1,601,071	688,024	—	240,931,215	290,029,338
Property, plant and equipment	21,843,633	26,513,967	10,385,984	548,372	—	(1,627,955)	57,664,001
Other	446,803,985	5,781,005	555,172	—	20,778,262	(464,408,602)	9,509,822
Total assets	\$ 555,998,072	111,371,701	49,263,431	3,550,601	22,167,668	[117,277,877]	625,073,596
Liabilities							
Financial obligations	\$ 9,458,614	288,727	1,591,664	142,448	—	(193,508)	11,287,945
Employee benefits	3,994,224	4,096,257	5,689,252	335,967	—	144,294	14,259,994
Trade and other accounts payable	14,648,012	8,253,303	8,514,105	328,619	—	(7,502,057)	24,241,982
Other liabilities	721,259	10,233,959	4,891,470	435,882	—	36,839,914	53,122,484
Noncurrent							
Financial obligations	10,362,464	310,907	3,843,012	233,247		(382,466)	14,367,164
Other	6,699,635	7,338,665	915,117	161,155	32,003	(15,114,564)	32,011
Total Liabilities	\$ 45,884,208	30,521,818	25,444,620	1,637,318	32,003	13,791,613	117,311,580

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	305
Assets and liabilities at 31 December 2018														
					bvc	deceval	sophos	precia	Other*	Eliminations				Consolidated 2018
Assets														
Current														
Cash and cash equivalents	\$				10,692,073	13,421,001	5,002,583	954,687	1,124,625	—				31,194,969
Financial asset investments					2,043,239	21,564,762	—	—	—	—				23,608,001
Trade and other accounts receivable					7,636,530	11,183,221	21,285,581	1,352,044	—	[1,323,023]				40,134,353
Other					4,712,617	—	842,083	802,457	—	[1,304,711]				5,052,446
Noncurrent														
Financial asset investments					2,115,941	—	—	—	—	—				2,115,941
Investments in associates and joint ventures					28,302,883	8,294,075	—	—	1,343	6,546,509				43,144,810
Capital gains					—	—	—	—	—	110,485,088				110,485,088
Intangible assets (excl. goodwill)					21,219,752	11,240,525	1,541,277	(271,093)	—	245,403,068				279,133,529
Property, plant and equipment					20,684,609	27,447,595	7,071,095	225,059	—	[1,177,187]				54,251,171
Other					443,776,944	2,201,617	1,022,229	1,097,234	5,157	[441,204,417]				6,898,764
Total assets	\$				541,184,588	95,352,796	36,764,848	4,160,388	1,131,125	[82,574,673]				596,019,072
Liabilities														
Financial obligations	\$				4,097,472	94,265	2,959,894	—	—	—				7,151,631
Employee benefits					5,327,272	2,766,526	4,002,407	145,825	—	—				12,242,030
Trade and other accounts payable					8,741,818	3,851,076	3,868,650	618,803	14,611	[77,931]				17,017,027
Other liabilities					2,056,307	2,621,503	4,982,556	1,891,996	928	[2,531,993]				9,021,297
Noncurrent														
Financial obligations					14,000,000	—	2,240,554	—	—	—				16,240,554
Other					13,385,571	7,069,571	308,226	198,499	37	25,886,213				46,848,117
Total Liabilities	\$				47,608,440	16,402,941	18,362,287	2,855,123	15,576	23,276,289				108,520,656

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Income and expenses at 31 December 2019:

	bvc	deceval	sophos	precia	Other*	Eliminations and/or adjustments	Consolidated 2019
Ordinary income							
Fixed-income	\$ 9,828,851	—	—	—	—	—	9,828,851
Equities	15,530,636	—	—	—	—	—	15,530,636
Derivatives and securities lending	3,036,297	—	—	—	—	—	3,036,297
Securities administration	—	—	—	—	—	—	—
Capital market	28,395,784	—	—	—	—	—	28,395,784
Issuer deposits and promissory notes	—	40,279,309	—	—	—	(85,292)	40,194,017
Securities registration and maintenance	14,589,977	—	—	73,247	—	[8,469]	14,654,755
Special operations	5,162,097	—	—	—	—	—	5,162,097
Issuers	19,752,074	40,279,309	—	73,247	—	(93,761)	60,010,868
Information publications and subscriptions	10,996,228	—	—	—	—	[254,736]	10,741,492
Terminals	891,057	—	—	—	—	—	891,057
SAE connection	1,539,631	—	—	—	—	—	1,539,631
Master Trader	5,455,922	—	—	—	—	—	5,455,922
Education	657,144	—	—	—	—	—	657,144
Pricing information	—	—	—	8,619,753	—	—	8,619,753
Knowledge and information	19,539,983	—	—	8,619,753	—	(254,736)	27,905,000
Post-trade	—	46,590,876	—	—	—	(85,293)	46,505,583
Technology and innovation	—	—	115,941,414	—	—	(5,715,880)	110,225,534
Other ordinary activities	660,803	1,009,539	—	—	—	(71,861)	1,598,481
Total ordinary income	68,348,643	87,879,724	115,941,414	8,693,000	—	(6,221,531)	274,641,250
Investment income	1,359,177	1,525,435	193,620	98,110	1,426,009	[1,498,134]	3,104,217
Other earnings or income	913,796	1,573,221	528,251	37,891	—	(267,147)	2,786,012
Total income	70,621,616	90,978,380	116,663,285	8,829,001	1,426,009	(7,986,812)	280,531,479
Costs and expenses							
Costs	—	—	(74,621,484)	—	—	—	(74,621,484)
Employee benefits	(23,699,570)	(22,781,599)	(9,770,409)	(3,410,808)	—	10,411	(59,651,975)
Depreciation and amortisation	(7,003,693)	(2,795,484)	(1,737,636)	(339,189)	—	(3,193,017)	(15,069,019)
Other ordinary expenses	(29,628,639)	(22,251,009)	(6,199,792)	(3,707,739)	(52,616)	6,821,775	(55,018,020)
Non-ordinary expenses	(174,560)	(3,814)	—	—	—	—	(178,374)
Total costs and expenses	(60,506,462)	(47,831,906)	(92,329,321)	(7,457,736)	(52,616)	3,639,169	(204,538,872)
Operating profit	10,115,154	43,146,474	24,333,964	1,371,265	1,373,393	(4,347,643)	75,992,607
Operating profit							
Associate and joint venture equity method profit	7,825,110	817,212	—	—	—	(104,265)	8,538,057
Associate and joint venture equity method loss	(75,009)	—	—	—	—	(402)	(75,411)
Other income from subsidiaries, bvc Group-controlled organisations, and associates	265,081	—	—	—	—	—	265,081
Financial costs	(2,179,916)	(1,955,242)	(1,028,722)	(98,464)	(69)	62,824	(5,199,589)
Pre-tax profit	15,950,420	42,008,444	23,305,242	1,272,801	1,373,324	(4,389,486)	79,520,745
Income tax	(143,516)	(13,184,122)	(9,093,390)	(658,820)	(8,542)	1,526,378	(21,562,012)
Net annual profit	15,806,904	28,824,322	14,211,852	613,981	1,364,782	(2,863,108)	57,958,733

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	307
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Income and expenses at 31 December 2018

		bvc	deceval	sophos	precia	Other*	Eliminations and/or adjustments	Consolidated 2019
Ordinary income								
Fixed-income	\$	10,653,667	—	—	—	—	—	10,653,667
Equities		14,943,292	—	—	—	—	—	14,943,292
Derivatives and securities lending		3,562,788	—	—	—	—	—	3,562,788
Capital market		29,159,747	—	—	—	—	—	29,159,747
Issuer deposits and promissory notes			37,287,844	—	—	—	(70,243)	37,217,601
Securities registration and maintenance		13,879,107	—	—	29,087	—	(2,138)	13,906,056
Special operations		6,086,116	—	—	—	—	—	6,086,116
Issuers		19,965,223	37,287,844	—	29,087	—	(72,381)	57,209,773
Information publications and subscriptions		10,344,728	—	—	—	—	(249,672)	10,095,056
Terminals		2,338,580	—	—	—	—	—	2,338,580
SAE connection		1,574,544	—	—	—	—	—	1,574,544
Master Trader		1,318,807	—	—	—	—	—	1,318,807
Education		898,976	—	—	—	—	—	898,976
Pricing information		—	—	—	8,839,254	—	—	8,839,254
Knowledge and information		16,475,635	—	—	8,839,254	—	(249,672)	25,065,217
Post-trade		—	43,893,419	—	—	—	—	43,893,419
Technology and innovation		—	—	76,179,755	—	—	(3,603,566)	72,576,189
Other ordinary activities		967,071	506,836	—	—	145,094	—	1,619,001
Total ordinary income	\$	66,567,676	81,688,099	76,179,755	8,868,341	145,094	(3,925,619)	229,523,346
Investment income		1,330,985	1,740,939	(420,223)	40,740	1,325,273	(1,301,525)	2,716,189
Other earnings or income		1,432,656	1,615,038	860,324	13,618	—	(264,372)	3,657,264
Total income		69,331,317	85,044,076	76,619,856	8,922,699	1,470,367	(5,491,516)	235,896,799
Costs and expenses								
Costs		—	—	(47,759,550)	—	—	—	(47,759,550)
Employee benefits		(28,330,685)	(19,014,869)	(7,388,402)	(2,822,352)	—	6,987	(57,549,321)
Depreciation and amortisation		(5,378,139)	(2,803,879)	(1,301,156)	(188,341)	—	(4,817,617)	(14,489,132)
Other ordinary expenses		(30,474,567)	(23,709,838)	(4,167,569)	(4,902,722)	(85,843)	4,119,027	(59,221,512)
Non-ordinary expenses		(142,041)	(5,856)	(2,999)	—	—	—	(150,896)
Total costs and expenses		(64,325,432)	(45,534,442)	(60,619,676)	(7,913,415)	(85,843)	(691,603)	(179,170,411)
Operating profit		5,005,885	39,509,634	16,000,180	1,009,284	1,384,524	(6,183,119)	56,726,388
Operating profit								
Associate and joint venture equity method profit		7,265,760	1,349,630	—	—	—	(103,375)	8,512,015
Associate and joint venture equity method loss		(364,669)	—	—	—	—	39,173	(325,496)
Other income from subsidiaries, bvc Group-controlled organisations, and associates		180,127	—	—	—	—	—	180,127
Financial costs		(2,587,981)	(1,040,154)	(1,753,438)	(22,219)	(13)	416	(5,403,389)
Pre-tax profit		9,499,122	39,819,110	14,246,742	987,065	1,384,511	(6,246,905)	59,689,645
Income tax		(1,815,213)	(10,871,940)	(3,632,347)	(552,816)	(2,718)	1,840,000	(15,035,034)
Net annual profit		7,683,909	28,947,170	10,614,395	434,249	1,381,793	(4,406,905)	44,654,611

Footnote 39 – Income tax

GRI 103-1, 103-2, 103-3, 207-3, 207-4

Income tax expenditure components

In accordance with current fiscal legislation, the company pays income and supplemental tax. In 2018 and 2019, the applicable rate was 33%, plus a 4% surtax applicable when the tax base rose above COP\$800 million. In 2019, constitutional court ruling C-510, 29 October, made the surtax for financial institutions unenforceable. The ruling came into effect immediately and therefore we estimate a 33% basic rate for 2019. In addition, a 10% rate is applied to capital gains. The income tax base may not be lower than 1.5% of liquid equity on the last day of the previous period (presumptive income).

Law 1819, 2016, Article 22, states that from 2017, recognition and measuring systems will be used to determine income and supplemental taxes on the value of assets, liabilities, equity, income, costs and expenses, in accordance with current Colombian technical legislative frameworks, whether tax law expressly refers to them or not. In any case, tax law may expressly require different treatment, as stated in article 4, law 1314, 2009.

Other relevant tax regimes:

sophos Technology Solutions INC. (Panama): incorporated by affiliate agreement with La Fundación Ciudad del Saber, valid until 31 May 2019, renewable. Clause ten of the agreement states that the company shall access the tax and migratory benefits detailed in Decree Law No. 6, 10 February 1998, as long as it complies with the necessary requirements for doing so. The tax benefits shall be applied to the following operations and activities authorised by the affiliate agreement:

- a. Design, develop and implement compete core banking information solutions, digital channels, capital market, risk, data analysis, credit cards and others.
- b. Core banking system training.
- c. Develop, distribute and maintain financial sector software systems.
- d. Market, develop, advise and provide technical support for information systems.
- e. Investigate and develop digital banking, IoT, big data big analytics, among other innovative products.

According to the decree, innovative companies that produce, assemble and process high-technology goods, or offer similar services, for sale in domestic or international markets, shall enjoy the following benefits:

- a. Activities, operations, transactions, procedures and transfers of goods and services; and the purchase and importation of equipment and materials, raw materials equipment, machines, tools, accessories, supplies, and any good or service required for operations in Ciudad del Saber (technology park) project areas, shall be 100% free of domestic direct taxes, contributions, tariffs, rights and burdens, and
- b. Capital shall be free of domestic direct taxes, including patent and licencing taxes.

sophos Technology Solutions S.A. (Chile): Income and deferred taxes are calculated based on liquid income, determined according to Chilean income tax legislation. The company currently reports tax losses and has not, therefore, created an income tax provision.

Income tax expenditure is determined to be the sum of current taxes resulting from applying the tax rate to the tax base, less any applicable tax deductions.

Deferred tax is recognised as the difference between asset and liability book values and the corresponding tax base.

sophos Technology Solutions SA de CV (México): Income tax is 30% of taxable income, calculated as follows:

- a. Taxable income is accumulated income less authorised deductions and employee profit share payments, as specified article 123 of the constitution.
- b. Taxable income may be offset by unapplied tax losses from previous periods.

Tax shall be paid through a tax declaration presented to the authorities within three months of the end of the tax year.

In addition:

- i. 2018 and 2019 tax declarations remain open to revision by the tax authorities, although no extra tax is anticipated were an inspection to occur.
- ii. The table below details tax losses at 31 December 2019:

(COP\$ thousand)

Year of origin	Tax losses	Tax losses to be offset within 12 years
2018	1,529,633	1,529,633
Total	1,529,633	1,529,633

Until 2016, accumulated tax losses could be offset against future ordinary liquid income tax, at any time and without limit. From 2017 onwards, they may only be used in the 12 years following their occurrence.

- iii. Excess taxable ordinary presumptive income At 31 December 2019:

(COP\$ thousand)

Year of origin	Excess presumptive income	Excess presumptive liquid income to be offset from 2017
2018	2,106,919	–
Total	2,106,919	–

Excess presumptive income may be offset against ordinary income for the following five years.

Since 2016, tax declarations become firm after 3 years. For organisations subject to transfer pricing, and declarations offsetting tax losses, this is extended to 6 years. Declarations that listed tax losses prior to 2018 become firm after 12 years. Law 2010, 2019, modified these terms to 5 years in all cases.

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iv. In accordance with article 158-1 of the tax code, in the 2019 tax year the company incorporated a non-accounting tax deduction of \$7,816,626 and a discount of \$1,386,914.

Income and complementary tax detail:

Reconciliating the effective rate

In accordance with IAS 12, paragraph 81, subsection (c), the following is a breakdown of reconciliation between the company's total income tax expenses for 2019 and 2018 at current rates, and the tax expenses recorded for the respective year.

	2019 Value	2019 Rate	2018 Value	Rate
Income	\$ 57,958,733		44,654,611	
Total income tax expenses (income)	21,562,012	27.11%	15,035,034	25.19%
Pre-tax income	79,520,745	100.00%	59,689,645	100.00%
Income tax at the company's domestic rate	26,241,846	33.00%	22,085,169	37.00%
Equity method income	(2,792,674)	(3.51%)	(3,029,012)	(5.07%)
Surtax base	—	—	(96,000)	(0.16%)
Irregular income	—	—	(121,604)	(0.20%)
Non-deductible expenses	2,607,538	3.28%	3,338,952	5.59%
Interest and other non-taxable income	(536,025)	(0.67%)	(429,502)	(0.72%)
Other concepts	1,259,458	1.58%	(3,415,852)	(5.72%)
Applied tax discount	(560,001)	(0.70%)	(177,003)	(0.30%)
Pending tax discount	(2,977,087)	(3.74%)	(1,666,810)	(2.79%)
Previous period adjustment to current taxes	207,610	0.26%	156,349	(2.79%)
Rate variation on deferred tax	(1,243,002)	(1.56%)	(1,609,653)	(2.70%)
Changes to previous year deferred tax estimate	(645,651)	(0.81%)	—	—
Total income tax expenses	\$ 21,562,012	27.11%	15,035,034	25.19%

Foot-note	2019	2018
Income tax expenses		
Current period	\$ 21,655,160	16,399,645
Previous period adjustment	207,610	156,349
Subtotal current tax	21,862,770	16,555,994
Deferred tax expenditure		
Timing differences	344,893	(1,520,960)
Change to previous year deferred tax estimate	(646,651)	—
Subtotal deferred tax	(300,758)	(1,520,960)
Total income tax expenses	\$ 21,562,012	15,035,034

The company incurred no taxes directly recognised in shareholder equity nor in other comprehensive income.

Deferred tax

Differences between asset and liability book values and their tax bases give rise to the following timing differences generated by deferred, calculated and registered taxes for the periods ending 31 December 2019 and 2018, based on applicable tax rates in the years the timing differences will be reversed.

	Balance At 1 January 2018	Effect on income	Effect on other recognised income	Other effects	deceval deferred tax PPA (*)	Balance 31 December 2018	Effect on income	Balance 31 December 2019
Deferred tax asset								
Intangibles	3,752	(3,752)	—	—	—	—	10,237	10,237
Other assets	20,792	1,244,518	—	—	—	1265,310	172,985	1,438,295
Provisions	115,618	93,414	—	—	—	209,032	232,496	441,528
Property, plant and equipment	2,044,297	93,786	—	—	—	2,138,083	(608,374)	1,529,709
Accounts payable (Business combination)	445,722	—	—	—	—	445,722	—	445,722
Leases	—	—	—	—	—	—	7,755	7,755
Leasing	457	(457)	—	—	—	—	—	—
Investment	10,845	(76,261)	65,886	—	—	470	(470)	—
Employee benefits	924,926	(924,926)	—	—	—	—	—	—
Provisions for indemnity payments	836,265	(194,782)	—	—	—	641,483	190,517	832,000
Exchange rate differences	2,476	37,307	—	—	—	39,783	127,360	167,143
Excess presumptive income	—	675,831	—	—	—	675,831	(43,755)	632,076
Tax losses	—	359,653	—	—	—	359,653	99,237	458,890
Unused tax discounts	—	—	—	—	—	—	2,954,886	2,954,886
Implementation IFRS 16	—	—	—	—	—	—	11,703	11,703
Tax credits	—	—	—	—	—	—	9,437	9,437
Commerce and industry tax payable (taken as a tax discount)	—	—	—	—	—	—	161,265	161,265
Subtotal	4,405,150	1,304,331	65,886	—	—	5,775,367	3,325,279	9,100,646
Deferred tax liability								
Investments	(649,367)	229,228	—	—	—	[420,139]	235,837	[184,302]
Debt instruments	(21,981)	16,303	5,652	—	—	(26)	(17,984)	(18,010)
Equity instruments (business combination)	(2,209,216)	—	—	—	2,209,216	—	—	—
Deposits received	(67,386)	67,386	—	—	—	—	—	—
Provisions	(423,509)	230,661	—	86,271	—	(106,577)	(231,867)	(338,444)
Intangibles	(1,313,920)	(273,187)	—	—	—	(1,587,107)	(1,737,425)	(3,324,532)
Intangibles (business combination)	(80,234,268)	1,840,000	—	—	52,753,000	(25,641,268)	1,239,347	(24,401,921)
Property, plant and equipment	(10,055,764)	1,181,320	—	—	—	(8,874,444)	226,643	(8,647,801)
Investment projects	—	(2,053,166)	—	—	—	(2,053,166)	(1,933,814)	(3,986,980)
Exchange rate differences	—	(211,769)	—	—	—	(211,769)	189,936	(21,833)
Commercial credit	(2,035,566)	(810,147)	—	—	—	(2,845,713)	(995,194)	(3,840,907)
Subtotal	(97,010,977)	216,629	5,652	86,271	54,962,216	(41,740,209)	(3,024,521)	(44,764,730)
Net total	(92,605,827)	1,520,960	71,538	86,271	54,962,216	(35,964,842)	300,758	(35,664,084)

The effect of deferred tax on each component of other comprehensive income is as follows:

	\$	At 31 December 2018			At 31 December 2019		
		Pre-tax amount	Deferred tax	Net	Pre-tax amount	Deferred tax	Net
Equity method accounted investments	\$	(284,180)	71,538	(212,642)	–	–	–
Other		(125,970)		(125,970)			
Cash flow hedges		–	–	–	(42,852)	–	(42,852)
Exchange earnings [Losses] during net tax conversion		361,251	–	361,251	97,120	–	97,120
Total	\$	(48,899)	71,538	22,639	54,268	–	54,268

In accordance with current Colombian tax legislation, neither dividend distribution nor profit retention shall affect the income tax rate.

In compliance with IAS 12, the company did not register deferred tax liabilities related to timing differences on investments in subsidiaries, principally for concepts related to non-distributed profits and tax readjustments on investments. This is because: i) The company controls its subsidiaries and therefore decides on reversals related to timing differences; and ii) the Company does not anticipate doing so in the medium-term and, even if this decision changes, the operation would not be taxable. Therefore, it is not probable that these timing differences will be reversed for the foreseeable future. At 31 December 2019 and 2018, timing differences for the indicated items were \$364,478,756 and \$345,789,930, respectively.

Uncertainty on open tax positions^[1]

On 27 June 2018, IASB issued IFRIC 23 Uncertainty over income tax treatments, clarifying how to determine tax earnings or losses, tax bases, unused tax losses, unused tax credits, and tax rates, to answer uncertainty regarding tax treatment in IAS 12.

IFRIC 23 requires disclosure of accounting uncertainty in current and deferred taxes when it is unlikely the tax authorities will accept a negative treatment, and it is therefore probable that the company will receive or pay the amounts related to the uncertain negative treatment.

At 31 December 2019 and 2018 the company had no tax uncertainty that generated a provision. The income and complementary tax process is regulated by the current tax framework, and therefore there is no risk of additional tax obligations.

Finally, in compliance with IAS 12, paragraph 82, the company has current financial projections that support the complete recoverability of deferred tax assets related to 2018 and 2019.

Realisation of deferred tax assets

We hope to continue to generate taxable liquid assets in future periods, against which we can recover deferred tax assets. Future tax income is based on projected company operations, and it is hoped that the positive tendency will continue.

The estimates contained in the financial projections are the base for recovering deferred tax assets on tax discounts to be offset against future tax income.

Economic Growth Law – (Tax reform)

Law 1943, 2018, modified Colombian tax law and gradually reduces income tax rates, it also gradually reduces presumptive income fees until they are finally eliminated in 2021, among other varied reforms.

Given the unenforceability of Law 1943 from 1 January 2020, the Government issued Law 2010 on 27 December 2019, known as the Economic Growth Law, that ratifies the essential growth components of Law 1943, 2018, and introduces some modifications, as follows:

- For tax year 2019, the applicable income tax rate is 33%. The rates determined by Law 1943, 2018, are maintained: 2020 – 32%, 2021 – 31%, 2022 onwards – 30%.
- The presumptive income fee will fall to 0.5% in 2020 and 0% from 2021 onwards.

[1] In June 2017 IASB issued IFRIC 23, effective internationally from 1 January 2019. Colombia issued Decree 2270 on 13 December 2019 with an updated technical annex on Group 1 IFRS norms, effective from 1 January 2020. The decree compiled the norms to date and added IFRIC 23. The technical annex does not refer to 01/01/19, but rather to 01/01/20, as defined in Items 1 and 2, Article 7 of the decree.

- All taxes, rates and contributions paid in the tax year that are related to income generation are deductible (except income tax); 50% of the financial transaction tax is deductible, regardless of whether it is income generating or not.
- 50% of the commerce and industry tax may be treated as a tax discount on income tax in the tax year it is paid and according to its relationship with economic activity. From 2022, it may be fully discounted.
- Continued tax discounts are (i) VAT paid on importing, forming, constructing or acquiring real productive fixed-assets, including the services necessary for their construction and implementation; this discount may only be used by VAT registered organisations. (ii) Commerce and industry tax, as detailed above.
- The following modifications were made to the tax on dividends:
 - The rate was increased to 10% for non-taxable dividends paid to foreign companies and organisations, non-resident individuals and permanent establishments.
 - A 10% marginal rate will be applied to dividends in excess of 300 UVT (tax value units) paid to resident individuals and domestic estates in probate.
- The taxable dividend rate was amended as follows: (i) 2019 - 33%, 2020 – 32%, 2021 – 31%, 2022 onwards – 30%; and (ii) the remainder will be taxed at the non-taxable rate in accordance with the recipient (individuals and estates in probate as stated above, all other cases 75%).
- No changes were made to the income tax regime for first-time dividend payments to domestic companies, that are transferrable to resident individuals or non-resident investors at a rate of 7.5%.
- 2016 and prior dividends conserve their treatment. Dividends corresponding to 2017, 2018 and 2019 that are paid from 2020 onwards will be subject to the rates mentioned above.
- The Economic Growth Law states that taxpayers can use the "tax for works" mechanism to offset their tax obligations, as mentioned in article 238, Law 1819, 2016, or they can use the direct investment convention established in article 800-1 of the tax code.
- The Economic Growth Law establishes that tax returns determining or offsetting tax losses will become final after 5 years.
- Corrections that increase tax payable or decrease a tax rebate may now be made up to 3 years after the tax declaration is submitted.

The right to audit is granted to 2020 and 2021 income tax declarations, for which a net tax increase is required with respect to the previous year so that the return may be finalised in 6 months (30%) or 12 months (20%), as stated in Law 1943, 2018 for tax years 2019 and 2020. The conditions of Law 1943, 2018 with regards to the right to audit give benefits to taxpayers that have accessed this right for tax year 2019.

Footnote 40 – Related parties

GRI 102-7, 103-2, 201-4, 415-1

Transfer of resources, services or obligations between related parties. **bvc** Group transfers between related parties are those that comply with the following conditions:

- Between organisations within the **bvc** Group – subsidiaries.
- With organisations over which it exercises significant influence (associates or joint ventures).
- With key management personnel.

Intercompany operations are completed at market prices and treated as if between unrelated parties.

At 31 December 2019 and 2018 intercompany and related party operation balances were:

Organisation	Relationship	At 31 December 2019		At 31 December 2018	
		Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Cámaras de Riesgo Central de Contraparte	Associate	\$ 22,031	–	130,215	–
Derivex S.A.	Joint venture	1,350,064	589	1,202,644	3,180
Deterioro Derivex	Joint venture	(1,101,780)	–	(1,101,780)	–
Set Icap FX [1]	Joint venture	31,751	18,892	–	15,976
Set Icap Securities	Joint venture	14,939	–	37,005	15,492
Other [3]	Shareholders	8,330	5,567	6,098	5,506
Total		\$ 325,335	25,048	274,182	40,154

Organisation	Relationship	At 31 December 2019		At 31 December 2018	
		Income	Expense	Income	Expense
Camara de Compensacion de Divisas	Associate	\$ 15,044		13,821	
Cámera de Riesgo Central de Contraparte	Associate	465,992	4,184	442,858	4,278
Derivex S.A.	Joint venture	120,112	89,526	112,431	381,729
Deterioro Derivex	Joint venture	—	—	—	—
Set Icap FX (2)	Joint venture	161,046	127,166	110,511	121,823
Set Icap Securities	Joint venture	113,266	4,598	108,090	20,977
Total	\$	875,460	225,474	787,711	528,807

(1) Insurance policy charges of \$44,892 at Set Icap, to be paid at the end of the period.

(2) Variation due to bvc technology services provided to Set Icap FX. Expenses correspond to Set Icap FX services provided to precia for \$44,941 and special services provided to bvc for \$80,783.

(3) In June 2018, a loan of \$500,000 was made to the bvc President, to be paid over 5 years with a portfolio year-end rate of return. In addition, at 31 December 2019, \$2,066,299 were pending payment to shareholders and key personnel.

Key management personnel

Key personnel payments, 31 December 2019 and 2018:

	At 31 December	
	2019	2018
Key personnel payments (President, Vice Presidents, Managers)	\$ 19,043,564	11,535,979
Board of Director fees	1,182,525	1,247,296
Total	\$ 20,226,089	12,783,275

Footnote 41 – Right-of-use leases

As part of the transition to IFRS 16, from At 1 January 2019 Bolsa de Valores de Colombia S.A. recognised right-of-use assets and accounts receivable for financial subleases and lease liabilities.

The impact of the transition is summarised below:

		Right-of-use							
Right-of-use assets		At 1 January 2019	Adjustment (1)	Additions and/or movements	At 31 December 2019	Elimination of bvc Group company subleases		At 31 December 2019	
Initial recognition	\$	4,070,110	539,806	1,269,837	5,879,753		(652,014)	5,227,739	
Depreciation		–	5,730	(1,754,119)	(1,748,389)		201,246	(1,547,143)	
Total	\$	4,070,110	545,536	(484,282)	4,131,364		(450,768)	3,680,596	
Right-of-use financial obligations									
Initial recognition	\$	4,070,110	539,672	1,462,069	6,071,851		(808,002)	5,263,849	
Capital amortisation		–	11,699	(1,604,730)	(1,593,031)		232,028	(1,361,003)	
Net total	\$	4,070,110	551,371	(142,661)	4,478,820		(575,974)	3,902,846	
Expense recognised in profit and loss									
Right-of-use interest	\$	–	14,750	395,698	410,448		(62,553)	347,895	
Right-of-use depreciation		–	(5,730)	1,754,316	1,748,586		(201,443)	1,547,143	
Total expenses	\$	–	9,020	2,150,014	2,159,034		(263,996)	1,895,038	

Subleasing between bvc Group companies

Bolsa de Valores de Colombia S.A. subleases to **deceval** S.A. an area destined exclusively to the Alternative Operations Centre, and an office in Medellin.

IAS 17 subleases

IAS 17 lease expenses are \$ 3,305,245

Letter to Shareholders	Corporate Vision	Corporate Strategy	Organisational Profile	Corporate Governance	Sustainability	Clients and Market	Employees	Integrated Report Profile	Individual Financial Statements	Consolidated Financial Statements	Country Code Survey	<	>	315
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Footnote 42 – Operational lease obligations

At 31 December 2019 IFRS 16 adoption determines that lease obligations are recognised as right-of-use financial obligations.

Non-cancellable operational lease obligations at 31 December 2018:

Bolsa de Valores de Colombia S.A. S.A					
Lease	Objective	Payment	Currency	Start date	End date
Promotora La Enseñanza	Storefront	14,835,682	COP	1/01/2010	31/12/2019
Inversiones Pie Grande y Carlos Lázaro Umaña	Office space	16,733,762	COP	15/09/2016	30/09/2019
deceval	Office space	1,102,334	COP	2/05/2016	Automatic renewal

sophos Solutions S.A.S						
Lease	Objective	Payment	Currency	Start date	End date	
Arrendamientos Londoño Gómez S.A.	Commercial premises	6,371,260	COP	1/03/2016	28/02/2018	
	Commercial premises	18,445,000	COP	1/01/2017	31/12/2019	
A Parra S.A.	Commercial premises	17,533,200	COP	1/11/2018	31/10/2019	
Mónica Ester Rubilar	Housing	832,223	COP	9/03/2017	8/10/2018	
Rolando Miguel Balmaceda	Housing	400,000	COP	1/06/2018	1/12/2018	
Carlos Roberto Rebollo	Housing	846,000	COP	14/05/2018	14/11/2018	
Paula Casarejos	Housing	380,000	COP	1/07/2018	1/01/2019	
Cristian Avendaño	Housing	730,000	COP	1/02/2019	31/07/2019	
Home Realty S.A.	Housing	1,600	USD	1/03/2018	28/02/2019	
Carlos Adán Chocano	Housing	1,600	USD	1/03/2018	28/02/2019	
Agustín Gotay	Housing	1,000	USD	23/09/2018	22/03/2019	
Agustín Gotay	Housing	2,000	USD	29/09/2018	28/03/2019	
Mattew Desantis	Housing	2,300	USD	1/10/2018	1/04/2019	
Juan José Laviada Contreras	Housing	27,000,00	MXN	1/06/2018	31/05/2019	
Miguel Ángel Caudillo Arias	Housing	14,600,00	MXN	1/10/2018	1/04/2019	
Manuel Jacobo Chouza	Housing	25,000,00	MXN	27/01/2018	26/01/2019	

PRECIA S.A.						
Lease	Objective	Payment	Currency	Start date	End date	
deceval	Alternative Operations Centre	1,302,190	COP	1/11/2016	1/11/2021	
Inversiones Lourdes	Lease	14,459,036	COP	1/06/2016	30/05/2022	
Inversiones Lourdes	Warehouse	334,881	COP	1/06/2016	30/05/2022	

DECEVAL S.A.

Lease	Objective	Payment	Currency	Start date	End date
Bolsa de Valores de Colombia S.A.S.A	Alternative Operations Centre	8,739,370,00	COP	1/11/2016	1/11/2021
Bolsa de Valores de Colombia S.A.S.A	Medellin office	14,500,000,00	COP	1/04/2017	31/03/2022
Stella Ricci	Cali office	2,531,730	COP	1/05/2016	Automatic renewal

Footnote 43 – Legal and procedural contingencies

GRI 103-2, 419-1

deceval

Plaintiff	Proceeding	Objective	Amount	Probability
deceval S.A.,	Lawsuit	Against ex-employees for theft, false documentation and criminal conspiracy.	\$1,158,220, including fees, travel costs and share purchases.	Remote
Colombian Family Welfare Institute (ICBF, Spanish acronym)	Proceeding 2017-64, Bogota Civil Court 43.	Transfer of abandoned and unclaimed property, securities, shares or equity to the ICBF.	\$3,160,379	Remote

Bolsa de Valores de Colombia S.A..

Process	Plaintiff	Objective	Status	Value or fine	Probability
Direct compensation	Carlos Juri Feghali	The plaintiff alleges that CFS, AMV and bvc are materially and administratively responsible for his economic losses related to an investment in INTERBOLSA S.A., on 18 October 2012, because they allegedly omitted to inspect, monitor and control legal and constitutional precepts and norms.	On 30 January 2019, the judge issued a second instance ruling that confirmed and revoked the first hearing's ruling, and set a new hearing for 9 August 2019. During this hearing, a date of 1 October 2020 was set to hear testimony from Celso Guevara and Susana Gómez.	\$232,000 (initial claim)	Remote
Class action	Jorge Enrique Robledo y otros	A class action related to a sale of ISAGÉN shares that was managed by bvc	The court ruled against an impleader. bvc's lawyer appealed the court's decision. The court ruled against the appeal. At the start of 2018, ISAGÉN S.A. E.S.P. requested succession to BRE COLOMBIAN INVESMENT L.P., and a response is pending.	TBD	Remote
Environmental Sanction	Secretaria Distrital de Ambiente (Local Environment Secretary)	An apparent breach of environmental law related to the bvc sign at the Calle 72 building being installed without the relevant permission from the Local Environment Secretary, in contravention of art. 5, resolution 931, 2008.	In July 2018 a memorandum was submitted requesting cessation of this environmental process. It has yet to be answered by the authorities. On 22-08-2019, 3 signs were registered with validity to 21-08-2023, offsetting the environmental infraction. This will be presented in the case as having resolved the situation, to avoid or minimise the value of any fine.	TBD	High probability of unfavourable result. Potential fine of between 40 and 300 legal monthly minimum salaries.

precia – Proveedor de precios para valoración S.A.

Superintendence	Proceeding	Objective
Colombian Financial Superintendence	Administrative fine	<p>In 2018, the Colombian Financial Superintendence (CFS) launched administrative sanction procedure 2018026245-000-000 against a precia employee. External counsel has supported the employee throughout. The procedure has run its course, final arguments have been made and judgment is pending. In 2019, no progress was made.</p> <p>In 2018, precia was notified of case 11001310304320170062900 lodged at Bogota Civil Court 43 by Trigono S.A. On 6 December 2018, lawyers reached a settlement where precia agreed to compensate Trigono. The settlement was accepted by the Court on 17 January 2019, and the proceeding was closed.</p> <p>In 2019, no regulatory fines nor notices were received. Following a CFS audit, precia implemented an adjustment plan that was completed in December 2019.</p>

Footnote 44 – Events after the reporting period

GRI 102-7

With a view to vertically integrating the capital market infrastructure value chain, on 6 February 2020, Bolsa de Valores de Colombia S.A. and **deceval** acquired shares in the Cámara de Riesgo Central de Contraparte de Colombia S.A. (CRCC). As parent company, **bvc** is the real beneficiary of the **deceval** acquired shares and has, therefore, increased its CRCC share ownership to 55.9861%, thus gaining control of the company, as detailed in the following table showing **bvc** share ownership of CRCC.

Shareholder	Previous shareholding		Shares acquired		Current shareholding	
	Number of shares	Share ownership %	Number of shares	Share ownership %	Number of shares	Share ownership %
bvc	13,173,209,671	32.6338%	2,425,234,495	6.0077%	15,598,344,166	38.6416%
deceval	5,912,841,239	14.6478%	1,088,530,101	2.6966%	7,001,371,340	17.3444%
	19,086,050,910	47.2816%	3,513,764,596	8.7043%	22,599,715,506	55.9860%

Footnote 45 – Approval of the financial statements

On 26 February 2020, in Act 279, the Board of Directors approved the publication and presentation to shareholders of these Bolsa de Valores de Colombia S.A. and Subsidiaries financial statements for the year ending 31 December 2019.

Implementation report on best corporate practices



1.1 Implementation report on best corporate practices

GRI 102-27, GRI 103-3

Bolsa de Valores de Colombia S.A.



Primary legal representative

Juan Pablo Córdoba

Legal representative appointed to submit the implementation report

Alberto Velandia Rodríguez

Reporting period 2019

Report date: january 31, 2020

Introduction

Implementation of the recommendations of the new Code of Best Corporate Practice Recommendations of Colombia must be reported by issuers to the Financial Superintendence of Colombia (SFC, for the Spanish original) through this Implementation Report on Best Corporate Practices.

The aim of the report is to inform the securities market of each issuer's implementation or failure to implement the code's recommendations. To that end, next to each recommendation, there are three checkboxes labeled "YES", "NO" and "N/A", and space to extend your answer, as follows:

If the answer is yes, the issuer must briefly describe the way in which it has implemented said recommendation. If the answer is no, the issuer must explain the reasons why it has not adopted the recommendation.

The issuer can select "N/A" only in cases in which for legal reasons it is unable to adopt the recommendation. In that case, it must accurately indicate the regulation that hinders it.

Given that some recommendations are comprised of a series of specific aspects, it is worth highlighting that these will only be understood as implemented when all the aspects that comprise them are fulfilled, except when the reason for not adopting one of them is legal, which must be indicated.

Each recommendation has a checkbox to indicate the date on which the issuer implemented it for the first time. In addition, there is a checkbox to enter amendment dates.

Finally, when due to its nature, the issuer does not have the specific administrative body described in the recommendation, it shall be understood that said recommendation refers to the body that is equivalent to or acts as such in the organization.

I. Rights and equitable treatment of shareholders

Measure 1: Principle of Fair and Equitable Treatment.

1.1. The company provides equal treatment to all shareholders who, with the same class of shares, are under the same conditions, without implying access to privileged information by some shareholders over others.

Do you implement the measure? YES NO N/A

Yes. Briefly describe:

Yes. Article 44 of the By-laws guarantees equal treatment to our shareholders regardless of the number of shares they hold. Likewise, Article 2.111 of the - Good Governance Code complements said Article by indicating that "the Exchange's shareholders shall be treated equally by the Company's administrators and employees, who, in the scope of their functions, shall ensure that shareholders are allowed to exercise their rights, and that requests, claims and proposals that they make to the Company are answered, regardless of the number of shares they hold".

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

1.2. The Board of Directors has approved a specific procedure that defines the company's practices for how it relates to shareholders with different conditions in matters such as access to information, resolution of requests for information, communication channels, and types of interaction between shareholders and the company, or its board of directors and other administrators.

Do you implement the measure? YES NO N/A

Yes. Briefly describe:

Si. Article 79 of the By-laws stipulates that the Board of Directors is responsible for defining the regulations to provide information to its shareholders. - Therefore, in the Good Governance Code, the Board of Directors has defined the procedures for shareholders to access information (Articles 3.2.1.1, 3.2.2.1, 3.2.2.2, 3.2.3.1, 3.4.1.1 and 3.4.1.6), and the communication channels and procedures that respond to shareholder requests, claims or proposals (Articles 3.1.1.1, 8.1.1.1, 8.1.1.2, 8.2.1.1, 8.3.1.1, 8.3.1.2, 8.3.1.3). Furthermore, certain rules have been established in Article 43 of the By-laws and Article 6 of the Rules of Procedure for the General Shareholders Meeting regarding exercise of the right to inspection.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

I. Rights and equitable treatment of shareholders

Measure 2: Share Information.

2.1. Through its website, **the company informs the public** with clarity, accuracy and integrity regarding **the different types of shares issued**, as well as the number of shares issued for each class, the number of shares in reserve, and the rights and obligations inherent to each share class.

Do you implement the measure? YES NO N/A

Yes. Briefly describe:

Yes. Pursuant to Section 13 of Article 3.4.1 of the Good Governance Code, **bvc** makes information available to the general public about the types of shares issued by the Company, the number of shares in reserve, authorized capital, and the subscribed and paid-in capital:

<https://gobiernocorporativo.bvc.com.co/sociedad/certificado%C3%B3n-social>

In turn, Article 8 of the By-laws describes shareholder rights regarding the type of shares they hold. The Company By-laws are available to the general public on the **bvc** website at the following link:

<https://gobiernocorporativo.bvc.com.co/normas-corporativas>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: July 29, 2009

Measure 3: No Dilution of Capital.

3.1. For **transactions that can result in dilution of capital** for minority shareholders (event of a capital increase with waiver of the right of preference in subscription of shares, merger, spin-off or separation, among others), **the company shall provide shareholders with detailed information** in a report prepared by the board of directors, and with the opinion of an independent external consultant of recognized creditworthiness regarding the terms of the transaction (fairness opinion), appointed by the board of directors. These reports are made available to shareholders prior to the general shareholders meeting within the terms to exercise the right to inspection of shares in reserve, and the rights and obligations inherent to each share class.

Do you implement the measure? YES NO N/A

Yes. Briefly describe:

Yes. Section 23 of Article 2.2 of the Rules of Procedure for the Board of Directors establishes that it is a function of the Board of Directors: "To provide shareholders with a detailed report about transactions that can result in a dilution of capital (event of a capital increase with waiver of preferential rights in the subscription of shares, a merger, spin-off or separation). The report shall include the opinion of an independent external consultant appointed by the Board of Directors, and it shall be made available to the shareholders prior to the General Shareholders Meeting."

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A

I. Rights and equitable treatment of shareholders

Measure 4: Information and Communication with Shareholders.

4.1. The company has a corporate website in both Spanish and English, with a link to corporate governance or shareholder and investor relations, or equivalent, which includes financial and non-financial information under the terms proposed by Recommendations 32.3 and 33.3. This shall never disclose confidential information about the company or pertaining to industrial secrets, or information that may be used to the detriment of the company if disclosed.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The **bvc's** main website has Spanish and English versions. On said website, there is a space for investor relations, which has non-confidential financial and non-financial information, and may be consulted by shareholders under the terms proposed by Recommendations 32.3 and 33.3. Investors can consult the Spanish website at the following link: <http://www.bvc.com.co/pps/tibco/portalbvc> and the English website at:

<http://en.bvc.com.co/pps/tibco/portalbvc>.

Additionally, through the main website, the corporate governance website is enabled for investors, which can be accessed in Spanish at the following link:

<https://gobiernocorporativo.bvc.com.co/> and in English, at <https://gobiernocorporativo.bvc.com.co/english>.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation:
Amendment dates:

December 14, 2005
November 28, 2017

4.2. The company has permanent access and use mechanisms aimed exclusively at shareholders, including a link on the website accessible only by shareholders, an office for shareholder and investor relations, and regular informative meetings for them to express their opinions, voice their concerns and make suggestions about the company's endeavors, or anything pertaining to their condition as shareholders.

Do you implement the measure?

YES NO N/A

YES. Briefly describe:

Yes. The **bvc** has the following permanent investor relations link: <http://www.bvc.com.co/pps/tibco/portalbvc/Home/Accionistas/PaginaPrincipal?action=dummy>. Additionally, **bvc** has an Investor Service Department where investors can contact the Company via email at: cbarrios@bvc.com.co, telephone: (+57 1) 3139800 Ext. 7167, or Fax: (+57 1) 3139766.

Similarly, pursuant to Articles 8.11.1 and 8.31.2 of the Good Governance Code, shareholders may visit the **bvc** offices located at Cra 7 No. 71-21 Torre B Piso 12, Bogotá, Colombia, or they can voice their opinions, concerns or suggestions about the Company or anything pertaining to their condition as shareholders via email at: secretaria@bvc.com.co or through one of the channels established by Annex 6 of the Good Governance Code.

Finally, it is important to indicate that **bvc** also holds quarterly meetings to deliver results.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation:
Amendment dates:

December 14, 2005

N.A

I. Rights and equitable treatment of shareholders

Measure 4: Information and Communication with Shareholders.

4.3. The company holds quarterly results presentation events for its shareholders and market analysts, which can be attended in person or remotely via teleconference (conference, videoconference, etc.).

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The **bvc** conducts quarterly results presentation events, which are announced on the website and via email to investors and market analysts. Results are presented via teleconference, available both in English and Spanish at the following link, including the presentation:

<http://www.bvc.com.co/pps/tibco/portal/bvc/Home/Accionistas/Informaci%C3%B3n%20Financiera/Resultados%20Trimestrales?action=dummy>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: November 23, 2017

4.4. The company organizes or participates in fixed-income presentations, events and forums primarily aimed at investors in debt instruments and market analysts. The events are used to update the issuers' business indicators, liabilities management, financial policies and ratings, and the issuers' performance regarding covenants, etc.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

The Exchange is not currently an issuer of fixed-income debt. However, it is worth mentioning that it organizes the quarterly delivery of **bvc's** consolidated financial results in accordance with the IFRS. This is addressed to all investors and posted on the Company's website

<http://www.bvc.com.co/pps/tibco/portal/bvc/Home/Accionistas/Informaci%C3%B3n%20Financiera/Resultados%20Trimestrales?action=dummy>

Additionally, it should be noted that **bvc** promotes the fixed-income market through the initiative of the "Private Debt Visionaries" program.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

I. Rights and equitable treatment of shareholders

Measure 4: Information and Communication with Shareholders.

4.5. The company by-laws stipulate that a shareholder or group of shareholders that represents at least five percent (5%) of the capital may request special audits on matters other than those audited by the company's statutory auditor. Based on its capital structure, the company may select a percentage lower than five percent (5%).

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 78 of the bvc By-laws establishes the possibility that a number of shareholders representing at least five percent (5%) of the subscribed shares can ask the CEO to conduct special audits on matters other than those audited by the Company's Statutory Auditor, at the expense and liability of the shareholder(s) who requested the audit.

Along those same lines, subsection e) of Article 12 of the Rules of Procedure for the General Shareholders Meeting states that shareholders at a Shareholders Meeting have the right to request special audits in the manner and terms stipulated therein.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

4.6. In exercise of this right, the company has a written procedure with the specifications included in Recommendation 4.6.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 78 of the By-laws sets forth the procedure for shareholders to exercise their right to request special audits from the bvc CEO. The request must be made in writing and describe the grounds for the request, the events and the transactions to be audited, as well as the duration, and provide a list of three (3) firms with a renowned reputation and experience to conduct the audit.

Special audits must be requested by a number of shareholders representing at least five percent (5%) of the subscribed shares. This percentage has been established because the legal restrictions on share ownership of bvc are considered sufficient for the protection of minority shareholders.

When the percentage required to request the special audit is comprised of a plural number of shareholders, in their request, said shareholders must designate a representative who will handle all the formalities. The Company's Board of Directors shall respond to the request within ten (10) business days and provide the name of the firm selected to conduct the audit, as well as the audit's start date.

The cost and responsibility for the special audit shall be charged to the shareholders that requested it, and thereafter, the results of the special audit must be disclosed in the first instance to the bvc CEO, who will have ten (10) business days to decide on the matter. Subsequently, the results and statement by the bvc CEO will be disclosed to the Board of Directors and the oversight and controlling bodies within ten (10) business days following issuance of the results.

Finally, in the event of possible infringements of legal standards, the case will be referred to the corresponding legal and investigative entities.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

I. Rights and equitable treatment of shareholders

Measure 5: Administrative Actions Taken for Exchange Transactions or Company Takeovers

5.1. In the acceptance letters or agreements, members of the Board of Directors and senior management have expressly accepted that upon notification of a tender offer or other relevant transaction, such as a merger or spin-off, there shall be periods during which they agree to not directly or indirectly trade company shares through an intermediary.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. It should be noted that the legal system applicable to bvc sets forth express prohibitions on matters that coincide with the objective proposed by this measure. In effect, Article 8 of Decree Law 1172/1980 establishes that administrators of brokerage firms are prohibited from acquiring listed stocks.

In addition to the above, Article 10 of Law 27/1990 and Article 5.3.1.3 of bvc's General Regulations establish that the Exchange's legal representatives shall not trade listed securities, neither directly nor through intermediaries; they must have prior express authorization from the Board of Directors; and it must be for reasons other than speculation. Likewise, Article 4.3. of the bvc Ethics and Conduct Manual, included in Annex 2 of the Good Governance Code, indicates that employees of the Company or its subsidiaries, including their legal representatives, shall not acquire listed shares.

Finally, it is noted that pursuant to Article 54 of Law 510/1999, no beneficial owner may have a shareholding greater than 10% of the subscribed capital. In view of the above, and pursuant to Article 615.2.11 of Decree 2555/2010, there is no place for a mandatory tender offer on shares issued by bvc.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: N.A

Measure 6: Listing of Companies Included in Conglomerates

6.1. Without prejudice to each individual company included in the conglomerate and the responsibilities of its administrative bodies, there is an organizational structure for the conglomerate that defines the administrative bodies and key individual positions for the three (3) levels of governance (general shareholders meeting, Board of Directors, and senior management), as well as the relations between them. This structure is public, clear and transparent, and able to establish clear lines of responsibility and communication and facilitate strategic and effective guidance, supervision, control and administration of the conglomerate.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Inside bvc, there is a division between the levels of governance expressed in Article 28 of the Company By-laws.

Regarding the relations between these bodies and the lines of communication and responsibility, the policy called "Grupo bvc Corporate Governance Model", officially adopted by the Board of Directors at its meeting on December 7, 2016, clearly, transparently and publicly establishes a set of measures, recommendations and practices that cover the Group's administration, management and control processes.

Additionally, it is worth mentioning that Articles 29 and 31 of the Company By-laws refer to the nature and functions of the General Shareholders Meeting, Articles 46 and 50 to the nature and functions of the Board of Directors, and Articles 55, 58 and 59 to the CEO, his/her alternates, and the other legal representatives.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 07, 2016

Amendment dates: N.A

I. Rights and equitable treatment of shareholders

Measure 6: Listing of Companies Included in Conglomerates

6.2. The parent company and its most important subsidiaries have established a frame of reference for institutional relations through the signing of a public agreement approved by the Board of Directors of each one of said companies that regulates the issues indicated in Recommendation 6.2.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Through the implementation of a policy called the “**bvc** Group Corporate Governance Model”, the Exchange has established a frame of reference for relations between the Group’s companies, incorporating some of the guidelines indicated in Recommendation 6.2. In effect, topics are agreed in said policy, including the aim of the Group, recognition and use of synergies, areas of activity between companies of the Group, and the information channels between **bvc** and its subsidiaries. Said policy is posted on the **bvc** corporate governance website at the following link: <https://gobiernocorporativo.bvc.com.co/normas-corporativas>.

Therefore, given the importance of the transactions made between **bvc** and its subsidiaries, through Article 31 number 13 of the By-laws, the criteria have been defined for carrying out these transactions, which simultaneously meet the following conditions: (i) They are made at market rates, generally set by the supplier of the good or service concerned; and (ii) They are ordinary transactions of the issuer that are not material.

Through its Good Governance Code, **bvc** has provided special rules on the resolution of conflicts of interest.

The Exchange has signed service-level agreements with its subsidiaries, which describe the services that **bvc** provides to them in greater operational detail.

Despite the above, **bvc** is awaiting the approval of the agreement by the boards of directors of each company of the **bvc** Group.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

Measure 7: Settlement of Disputes

7.1. Except for disputes between shareholders, or between shareholders and the company or its Board of Directors, which by express legal attribution, must necessarily be resolved by the ordinary jurisdiction, **the company by-laws include mechanisms for settling disputes, such as direct agreement, amiable composition and reconciliation or arbitration.**

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 82 of the By-laws provides conflict-resolution mechanisms such as direct settlement and arbitration to settle any differences that may arise between shareholders or administrators and the Company, between shareholders, and between the latter and the administrators.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

II. General shareholders meeting

Measure 8: Functions and Responsibility

8.1. In addition to other functions attributed to the general shareholders meeting by the legal framework, the by-laws expressly define the general shareholders meeting's functions, as indicated in Recommendation 8.1, and emphasize their exclusive, non-delegable nature.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

This recommendation involves the assignment of four (4) specific functions to the General Shareholders Meeting. The bvc complies with three (3) of the functions, which are included in Article 31 of the By-laws, where paragraph one establishes the non-delegable nature of them.

In addition to the above, it should be noted that Article 10 of Law 27/1990 and Article 5.3.1.3 of bvc's General Regulations stipulate that the Exchange's legal representatives shall not trade listed securities, neither directly nor through intermediaries; they must have prior express authorization from the Board of Directors, and it must be for reasons other than speculation. Likewise, Article 4.3. of the bvc Ethics and Conduct Manual, included in Annex 2 of the Good Governance Code, indicates that employees of the Company or its subsidiaries, including their legal representatives, shall not acquire listed shares.

Despite the above, the function corresponding to Section iii) of the recommendation, which consists of the acquisition, sale or obligation of strategic assets that in the opinion of the Board of Directors are essential for the development of the activity, or that in practice, the transactions may turn into an effective alteration of the corporate purpose, is not fully adopted.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

Measure 9: Rules of Procedure for the General Shareholders Meetings.

9.1. La sociedad cuenta con un Reglamento de la General shareholders meeting que regula todas aquellas materias que atañen a ésta, desde su convocatoria, a la preparación de la información que deben recibir los accionistas, asistencia, desarrollo y ejercicio de los derechos políticos de los accionistas, de forma que éstos estén perfectamente informados de todo el régimen de desarrollo de las sesiones de la Asamblea.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Si De acuerdo con el numeral 11 del artículo 31 de los Estatutos Sociales es función de la Asamblea darse su propio Reglamento. En este sentido, la General shareholders meeting aprobó la última modificación al Reglamento de funcionamiento de la General shareholders meeting el March 26, 2015 de acuerdo con el Acta No. 026 de la Asamblea Ordinaria.

Este Reglamento se encuentra publicado en la página web de la Bvc en el siguiente link: <https://gobiernocorporativo.bvc.com.co/normas-corporativas>.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.1. In order to facilitate the exercise of the shareholders' right to information, the by-laws establish that the general shareholders meeting must be announced at least thirty (30) calendar days in advance, and that extraordinary meetings must be announced at least fifteen (15) calendar days in advance. The aforementioned without prejudice to the legal terms set forth for corporate reorganizations (for example, mergers, spin-offs or transformations).

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Subsections b, c and f of Article 33 of the By-laws indicate that ordinary sessions of the General Shareholders Meeting shall be announced at least thirty (30) calendar days in advance, and extraordinary sessions shall be announced at least fifteen (15) calendar days prior to the meeting, except in the case of meetings to analyze end-of-year financial statements, in which case the notification will be fifteen (15) business days prior to the meeting.

If the meeting topic is a corporate transformation, merger or spin-off, notification of the meeting must be at least fifteen (15) business days in advance.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

10.2. In addition to the traditional and mandatory means included in the legal framework, **the company ensures maximum dissemination and publicity of the notification** through the use of electronic media, including the corporate website, alerts via individual emails, and if deemed appropriate, even on social media.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The **bvc** ensures maximum dissemination and publicity of the notification of the General Shareholders Meeting via publication in a widely circulated national newspaper as a traditional means, and by posting it on its website as an alternative means, at the following link:

<https://gobiernocorporativo.bvc.com.co/asambleas/asamblea-2019>

The aforementioned pursuant to the provisions of Article 33 of the By-laws and Articles 3.2.11 and 3.2.3.1 of the Good Governance Code.

The **bvc** also uses Twitter for the maximum dissemination of the notification of its General Shareholders Meetings.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: February 24, 2017

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.3. In order to increase transparency in the decision-making process during the general shareholders meeting, the company not only provides the meeting agenda with a point-by-point list of the items to be debated, but it also makes **agreement proposals available to shareholders at the same time as the notification, or at least fifteen (15) calendar days prior to the meeting**, which will be raised by the board of directors for each item at the general shareholders meeting.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. In effect, subsection g of Article 33 of the By-laws stipulates that simultaneously with the notification, or at least fifteen (15) calendar days prior to the date of the meeting, shareholders must receive all the items on the agenda to be addressed, and the text of the proposal that the Board of Directors will submit to the vote of the shareholders.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

10.4. Spin-offs can only be analyzed and approved by the general shareholders meeting if the point was expressly included in the respective meeting's notification.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Paragraph 2 of Article 31 of the **bvc** By-laws stipulates that the General Shareholders Meeting is responsible for analyzing and approving matters corresponding to a change of corporate purpose, waiver of the right of preference in subscription of shares, change of registered office, early dissolution, merger, spin-off or separation, provided that these matters were expressly included in the notification of the meeting in which they will be addressed. In turn, paragraph one of Article 1 of the Rules of Procedure for the General Shareholders Meeting includes this same rule.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.5. The agenda proposed by the Board of Directors accurately lists the content of the topics to be discussed, so that nothing is concealed or disguised under inaccurate, generic, too general or ambiguous statements such as "others" or "suggestions and various".

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. In that regard, subsection d) of Article 33 of the By-laws and paragraph one of Article 5 of the Rules of Procedure for the General Shareholders Meeting both stipulate that the notification of the General Shareholders Meeting must clearly indicate the topic, ensuring that the agenda is presented to the shareholders with the exact content of the topics. Similarly, Section 2 of Article 2.11.2 of the Good Governance Code and subsection b) of Article 12 of the Rules of Procedure for the General Shareholders Meeting stipulate that in order to be presented for the shareholders' approval, the agenda of ordinary and extraordinary sessions of the General Shareholders Meeting must break down the different matters to be discussed so as to avoid confusion, except for items that must be discussed collectively because they are interconnected.

Furthermore, failure to meet this requirement pursuant to Article 33 of the By-laws can result in poor decisions being made on said topics.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: N.A

10.6. In the case of amendments to the By-laws, each article or group of articles that is substantially independent is voted on separately. In any case, if a shareholder or group of shareholders representing at least five percent (5%) of the share capital makes the request, separate votes will be held for articles as needed. Shareholders are notified of this right in advance.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Section 4, Article 2.11.2 of the Exchange's Good Governance Code establishes that the shareholders that represent more than 5% of the Exchange's share capital may request separate votes to be held on articles during the General Shareholders Meeting.

In addition to the above and pursuant to Section 3 of Article 2.11.2, the different matters to be discussed are itemized on the agenda of the ordinary or extraordinary meetings to prevent confusion, except in the case of items that must be discussed together because they are connected.

Notwithstanding the above, no statutory reforms were made in 2019

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 30, 2016

Amendment dates: December 20, 2017

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.7. Without prejudice to the provisions of Article 182 of the Code of Commerce, and in order to reinforce and ensure the shareholder's right to inspection and information prior to the general shareholders meeting, **the by-laws recognize the right of shareholders, regardless of the size of their shareholding, to propose the introduction of one or more items to be discussed on the agenda** of the general shareholders meeting within a reasonable time, and provided that the request for new items is justified with supporting documentation. Shareholders' requests must be submitted within five (5) calendar days following publication of the notification.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 44 of the By-laws stipulates that all shareholders, regardless of the number of shares they hold, may propose the inclusion of one or more items of debate on the agenda for the General Shareholders Meeting, provided that the request is accompanied by justification. This request must be submitted within five (5) calendar days following publication of the notification. Along those lines, subsection a) of Article 12 of the Rules of Procedure for the General Shareholders Meeting includes the same rule.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

10.8. If the request is rejected by the Board of Directors, **the Board is obligated to respond in writing** to requests supported by at least five (5%) percent of the share capital, or a lower percentage established by the company, according to the degree of concentration of ownership, **explaining the reasons that motivated its decision** and informing shareholders of their right to present their proposals during the general shareholders meeting pursuant to the provisions of cited Article 182 of the Code of Commerce.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. In accordance with Section 1 of Article 211.2 of the Good Governance Code, the Board of Directors may reject the request to include new items on the agenda when it is supported by at least five percent (5%) of the share capital. In this case, the Board of Directors must respond in writing explaining the grounds for the Board's decision and informing the shareholders of the right they have to put forward their proposals during the General Shareholders Meeting.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.9. If the Board of Directors accepts the request and the shareholders' time to propose topics pursuant to the preceding recommendations has expired, the company **shall publish a supplement to the notification of the general shareholders meeting at least fifteen (15) calendar days prior to the meeting.**

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Subsection h of Article 33 of the bvc By-laws stipulates that in the event that the Board of Directors accepts the request from a shareholder to include one or more items on the agenda of the General Shareholders Meeting following expiry of the term established for proposing topics, as per the procedure established by the Company, a supplement to the notification of the General Shareholders Meeting will be published at least fifteen (15) days prior to the meeting. Paragraph 5 of Article 5 of the Rules of Procedure for the General Shareholders Meeting includes the same rule.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

10.10. Within the same term described in Section 10.7, **shareholders may also submit new substantiated agreement proposals** on matters already included in the agenda. For these requests, the Board of Directors shall act in a similar manner as described in Sections 10.8 and 10.9.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Section 2 of Article 2.11.2 of the Good Governance Code establishes that shareholders may submit new substantiated proposals on matters already included in the agenda of the General Shareholders Meeting within five (5) calendar days following publication of the notification.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A.

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.11. The company is obligated to use electronic media, primarily the corporate website with exclusive access for shareholders, to provide shareholders with the documents and information regarding each item on the agenda of the general shareholders meeting.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Si. Yes. Pursuant to Articles 3.2.1.1 and 3.2.3.1 of the Good Governance Code, information pertaining to the development of the General Shareholders Meeting and specifically related to items on the agenda is posted on the bvc website.

Documents and information regarding every item on the agenda of the General Shareholders Meeting held in 2019 can be consulted at the following link:

<https://gobiernocorporativo.bvc.com.co/inicio, in the menu, under General Shareholders Meeting, Ordinary Meeting 2019.>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 30, 2016

10.12. The company by-laws recognize the shareholders' right to request with sufficient notice any information or clarification deemed relevant, using traditional channels and/or when applicable, using new technologies for that purpose, or to submit in writing any questions deemed necessary with regard to matters included on the agenda, the documentation received or public information provided by the company. Depending on the term selected by the company to convene the general shareholders meeting, the company shall determine the period during which the shareholders may exercise this right.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to the provisions of Article 44 of the bvc By-laws, all shareholders have the right, within ten (10) calendar days following publication of the notification, to request any information or clarifications they deem relevant and to ask any questions they consider necessary regarding the subjects included on the agenda, the documentation received, or the public information provided by the Company. In said cases, bvc shall respond to shareholders through the Company's General Counsel.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

II. General shareholders meeting

Measure 10: Notification of the General Shareholders Meeting.

10.13. The company has established that information requested may be denied if pursuant to internal procedures it can be classified as: i) unreasonable; ii) irrelevant in disclosing the company's progress or interests; iii) confidential, which includes privileged information in the scope of the securities market, industrial secrets, and transactions for which the company substantially depends on secret negotiations; and iv) other, when its disclosure could put the company's competitiveness in imminent and grave danger.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. In Article 43 of the By-laws and Article 6 of the Rules of Procedure for the General Shareholders Meeting, bvc establishes objective rules to deny requests for information about industrial secrets or information that, if disclosed, could be used to the detriment of the Company, such as privileged information of the Company or contracts that disclose the Company's competitive advantages. In addition to the above, Articles 8.11.1 and 8.11.2 of the Good Governance Code establish bvc's obligation to respond to any request, claim or proposal made by a shareholder without being able to reject processing of it due to subjective reasons, such as the fact that it is deemed unreasonable or irrelevant, for example.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

10.14. When the answer to shareholders can place them at an advantage, the company ensures that the other shareholders will have access to said answer concomitantly, according to the mechanisms established for that purpose, and under the same conditions.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to the provisions of Article 8.11.2 of the Good Governance Code, bvc's General Counsel shall respond in writing all to requests, claims or proposals made by the shareholders. However, when, in bvc's opinion, the answer to a shareholder could put it at an advantage, bvc will ensure that the other shareholders will immediately have access to said answer, according to the mechanisms established for that purpose, and in the same conditions.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: July 29, 2009

II. General shareholders meeting

Measure 11: Representation Regulation.

11.1. Without prejudice to the limits set forth by Article 185 of the Code of Commerce, External Bulletin 24/2010, and the regulations that amend, supplement or replace them, **the company does not limit the right of the shareholders to be represented at the general shareholders meeting** or to delegate their vote to any individual, whether the person is a shareholder or not.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to subsection b of Article 35 of the By-laws, **bvc** does not limit the right of shareholders to be represented at the General Shareholders Meeting, or to delegate their vote to any individual, as long as that individual holds the proxy indicating the name of the proxy holder, the person represented, and the date or time of the General Shareholders Meeting for which it is granted. This rule of representation is complemented by the provisions of Article 7 of the Rules of Procedure for the General Shareholders Meeting.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

11.2. The company minimizes the use of proxy blank votes without voting instructions, actively promoting the use of a standard model letter of proxy that the company provides to the shareholders or posts on its website. The model includes the items on the agenda and corresponding agreement proposals, which are decided pursuant to a previously established procedure and are submitted to the shareholders for their consideration, with the aim to allow shareholders to indicate the direction of their vote to their proxies for each case, as they deem appropriate.

Do you implement the measure? YES ___ NO  N/A ___

YES. Briefly describe:

NO. Explain:

The Exchange posts instructions on its website on how to grant proxies for General Shareholders Meetings, proxy models for individuals or legal entities, and practices deemed unsafe or unauthorized as issued by the Financial Superintendence of Colombia with regard to shareholders' legal representation at the General Shareholders Meetings. All these instructions and recommendations must be taken into consideration by shareholders at the time of issuing the proxy. The aforementioned complies with Chapter 6, Title I, Part III, of External Bulletin 29/2014.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

II. General shareholders meeting

Measure 12: Attendees Other than Shareholders.

12.1. In order to refresh the role of the general shareholders meeting to form corporate intent, and in order to make it a more interactive body, the rules of procedure for the company's general shareholders meeting require **Board members, and particularly, chairmen of the board's committees, as well as the company's CEO, to attend the general shareholders meeting** to respond to the shareholders' queries.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

NO. Explain:

No. Paragraph 5 of Article 7 of the Rules of Procedure for the General Shareholders Meeting establishes the participants of the General Shareholders Meeting and indicates that the Company's CEO as well as the Chairmen of the Board's committees shall attend the meeting. The latter in order to respond to shareholders' queries regarding the activities carried out and the results obtained by each committee.

However, the ordinary meeting of shareholders held on 28 March 2019 was attended by the Chairman of the company and the Chairman of the Board of Directors, as recorded in minutes 033. On this occasion, the Chairmen of the Committees did not participate.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 13: Functions of the Board of Directors.

13.1. The by-laws expressly indicate the functions that may not be delegated to senior management, including those stipulated in Recommendation 13.1.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 50 of the Company By-laws establishes the functions of the Board of Directors and expressly indicates that said functions may not be delegated to Senior Management..

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 30, 2016

Amendment dates: N.A

13.2. Without prejudice to the autonomy of the governing bodies of the subsidiaries, **anytime the company acts as parent company of a conglomerate**, these functions of the Board of Directors have a group focus and **are developed through general policies, guidelines or requests for information that respect the balance between the parent company's interests and the interests of the subsidiaries and conglomerate as a whole**.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

YES. In effect, these functions are exercised by the **bvc** Board of Directors with a group approach, respecting the autonomy of the governance bodies of each subsidiary as developed by the Grupo **bvc** Corporate Governance Model. The Board of Directors has explicitly informed that in the applicable cases, the rights of shareholders who are strategic partners of **bvc** must be respected.

Said policies and general guidelines are included in the document called the "**bvc** Corporate Group Model" approved by the **bvc** Board of Directors on December 7, 2016.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 7, 2016

Amendment dates: N.A

III. Board of directors

Measure 14: Reglamento de la Board of directors.

14.1. The Board of Directors has approved the rules of procedure that regulate its organization and operation, as well as the roles and responsibilities of its members, chairman and secretary, and its duties and rights. These are disseminated to the shareholders and are of a binding nature for Board members.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. The bvc's Board of Directors approved its own Rules of Procedure, and their purpose is to establish the principles of performance and functions of the Board of Directors of Bolsa de Valores de Colombia S.A. and its committees; to regulate the organization and operation thereof; and to set the standards of conduct for its members, as provided by law and in the By-laws. These Rules of Procedure are mandatory for Board members and the Secretary of the Board.

The Rules of Procedure are available to shareholders for consultation at the following link:

<https://gobiernocorporativo.bvc.com.co/normas-corporativas>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2007

Amendment dates: July 25, 2012

Measure 15: Scope of the Board of Directors.

15.1. In its by-laws, the company has opted not to appoint alternate members of the Board of Directors.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

YES. The Board of Directors does not have alternate members pursuant to Article 47 of the By-laws.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

III. Board of directors

Measure 16: Formation of the Board of Directors.

16.1. Based on the premise that once elected, all Board members act in the company's best interest, the company engages in an exercise of maximum transparency **to identify the origin of its Board members** in accordance with the framework described in Recommendation 16.1.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The Exchange provides the list of members elected for the period from April 2019 to March 2021, along with their résumés, at the following link:

<https://gobiernocorporativo.bvc.com.co/consejo-directivo/informaci%C3%B3n>

This publication identifies who are independent members and non-independent members of the Board of Directors. Additionally, this information is provided in the management reports written by the Company. It should be noted that there are no executive members of the Board of Directors who are also registered agents or part of the Company's Senior Management.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: April 7, 2001

Amendment dates: March 28, 2017

16.2. The company has a procedure that is coordinated through the appointment and remuneration committee, or another that performs its functions, which allows the board of directors to achieve objectives indicated in Recommendation 16.2 through its own dynamics and conclusions of the annual assessments.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. In effect, Section 3 of Article 3 of the Rules of Procedure for bvc's Corporate Governance Committee indicates that it is the responsibility of this committee to review the most appropriate criteria of skills and abilities for the Board of Directors. Additionally, the Rules of Procedure for the Corporate Governance Committee establish that the same committee is responsible for ensuring that the candidate selection process for Board members meets the legal and statutory regulations, and standards of the Good Governance Code, ensuring that candidates meet the special conditions and qualities, and have no incompatibility or disqualification. Finally, the Corporate Governance Committee presents a report to the shareholders on the attendance of Board members and the result of the assessment of the annual work of the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A

III. Board of directors

Measure 16: Formation of the Board of Directors.

16.3. The Board of Directors provides shareholders with copies of the professional profiles deemed necessary so that the different participants, primarily controlling or significant shareholders, families, shareholder groups and institutional shareholders, if any, and the Board of Directors, are ready to identify the most suitable candidates.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 47 of the bvc By-laws describes the qualifications and requirements that candidate Board members must meet. Additionally, Article 4.1.2.3 of the Good Governance Code describes mechanisms included in the procedure to verify qualifications and conditions of candidate Board members to inform shareholders about the candidates, so that they can decide on the most suitable ones.

The bvc posts information about its By-laws and Board member profiles at the following links:

<https://gobiernocorporativo.bvc.com.co/normas-corporativas>

<https://gobiernocorporativo.bvc.com.co/consejo-directivo/informaci%C3%B3n>

During the election process, there is a link to post information about candidates nominated by shareholders.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 28, 2017

16.4. The company considers that just the assessment of the curricula vitae by the shareholders is insufficient to establish the candidates' suitability. Therefore, it has an internal procedure to assess any legal disqualification or incompatibility, and how the candidates meet the needs of the Board of Directors, through the assessment of a set of criteria that the candidates' personal and functional profiles must meet, and verification of compliance with some objective requirements to be a board member, as well as other additional requirements to be an independent member.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The procedure established by bvc to verify any disqualification or incompatibility of candidates to be part of the Board of Directors is established in paragraph 6 of Article 47 of the By-laws. Therefore, acting through the Corporate Governance Committee, the Board of Directors is responsible for verifying any disqualification or incompatibility of candidates to be Board members. If the committee finds that a candidate has any disqualification or incompatibility, said candidate may not be part of any published lists. Furthermore, Article 4.1.2.3 of the bvc Corporate Governance Code describes the procedure to be followed by the Corporate Governance Committee to verify qualities and conditions of candidates to be Board members.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: December 16, 2009

III. Board of directors

Measure 16: Formation of the Board of Directors.

16.5. In addition to the requirements of independence already stated in Law 964/2005, the company has voluntarily adopted a definition of independence that is more rigorous than the one established by said law. This definition has been adopted as a frame of reference through its rules of procedure for the board of directors and includes relations or connections of any nature of the candidate to be an independent board member with controlling or significant shareholders and related parties, both domestic and foreign, and requires a double declaration of independence: (i) By the candidate before the company, its shareholders and members of senior management through his/her letter of acceptance; and (ii) By the board of directors regarding the candidate's independence.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. Article 47 of the By-laws and Article 3.3 of the Rules of Procedure for the Board of Directors include independence criteria that bvc has adopted, which are more rigorous than those provided by Law 964/2005. In addition to the above, according to Article 4.1.2.3 of the Good Governance Code, candidates to be Board members must complete a declaration of independence that corresponds to a pre-established document.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation:

June 27, 2001

Amendment dates:

December 20, 2017

16.6. Through its internal regulations, the company considers that the board of directors, through its chairman and working with the appointment and remuneration committee, or whichever performs its functions, is the most suitable body to centralize and coordinate the process of forming the administrative body prior to the general shareholders meeting. Therefore, shareholders who, based on their shareholding, aspire to be part of the board of directors may find out the needs of the board and propose their aspirations, negotiate the shareholding balances and distribution among the different member categories, present their candidates, and accept that the suitability of their candidates will be assessed by the appointment and remuneration committee by vote at the general shareholders meeting.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. Article 5.1 of the Rules of Procedure for the Board of Directors indicates that the Chairman of this administrative body acts as the connection between shareholders and the Board of Directors, especially during the process of electing the Board of Directors. Adding to this role, Article 47 of the bvc By-laws and Article 4.1.2.3 of the Corporate Governance Code indicate the procedure to be followed by shareholders to nominate candidates prior to the General Shareholders Meeting, centralizing the process in the Corporate Governance Committee of the Board of Directors. This aspect is also regulated in the committee's Rules of Procedure.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation:

June 27, 2001

Amendment dates:

December 16, 2009

III. Board of directors

Measure 16: Formation of the Board of Directors.

16.7. The rules of procedure for the Board of Directors stipulate that assessing candidate suitability is an activity to be carried out prior to the general shareholders meeting, so that shareholders can have sufficient information (personal qualifications, suitability, record of accomplishment, experience, integrity, etc.) about the proposed candidates prior to elections in order to assess them adequately.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Articles 3:1 and 3:2 of the Rules of Procedure for the Board of Directors establish that the Corporate Governance Committee shall verify compliance with the general qualities of all the candidates to be Board members and specific qualities of candidates to be independent members of the Board of Directors, as well as the inexistence of any legal incompatibility and ongoing conflict of interest in accordance with the procedure established in Article 4:12.3 of the Good Governance Code prior to election by the General Shareholders Meeting

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 30, 2016

Measure 17: Functional Structure of the Board of Directors

17.1. The rules of procedure for the board of directors stipulate that independent and equity members are always in the majority over executive members, whose number, in the case of joining the board of directors, is the minimum necessary to address the needs for information and coordination between the company's board of directors and senior management.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Si. Yes. Article 47 of the Company By-laws set forth that the Board of Directors will have thirteen (13) members, of which seven (7) should be independent members. It should be noted that the bvc Board of Directors does not have members who are legal representatives or who are part of the Company's Senior Management. This rule is also included in Article 3:1 of the Rules of Procedure for the bvc Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

III. Board of directors

Measure 17: Functional Structure of the Board of Directors

17.2. Based on the minimum percentage of twenty five percent (25%) of independent members set by Law 964/2005, the company analyzes and voluntarily adjusts the number of independent members, upwards, taking into account that the number of independent members must be in relation to the floating capital.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Given bvc's particular legal system, independent members of its Board of Directors must comprise at least 40% (see Article 210.111 of Decree 2555/2010). Pursuant to Article 47 of the By-laws, the absolute majority of members is independent.

Currently, the Exchange has seven independent members, who comprise 53% of the Board members.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

Measure 18: Organization of the Board of Directors.

18.1. The roles of the chairman of the board are indicated in the by-laws, and his/her primary responsibilities are those established in Recommendation 18.1.

Do you implement the measure? YES ___ NO  N/A ___

YES. Briefly describe:

NO. Explain:

Article 71 of the By-laws establishes most of the roles of the Chairman of the Board. However, the role of "ensuring that the Board of Directors sets and efficiently implements the Company's strategic management" is explicitly established in Article 5.1 of the Rules of Procedure for the Board of Directors, which are equally binding for the Company.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 26, 2015

Amendment dates: March 30, 2016

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.2. The Company's internal regulations describe the possibility that **the chairman of the board may be treated differently than other members** regarding his/her obligations as well as his/her remuneration, resulting from the scope of his/her specific roles and more time spent on the job.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Given the responsibilities of the Chairman of the Board, paragraph 1 of Article 51 of the Rules of Procedure for the bvc Board of Directors establishes differential treatment for his/her remuneration.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A

18.3. The by-laws contain the rules for appointing the secretary of the board of directors, including those indicated in Recommendation 18.3

Do you implement the measure? YES ___ NO  N/A ___

YES. Briefly describe:

NO. Explain:

Article 71 of the By-laws states that the Company will have a Secretary appointed by the bvc CEO. It also states that the Secretary will act as Secretary of the General Shareholders Meeting and the Board of Directors, and may not be a member thereof.

Finally, the Board of Directors deemed it appropriate for all of the Company's chief officers, including the Secretary, to be appointed and dismissed by the bvc CEO.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.4. The rules of procedure for the Board of Directors establish the roles of the secretary, which include those in Recommendation 18.4.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 5.3 of the Rules of Procedure for the Board of Directors establish that the Secretary has roles including the following: to supervise the formal and material legality of the Board's actions and to guarantee that its procedures and rules of governance are respected; to maintain all company documents; to duly record meeting proceedings in the minutes books and attest to the agreements of corporate bodies in which he/she acts as Secretary; to publish the notification of meetings of the Board and its committees; and to ensure the information that the Board members must know is available in the required format and term.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 26, 2015

Amendment dates: N.A

18.5. The Board of Directors has an appointment and remuneration committee.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 50 of the By-laws, the bvc Board of Directors proposed the creation of a permanent Corporate Governance Committee. The bvc Board of Directors declared that the Corporate Governance Committee would assume functions including those that the Código País Survey makes the responsibility of the Appointment and Remuneration Committee, which are defined in Article 3 of said committee's Rules of Procedure.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: January 27, 2016

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.6. The Board of Directors has a risk committee.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 50 of the By-laws, the bvc Board of Directors proposed the creation of permanent Committees to support its functions in the areas of audit, risk and corporate governance.

In 2018 there was an Audit Committee and a Risk Committee. However, in the permanent search for more efficient synergies, in March 2019 it was concluded that it was more beneficial for the entity to integrate these two committees and their respective functions into a single committee. As a result, based on the ongoing exercise of the audit function and risk assessment, this new Audit and Risk Committee supports the monitoring of the Exchange's internal control and oversight responsibilities in relation to risk management, the evaluation of accounting procedures, and other processes associated with the audit and tax review function.

Said committee's functions and rules of operation are provided in the Rules of Procedure for this committee.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 27, 2019

18.7. La Board of directors ha constituido un Comité de Gobierno Corporativo.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. In accordance with Article 50 of the By-laws, the bvc Board of Directors established the creation of a permanent Corporate Governance Committee, which was already mentioned, also assumes the functions of the Appointment and Remuneration Committee. The rules of operation of this committee are defined in Article 3 of its Rules of Procedure.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: January 27, 2016

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.8. If the company has deemed it unnecessary to form all these committees, their functions have been distributed among existing committees or they have been fully assumed by the board of directors.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The Exchange has formed the following five committees: Administration and Finance Committee, Corporate Governance Committee, Regulation Committee, Audit and Risk Committee, and Technology Committee which exercise the functions established in their own Rules of Procedure.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 27, 2019

18.9. Each one of the board's committees has its own rules of procedure, which regulate the details of the committee's formation, subjects, functions on which it must work, and its operations, paying special attention to the communication channels between the committees and the board of directors, and in the case of conglomerates, to the relations and coordination mechanisms between the committees of the parent company's board of directors and those of the subsidiaries, if they exist.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The rules of operation of each one of the committees are established in their rules of procedure. Additionally, for the purposes of communication between the bvc Board of Directors and its committees with the subsidiaries, the bvc Group's Policy was approved, which clearly and transparently establishes the communication channels.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: June 27, 2018

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.10. The board's committees are exclusively comprised of independent or equity members, with a minimum of three (3) members, and chaired by an independent member. In the case of the appointment and remuneration committee, independent members are always in the majority.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 50 of the By-laws and Article 2 of the Rules of Procedure for the Corporate Governance Committee, and the Audit and Risk Committee indicate the composition of the committees. The Audit and Risk Committee is made up exclusively of independent members. Regarding the Corporate Governance Committee, the majority are always independent members. It is appropriate to clarify that in the formation of the Board of Directors and its Committees, there is no participation of executive members.

With respect to the Technology Committee, this Committee is made up of one member of the Board of Directors and two members from outside the organization who are experts in technology issues.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: June 27, 2018

18.11. The board's committees can obtain on-going or occasional support from members of senior management who have experience on matters of their responsibility, and/or outside experts.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Section 6 of Article 4.14.2 of the Good Governance Code authorizes committees to invite third parties and/or outside experts to their meetings, and to request support from bvc's Senior Management.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.12. To form its committees, the Board of Directors considers the profiles, knowledge and professional experience of the members regarding the purpose of the committee.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Pursuant to Section 8, Article 4.11.2 of the Good Governance Code, Board members shall form part of the Board committees according to the appointment of the committee, taking into account the education, skills, experience and specialty of each member.

The bvc Board of Directors considers profiles, knowledge, evaluations, professional experience and affinities of all members for their participation in each committee. As a result of this analysis, people with exceptional professional qualities participate in the committees and the development of topics inside each committee is fluid given the specificity of the subjects of each participant's resources.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

18.13. The minutes of each committee meeting are taken and a copy is forwarded to all the board members in the company. If the committees have delegated decision-making powers, the minutes are adjusted to the requirements of Articles 189 and 431 of the Code of Commerce.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Minutes are taken for each committee meeting, which are signed by the Chairman and Secretary of the committee. Said minutes contain all the formalities of Articles 189 and 431 of the Code of Commerce, and are made available to the members within the term provided in Articles 3.3.1.2 and 4.1.4.2 of the Good Governance Code. Moreover, Article 7.2 of the Rules of Procedure for the Board of Directors indicates that all members shall have access to the minutes five (5) days prior to the respective meeting.

Since October 2019, a new digital platform called Diligent has been implemented, in which all the information to be evaluated at each meeting of the Board of Directors and its Committees is uploaded. This new technology replaced the publication tool used in the past.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.14. Unless legal or regulatory frameworks require the creation of committees, in the case of conglomerates, the internal regulations stipulate that the **subsidiaries' boards of directors may opt out of forming committees** to deal with certain matters. Instead, these tasks may be assumed by the committees of the parent company's board of directors, without this involving a transfer of the boards' responsibilities from the subsidiaries to the parent company.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

The Exchange's subsidiaries overseen by the SFC and, by the regulations issued by said superintendence, must have an audit committee. Additionally, the policy called "bvc Corporate Group Model" does not provide the possibility for subsidiaries not to form committees to handle certain subjects that will be assumed by the committees of the bvc Board of Directors. Bolsa de Valores de Colombia considers that by virtue of the independence of each one of the subsidiaries, they may form the committees they require, taking charge of said responsibilities.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A
Amendment dates: N.A

18.15. The audit committee's main task is to assist the Board of Directors in its supervisory function, by assessing accounting procedures and relations with the statutory auditor, and in general, through review of the company's control architecture, including an audit of the risk management system implemented by the company.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 1 of the Rules of Procedure for the Audit and Risk Committee indicates the functions of this body to support the Board's functions regarding monitoring the Exchange's internal controls and oversight responsibilities with respect to assessment of accounting procedures, verification of the audit function, and relations between the Board of Directors and the Statutory Auditor.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005
Amendment dates: March 27, 2019

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.16. Members of the audit committee are sufficiently experienced in accounting, finance and other related matters to be able to comprehensively decide on issues of the committee's responsibility with a sufficient level to understand their scope and complexity.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Members of bvc's Audit and Risk Committee are experienced in accounting, finance and other related matters. Therefore, they are professionals that, thanks to their ample professional and work experience, have in-depth knowledge of risk management, securities market and accounting matters. All this information can be checked in each member's curriculum vitae, which are always posted on the bvc website.

Notwithstanding the aforementioned, to fully comply with this recommendation, bvc shall include these guidelines as part of the entity's corporate documents

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

18.17. Upon the request of the chairman of the general shareholders meeting, the chairman of the audit committee reports to the general shareholders meeting on specific aspects of the work carried out by the committee, such as the analysis of the scope and content of the statutory auditor's report.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Although the Chairman of the Committee did not attend the General Shareholders' Meeting, he presented a written report to this body on the specific aspects of the work carried out by the Committee, in accordance with the provisions of number 10 of article three of the Audit and Risk Committee Rules of Procedure, which establishes that it is the function of said body to inform the General Shareholders Meeting of the matters that the shareholders propose in terms of its responsibilities.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.18. The rules of procedure for the audit committee describe its functions as indicated in Recommendation 18.18.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Although the Exchange complies with 20 items of this recommendation in the application of best corporate governance practices, it has decided that the Board of Directors and the Corporate Governance Committee shall be the bodies responsible for managing the material or apparent conflicts of interest that may arise pursuant to Article 77 of the By-laws and the Rules of Procedure for the Corporate Governance Committee.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

18.19. The appointment and remuneration committee's primary objective is to assist the Board of Directors in the exercise of its decision-making and guidance functions in appointment and remuneration matters for members of the board and senior management, and to oversee the observance of corporate governance regulations, regularly inspecting their compliance, recommendations and principles (in cases in which this function is not expressly attributed to another committee in the company).

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 1 of the Rules of Procedure for the Corporate Governance Committee, this committee's primary objective is to assist the Board's efforts regarding bvc's good governance; assessing candidates in the election process; recommending fees for Board members; and assessing its own performance and that of its members by regularly reviewing compliance, recommendations and principles of corporate governance. It also supports the Board in performing its duties of evaluating the Company's Senior Management, and assessing candidates for Company CEO.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.20. Some members of the appointment and remuneration committee are sufficiently experienced in strategy, human resources (recruitment and selection, hiring, training, personnel management and administration), salary policy, and similar matters to understand the scope and complexity of these matters in the company.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The members of bvc's Corporate Governance Committee are experienced in strategy, human resources, salary policy and similar or related matters, as can be ascertained upon revision of their curricula vitae posted on the bvc website.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 30, 2016

18.21. At the request of the chairman of the general shareholders meeting, the chairman of the appointment and remuneration committee can inform the general shareholders meeting concerning specific aspects of the work performed by the committee; i.e., monitoring the remuneration policies for the board of directors and senior management.

Do you implement the measure? YES ___ NO  N/A ___

YES. Briefly describe:

NO. Explain:

Although the Chairman of the Committee did not attend the General Shareholders' Meeting, he presented a written report to this body on the specific aspects of the work carried out by the Committee, in accordance with the provisions of paragraph e of number 6 of Article 3 of the Corporate Governance Committee Regulations, which states that it is the function of this body to inform the General Shareholders' Meeting on the issues raised by shareholders in matters within its competence.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.22. The rules of procedure for the appointment and remuneration committee describe its functions as indicated in Recommendation 18.22.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

No. Although the Exchange, through the Corporate Governance Committee, complies with most of the recommendations indicated in paragraph 18.22, it should be noted that the functions of said Committee do not include the recommendations set forth in paragraphs iv, vi, xi and xvi.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

18.23. The primary objective of the **risk committee** is to assist the Board of Directors in fulfilment of its supervisory responsibilities regarding risk management

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 1 of the Rules of Procedure for the Audit and Risk Committee, this committee is a body that supports the functions of the Board of Directors with regard to managing the risks assumed by the Company as a consequence inherent to the development of its corporate purpose, and as the Parent Company of the Business Group it controls.

The Audit and Risk Committee also supports the Board of Directors in designing and implementing policies pertaining to risk management and in the act of supervising and monitoring said policies' compliance.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 27, 2019

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.24. At the request of the Chairman of the general shareholders meeting, the chairman of the risk committee can inform the general shareholders meeting about specific aspects concerning the work carried out by the committeeé.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Although the Chairman of the Committee did not attend the General Shareholders' Meeting, he presented a written report to this body on the specific aspects of the work carried out by the Committee, in accordance with the provisions of number 10 of article three of the Audit and Risk Committee Regulations, which states that it is the function of this body to inform the General Shareholders' Meeting on the issues raised by the shareholders in matters within its competence.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

18.25. The rules of procedure for the risk committee describe the functions stipulated in Recommendation

18.25, with any necessary amendments to distinguish between companies that are part of the financial or real sector of the economy, and without prejudice to the functions assigned to this committee by current regulations.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Although the Exchange complies with 11 of the 14 items of this recommendation in Article 3 of the Rules of Procedure for the Audit and Risk Committee decided not to adopt all the recommendations, because it considers that the current functions of the Audit and Risk Committee comply with the purposes of bvc's current structure

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 18: Organization of the Board of Directors.

18.26. The primary task of the corporate governance committee is to **assist the Board of Directors in its functions of proposal and supervision of the corporate governance measures** adopted by the company.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 1 of the Rules of Procedure for the Corporate Governance Committee, which performs the functions of the Appointment and Remuneration Committee, this committee's primary objective is to assist the Board's efforts regarding bvc's good governance; assessing candidates in the election process; recommending fees for Board members; and assessing its own performance and that of its members by regularly checking compliance, recommendations and principles of corporate governance. It also supports the Board in performing its duties of evaluating the Company's Senior Management, and assessing candidates for Company CEO. Additionally, this committee has the function of ensuring compliance with corporate governance policies, regulations and practices, as well as compliance with the Ethics and Conduct Manual.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

18.27. The rules of procedure for the corporate governance committee describe its functions as indicated in Recommendation 18.27.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Despite the fact that the stock exchange complies with several of the elements of this recommendation in article three of the Corporate Governance Committee's Rules of Procedure, relating to functions, it was not considered necessary to accept all of the recommendations since the current functions of the Committee comply with the purposes of the current structure of the bvc.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 19: Operation of the Board of Directors.

19.1. With the support of the company's general counsel and CEO, **the chairman of the board prepares a work plan for the board of directors** for the assessed period. This tool helps determine a reasonable number of ordinary meetings per year, and their estimated duration.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The functions of the Chairman of the Board of Directors described in Article 71 of the By-laws include coordinating the Board's operation through the General Counsel with the implementation of an annual work plan. Additionally, Article 3.3.1.2 of the Good Governance Code indicates that topics included in the annual work plans for the Board and its committees will serve as guidelines for the effective management of the topics to address at each meeting. However, bvc's Management may alter the information in said plans, if necessary.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 26, 2015

Amendment dates: N.A

19.2. Except for entities subject to oversight, which because of their nature, must hold at least one (1) meeting per month, **the company's Board of Directors holds between eight (8) and twelve (12) ordinary meetings per year**

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Article 51 of the By-laws and Article 6.1 of the Rules of Procedure for the Board of Directors indicate that ordinary meetings are held at least once a month on the day and time indicated in the notification, at the Company's headquarters, unless otherwise stated in the notification.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: July 25, 2012

III. Board of directors

Measure 19: Operation of the Board of Directors.

19.3. One (1) or two (2) board meetings a year are clearly focused on defining and monitoring the company's strategy.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc Board of Directors met in November 2019 to review the Company's strategic corporate plans. This is in accordance with the Annual Work Plan approved by the Board of Directors at the beginning of the year.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 18, 2015

Amendment dates: November 27, 2019

19.4. The Board of Directors approves a schedule of ordinary meetings without preventing it from holding extraordinary meetings as often as necessary.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 6:1 of the Rules of Procedure for the Board of Directors, it is the Board's function to approve the schedule of ordinary meetings presented by the Secretary.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

III. Board of directors

Measure 19: Operation of the Board of Directors.

19.5. At least five (5) calendar days in advance, members of the Board of Directors receive the meeting notification and documents or information related to each item on the agenda, so that they can actively participate and make reasonable decisions.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 3.3.12 of the Corporate Governance Code and Articles 7.1 and 7.2 of the Rules of Procedure for the Board of Directors, five (5) calendar days prior to the meeting, bvc provides the members of the Board and its committees with the information related to each item on the agenda.

Since October 2019, a new digital platform called Diligent has been implemented, in which all the information to be evaluated at each meeting of the Board of Directors and its Committees is uploaded. This new technology replaced the publication tool used in the past.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: July 25, 2012

19.6. With the assistance of the board's secretary, the chairman of the board assumes the ultimate responsibility of ensuring that members receive information sufficiently in advance and that the information is useful. Therefore, quality must prevail over quantity in the set of documents provided (Board of Directors dashboard).

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Article 7.1 of the By-laws describes the functions of the Chairman of the Board, including ensuring that timely and appropriate information is provided to Board members, directly or through the Board's Secretary.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 26, 2015

Amendment dates: N.A

III. Board of directors

Measure 19: Operation of the Board of Directors.

19.7. The ultimate responsibility for preparing board meeting agendas lies with the chairman of the board, and not with the company's CEO. The agenda follows certain parameters that make it possible to follow a logical order in the presentation of topics and discussions.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 71 of the By-laws, it is the duty of the Chairman of the Board to assist in the preparation of meeting agendas, in coordination with the Company's CEO and the Secretary of the Board of Directors. Additionally, Article 51 of the Rules of Procedure for the Board of Directors indicates that the preparation of the agenda is the responsibility of the Chairman of the Board in coordination with the Company's CEO and the Secretary of the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 26, 2015

Amendment dates: N.A

19.8. Members' attendance at board and committee meetings is made public by the company in its annual corporate governance report as well as on its corporate website.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Article 3.4.11 of the Good Governance Code establishes that the information made available to the general public through the website includes the Annual Corporate Governance Report and Annual Report for each committee. Both documents include attendance of Board and committee members at the meetings.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

III. Board of directors

Measure 19: Operation of the Board of Directors.

19.9. Every year, the Board of Directors assesses the efficacy of its work as a collegiate body, and that of its committees and individual members, including a peer assessment, as well as the reasonableness of its internal regulations, and the dedication and performance of its members. On that basis, it proposes the amendments to its organization and operations that it deems appropriate. In the case of conglomerates, the parent company's board of directors requires that the assessment is also carried out in its subsidiaries' boards of directors.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 4.1.3.3 of the Good Governance Code and Article 10.1 of the Rules of Procedure for the Board of Directors, every year, the Board engages in individual and collective self-assessments of its members and of the Board of Directors as a collegiate body. Said assessment, which is managed and processed by a suitable outside consultant independent from the Company, aims to establish the levels of efficacy and efficiency in fulfillment of its duties and functions. Additionally, bvc's Corporate Group Policy establishes that each subsidiary must carry out an annual assessment process of the Board of Directors based on the methodology proposed by bvc's Chief Corporate Officer.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: February 26, 2014

19.10. The Board of Directors alternates between internal assessments and external assessments by independent advisors.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 4.1.3.3 of the Good Governance Code sets forth that through the application of the individual and collective self-assessment methodology, the individual participation of each Board member and the performance of the Board of Directors as a whole will be examined. The relevance and depth of the different subjects, and frequency with which they must be addressed by the Board of Directors and its committees, will also be assessed. For that purpose, the means and mechanisms defined by the Board of Directors shall be used. These include using external assessments. Said assessment is practiced and reported by an outside consultant hired especially for that purpose.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: February 26, 2014

III. Board of directors

Measure 20: Rights and Duties of the Members of the Board of Directors.

20.1. The rules of procedure for the Board of Directors complement the provisions of the regulatory framework regarding the rights and duties of Board members.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 4.1 of the Rules of Procedure for the bvc Board of Directors adds to the rights and duties established in Article 50 of the By-laws and Article 4.1.2 of the Good Governance Code.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: January 27, 2016

20.2. The rules of procedure for the Board of Directors develop the company's understanding regarding the duties of board members stated in Recommendation 20.2.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 4.1 of the Rules of Procedure for the Board of Directors develops the understanding of the duties established in Article 50 of the By-laws and Article 4.1.2 of the Good Governance Code.

In addition to the provisions of the Rules of Procedure of the Board of Directors, numbers 1.2, 4.1 and 4.4 of the Ethics and Conduct Manual establish the guiding principles within the company, among which are loyalty, honesty, care and diligence, and indicate other rules of conduct such as fair competition and good faith and the protection and proper use of the company's assets, applicable to the directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

III. Board of directors

Measure 20: Rights and Duties of the Members of the Board of Directors .

20.3. The rules of procedure for the Board of Directors develop the content of the board members' rights stated in Recommendation 20.3.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 31 of the By-laws, and Article 3.3.11 and subsequent articles and Article 4.1.2.5 of the Good Governance Code develop the Board members' rights to receive fees and timely information, to have the support of experts and to receive induction and ongoing updates. Furthermore, Articles 7.1 and 9.1 of the Rules of Procedure for the Board of Directors develop the topics of the recommendation.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

III. Board of directors

Measure 21: Conflicts of interest.

21.1. The company has a policy and procedure that is defined and formalized in the internal regulations for the understanding, management and resolution of conflicts of interest, either directly or indirectly through related parties, which can affect board members and other administrators

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Article 77 of the By-laws, and Articles 4:11.2, 7:11 and subsequent articles of the Good Governance Code describe the policy and procedures to promptly and autonomously disclose and manage any conflict of interest that might arise between a Board member and the Exchange or its shareholders, parent companies, controlling companies or subsidiaries, as well as any situation that may generate a possible conflict of interest.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

21.2. The procedure to manage conflicts of interest distinguishes the nature of the conflicts, differentiating between a sporadic and ongoing conflict of interest. If the conflict of interest is sporadic, the applicable procedure indicates the rules and steps to follow. These must be relatively easy to manage and hard for the affected party to evade. For ongoing conflicts of interests, the procedure indicates that if the situation affects the company's overall operations, then it is considered grounds for mandatory resignation by the affected party, as it has become impossible for him/her to exercise his/her position.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. In effect, Article 7:11 of the **bvc** Good Governance Code defines conflicts of interest as sporadic or ongoing. Sporadic conflicts of interest are those that arise in a particular situation, in an isolated manner, and ongoing conflicts of interest are those in which the circumstances that give rise to the conflict are maintained without interruption. The procedure to manage sporadic conflicts of interest is established in Article 7:11.2, and the procedure to resolve ongoing conflicts of interest is established in Article 7:11.4 of the same Good Governance Code. It indicates that in the event that an employee or administrator has an ongoing conflict of interest and the situation may affect the Company's overall operations, this may be understood as grounds for mandatory resignation by the affected party, as it prevents his/her exercise of his/her position

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 27, 2016

Amendment dates: N.A

III. Board of directors

Measure 21: Conflicts of interest.

21.3. Board members, legal representatives, members of senior management and other company administrators regularly inform the Board of Directors of the relations, either direct or indirect, that they engage in among themselves or with other entities or structures belonging to the conglomerate of which the issuer is a part, with the issuer, with suppliers, with clients or with any other stakeholder that could result in conflicts of interests, or sway the direction of their opinion or vote. This procedure is used to construct a "Map of Related Parties" for administrators.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Board members promptly and autonomously disclose in the way indicated in the Company Bylaws any conflict of interest that might arise between a member of the Board of Directors and the Exchange or its shareholders, parent companies, controlling companies or subsidiaries, as well as any situation that might potentially generate said conflict of interest. Additionally, members of Senior Management and the Board of Directors shall comply with Article 71.1.4 of the Corporate Governance Code regarding the duty of disclosure to their hierarchical superior. In any case, bvc's Human Resources Management submits a quarterly report on situations that the administrators or employees of bvc have reported, trading of listed shares or any other situation that could lead to conflicts of interest.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

21.4. Relevant conflicts of interest, understood as those that would force the affected party to abstain from a meeting and/or voting where members of the board of directors and other administrators are present, **are included in the public information** that the company posts every year on its website

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

To date, potential conflicts of interest are not part of the public information published annually by the Company. Notwithstanding the aforementioned, the Board's minutes expressly include events in which a member abstains from participating because he/she is involved in a potential conflict of interest.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 21: Conflicts of interest.

21.5. For these purposes, **the definition of related parties** applicable to the company is **consistent with International Accounting Standard 24 (IAS 24)**.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. As of January 1, 2012, **bvc** decided to adopt the International Accounting Standards voluntarily and in advance. The standards were fully adopted. Therefore, the preparation, presentation and disclosure of all the Company's accounting and financial information is carried out under these principles, which include IAS 24. The **bvc** Consolidated Financial Statements fully address the enrollment criteria established in international accounting principles.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 1, 2012

Amendment dates: N.A

Measure 22: Transactions with Related Parties.

22.1. The company has a policy that defines the specific procedure to assess, approve and disclose **transactions with related parties**, including outstanding balances and relations between them, except for transactions that have a specific regulation

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The **bvc** Board of Directors approved the protocol for contracts with subsidiaries, through which policies were established that define the specific procedure for the valuation, approval and disclosure of transactions with related parties, including the outstanding balances between them.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: February 22, 2017

Amendment dates: N.A

III. Board of directors

Measure 22: Transactions with Related Parties.

22.2. The company's policy on transactions with related parties addresses the aspects included in Recommendation 22.2.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

The **bvc** Board of Directors approved the protocol for contracts with subsidiaries, through which policies were established that define the specific procedure for the valuation, approval and disclosure of transactions with related parties, including the outstanding balances between them, adopting the aspects of this recommendation. In particular, this document establishes that the transactions with entities of the **bvc** Business Group of amounts exceeding COP 1,500 million shall be approved by the Board of Directors.

In addition to the above, the approval with the exclusion of the interested parties is implemented in the Exchange's corporate documents, especially the Rules of Procedure for the Board of Directors (Section 5, Article 4.1); the Good Governance Code (Article 7.1.1); and the By-laws (Article 77), which consider in detail the mechanisms to prevent and resolve situations in which possible conflicts of interest may arise with respect to the Group's entities.

Additionally, Section 13 of Article 31 of the Company's By-laws covers the cases in which the express authorization of the General Shareholders Meeting is required with respect to transactions with related companies and entities of the **bvc** Group.

In addition to the above, a qualified majority of the Board of Directors is provided for the approval of this kind of transaction, which corresponds to the positive vote of at least seven of its members. This majority is different to the one suggested in this recommendation, which consists of the positive vote of ¾ of the Board of Directors and the positive vote of the independent members. Therefore, it is understood that we do not fully comply with the requirements of this recommendation.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: February 22, 2017

Amendment dates: N.A

22.3. The policy does not require express authorization from the board of directors for recurring related transactions inherent to the company's line of business carried out by virtue of standard-form contracts or general framework contracts with perfectly standardized terms, which are applied in a mass scale and are carried out at market prices, generally set by the acting supplier of the good or service in question, and of which the individual amount is not relevant for the company.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 31 of the **bvc** By-laws, the General Shareholders Meeting is responsible for approving relevant transactions carried out with economically related parties, except for transactions that meet the following conditions: (i) They are made at market rates, generally set by the supplier of the good or service concerned; and (ii) They are ordinary transactions of the issuer that are not material.

Similarly, the protocol for contracts with subsidiaries establish that is mandatory for the transactions to be made at market prices, established generally by the provider of the respective good or service.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: February 22, 2017

III. Board of directors

Measure 23: Retribución de los miembros de la Board of directors.

23.1. The company has a remuneration policy for its Board of Directors that was approved by the general shareholders meeting and is revised every year, which identifies all the remuneration components that it is effectively able to satisfy. These components may be fixed or variable. They can include set fees for a board member, fees for attending board and/or committee meetings, and other additional remuneration of any type earned over the course of the year, whatever the cause, in money or in kind, as well as obligations acquired by the company in terms of pensions or life insurance payments or other concepts for both former and current members, as well as insurance premiums for civil liability (D&O Policies) contracted by the company for its board members.

Do you implement the measure?

YES 

NO

N/A

YES. Briefly describe:

Yes. On March 30, 2016, the bvc General Shareholders Meeting approved the Remuneration Policy for the Board of Directors, which identifies the remuneration components to recognize.

At the session of the General Shareholders Meeting on March 28, 2019, fees were approved for Board members for the period from April 2019 to March 2021, as stated in Minutes No. 33. Additionally, in accordance with the Remuneration Policy, the Board members' fees are updated for each period using the CPI.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: March 30, 2016

Amendment dates: N.A

23.2. If the company adopts remuneration systems based on the recognition of a variable component related to the company's good performance in the medium and long term, the remuneration policy must include limits to the amount that the board of directors can distribute, and if the variable component is related to the company's benefits or other management indicators at the close of the assessed year, it must consider the reservations listed in the statutory auditor's report, which could bring down the period's results.

Do you implement the measure?

YES

NO 

N/A

YES. Briefly describe:

NO. Explain:

The Exchange does not compensate Board members under variable remuneration systems. Payment of fees is exclusively in cash and dependent on attendance at Board and committee meetings.

In addition to the above, the Remuneration Policy for the Board of Directors approved by the General Shareholders Meeting on March 30, 2016, prohibits payment in shares or other securities issued by the Exchange. Compensation or incentives for the Board members by delivery or the option to acquire said securities are also not permitted.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

III. Board of directors

Measure 23: Retribución de los miembros de la Board of directors.

23.3. Equity and independent members of the Board of Directors are expressly excluded from retribution systems that include stock options or variable retribution based on the absolute variation of the stock price.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. It should be noted that the legal system applicable to bvc sets forth express prohibitions on matters that coincide with the objective proposed by this measure. In effect, Article 8 of Decree Law 1172/1980 establishes that administrators of brokerage firms are prohibited from acquiring listed stocks.

In addition to the above, Article 10 of Law 27/1990 and Article 5.31.3 of bvc's General Regulations establish that the Exchange's legal representatives shall not trade listed securities, neither directly nor through intermediaries; they must have prior express authorization from the Board of Directors; and it must be for reasons other than speculation.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2007
Amendment dates: July 25, 2012

23.4. For each assessed period and in the framework of the remuneration policy, the general shareholders meeting approves a maximum cost for the Board of Directors for all the approved remuneration components.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

The Remuneration Policy approved by the General Shareholders Meeting on March 30, 2016, indicates that the fees shall be allocated according to the members' attendance of Board and committee meetings.

At the session of the General Shareholders Meeting on March 28, 2019, fees were approved for Board members from the period from April 2019 to March 2021, as stated in Minutes No. 33. Additionally, in accordance with the Remuneration Policy, the Board members' fees are updated for each period using the CPI.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A
Amendment dates: N.A

III. Board of directors

Measure 23: Retribución de los miembros de la Board of directors.

23.5. The board's actual cost during the assessed period, which includes all the remuneration components paid to Board Members, as well as reimbursement of expenses, is known by the shareholders and posted on the company's website with the level of detail and breakdown approved by the board.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The fees paid to Board members in 2019 will be published in the Management Report and made available to shareholders, and the information is permanently available on the bvc website at the appropriate level of breakdown approved by the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 28, 2017

Measure 24: Company CEO and Senior Management.

24.1. The company's governance model establishes effective separation between its management or governance (represented by the board of directors) and the regular course of business (under senior management and headed by the company's CEO).

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc Corporate Group Policy clearly establishes the separation and interaction between Company Management and the ordinary course of business, which is the responsibility of Senior Management. Additionally, it indicates the channels of interaction between them. Similarly, Articles 46 and 55 of the By-laws establish an effective separation between Senior Management and the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 28, 2003

Amendment dates: March 26, 2015

III. Board of directors

Measure 24: Company CEO and Senior Management.

24.2. Generally, the board's policy consists of delegating the regular course of business to the senior management team, concentrating its own activity on the general functions of strategy, supervision, governance and oversight.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 46 of the By-laws, the main function of the bvc Board of Directors is to implement strategic and organizational tasks in the Company. Similarly, it specifies that the Company shall have a CEO and two alternates, which shall act separately and have powers and attributions as established by the Board of Directors. In turn, the CEO and other legal representatives may partially delegate their functions in branches or to employees that they consider appropriate, without being prevented from carrying out the delegated functions themselves. Finally, it indicates that the Company's CEO shall make decisions as necessary for the preservation of the Company's assets, to supervise employee activities and impart order or instructions as required for the Company's good progress, all pursuant to Articles 55, 56 and 58 of the By-laws.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001
Amendment dates: March 26, 2017

24.3. As a general rule, members of Senior Management are identified, assessed and appointed directly by the company's CEO, as they are his/her direct employees. Alternatively, **the company may opt to have its members of senior management appointed by the Board of Directors upon the recommendation of its CEO.** Regardless of who makes the final appointment, candidates for key executive positions in the Company are known and assessed by the board's appointment and remuneration committee, which must issue an opinion.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Articles 50 and 58 of the By-laws, one of the CEO's roles is to appoint and dismiss Company employees whose appointment and dismissal do not correspond to the Board of Directors or the General Shareholders Meeting. One of the Corporate Governance Committee's functions is to regularly assess the activities of said employees, based on achievement of the goals and indicators, and to make recommendations to the Board of Directors

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001
Amendment dates: March 26, 2015

III. Board of directors

Measure 24: Company CEO and Senior Management.

24.4. The company has a clear policy regarding delegation of functions approved by the board of directors and/or a system of powers that describes the level of power of the CEO and other members of senior management

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Articles 50, 56 and 58 of the By-laws, it is the duty of the Board of Directors to appoint, dismiss and assess the Company's CEO and to set his/her remuneration, as well as establishing the criteria to partially delegate the CEO's roles to other Company employees.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

24.5. Acting through the appointment and remuneration committee, or whichever fulfills its duties, **the board of directors annually leads the performance assessment for the company's CEO** and is aware of the performance assessments of the other members of senior management.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. In accordance with Article 4.2.1.2 of the Good Governance Code and Article 3 of the Rules of Procedure for the Corporate Governance Committee, the Corporate Governance Committee has the role of performing a regular review of the mission of the bvc CEO and his/her remuneration, supporting the Board of Directors in the assessment of his/her management and reviewing the succession plans thereof, as well as evaluating and preparing recommendations for the Board of Directors concerning the Company's Senior Management.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

III. Board of directors

Measure 24: Company CEO and Senior Management.

24.6. The company has a remuneration policy for its CEO and other members of senior management, approved by the board of directors, which identifies all the remuneration components that can be effectively satisfied, tied to achievement of long-term objectives and risk levels.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc has a Remuneration Policy for Senior Management approved by the Board of Directors, which identifies the remuneration components that are recognized for the team members, including the CEO, which are tied to achievement of the targets.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

24.7. If the company CEO's compensation **includes both fixed and variable components**, its technical design and calculation **will keep the variable component from exceeding the maximum limit established by the board of directors**.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The remuneration of the bvc CEO is established by the Board of Directors, and has variable remuneration according to the achievement of results of the Balanced Scorecard; a management system with its design and targets approved by the Board of Directors before starting the corresponding year.

In any case, compensation or incentives for the CEO through the delivery of or option to acquire shares or other securities issued by bvc are not permitted pursuant to Article 4.2.1.1 of the Good Governance Code.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

IV. Control architecture

Measure 25: Control Environment.

25.1. The Board of Directors is ultimately responsible for the existence of a solid control environment in the company adapted to its character, size, complexity and risks so that it complies with the estimates set forth in Recommendation 25.1

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Articles 46 and 50 of the By-laws, the Board of Directors is the Company's administrative body responsible for ensuring the existence of an adequate internal control environment. In addition, the Board of Directors regularly monitors the Company's risk management by reviewing the reports submitted by the Audit and Risk Committee. Similarly, the Board of Directors is also responsible for establishing the policies for managing the risks inherent to the Company, regular monitoring of these risks, and the development and operation of ordered, transparent and secure markets with proper price setting.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: June 27, 2018

25.2. In the case of conglomerates, the parent company's board of directors will ensure the existence of a control architecture with a scope that is consolidated, formal and encompasses all the subsidiaries, establishing responsibilities for policies and guidelines on this matter at the conglomerate level, and defining clear reporting lines that provide a consolidated vision of the risks to which the conglomerate is exposed and the control measures required.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. In effect, in accordance with the policy called "bvc Corporate Group Model" approved by the bvc Board of Directors on December 7, 2016, the bvc works to have a control architecture with a consolidated scope that covers all the subsidiaries, indicating the responsibilities of each one in the Group's model and describing the flows of information to and from the Parent Company, permitting a consolidated vision of the risks and application of control measures.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 7, 2016

Amendment dates: June 27, 2018

IV. Control architecture

Measure 26: Risk Management.

26.1. In the company, the **risk management objectives** are the ones included in Recommendation 26.1.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The objectives of risk identification; risk assessment and measurement of the degree of risk exposure; effective risk management; risk monitoring; and regular reporting to the Board of Directors and Senior Management regarding risk management are established in several of the Company's documents, particularly in the ORMS Manual, the Internal Control Policy and Title VI of the Good Governance Code.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

26.2. The company has a **risk map**, understood as a tool to identify and monitor the financial and non-financial risks to which it is exposed

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes, the Exchange has a Corporate Process Risk Map and its last revision was completed on December 27, 2019

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: September 10, 2007

Amendment dates: November 24, 2017

IV. Control architecture

Measure 26: Risk Management.

26.3. The Board of Directors is responsible for defining a risk management policy and setting maximum exposure limits for each risk factor identified.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Articles 46 and 50 of the By-laws, the Board of Directors is also responsible for establishing the policies for managing the risks inherent to the Company, regular monitoring of these risks, and the development and operation of ordered, transparent and secure markets with proper price setting. Similarly, the Board of Directors sets the policy to manage risks inherent to the Company.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: April 7, 2001

Amendment dates: March 26, 2015

26.4. The Board of Directors is knowledgeable of and regularly supervises the company's effective exposure to the maximum risk limits defined, and proposes corrective and monitoring actions in case of deviations.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The Board of Directors is responsible for defining the maximum risk exposure limits and assessing risk reports, as well as analyzing and assessing the Company's risk control systems and tools. The Board's Audit and Risk Committee assesses and makes recommendations on these aspects, proposing to the Board of Directors the Company's risk policy and improvement initiatives on infrastructure and the internal control and risk management systems. The aforementioned in the development of the provisions of Articles 46 and 50 of the By-laws, Title VI of the Good Governance Code, and other corporate regulations that regulate the internal control system.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: June 27, 2018

IV. Control architecture

Measure 26: Risk Management.

26.5. As part of the risk management policy, senior management owns the processes and is responsible for risk management, in other words, for identifying, assessing, measuring, controlling, monitoring and reporting risks; defining methodologies; and ensuring that risk management is consistent with the strategy, the defined risk policy, and the approved maximum limits.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The Company has a department with the essential objective to manage risks. This department has clearly defined roles and responsibilities and internal reporting processes, which include regularly and periodically submitting reports directly to the Board's Audit and Risk Committee. The aforementioned pursuant to Article 58 of the By-laws; Title VI of the Good Governance Code; bvc's Financial Risk Management, ORMS and AML/CFT System Manuals; and its Internal Control Policy.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

26.6. The company has a risk delegation policy approved by the board of directors that establishes the risk limits that can be directly managed by each level in the company.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc has an Internal Control Policy, approved by the Board of Directors, a Financial Risk Management Manual, an ORMS Manual, an AML/CFT System Manual, and an Anti-fraud Program Manual. These documents are approved by the Board of Directors, which establishes the limits, responsible parties and delegation criteria to manage the Company's risks.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: September 09, 2009

Amendment dates: N.A

IV. Control architecture

Measure 26: Risk Management.

26.7. Risk management in conglomerates must be consolidated in such a way that it contributes to the cohesion and control of the companies that comprise them.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. In accordance with the policy called "**bvc** Group Corporate Governance Model", through Risk Management, the Company has the tools and carries out a consolidated analysis for identifying and managing risks in the consolidated Group.

This involves the dimension of **bvc** and the entities of the **bvc** Group.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 7, 2016

Amendment dates: June 27, 2018

26.8. If the company has a complex and varied structure of businesses and operations, it shall have a position for a Chief Risk Officer (CRO) with responsibility at the conglomerate level in the case of integrated companies in control and/or corporate group situations.

Do you implement the measure? YES ___ NO  N/A ___

YES. Briefly describe:

NO. Explain:

Despite the fact that **bvc** has a Chief Risk Officer and a Corporate Group Model that sets forth the responsibilities of each governing body in **bvc** as well as in its subsidiaries, the existence of the figure of a Chief Risk Officer has not been established for the whole Organization, because it fosters the coordination of a complex risk structure rather than the imposition of one. Therefore, it is clarified that the CEOs and Managers of the subsidiaries are the first people responsible for the subsidiary's control environment, but aligning it with good practices of the industry, regulatory requirements and those proposed by **bvc**.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A

IV. Control architecture

Measure 27: Actividades de Control.

27.1. The Board of Directors is responsible for ensuring the existence of an adequate internal control system adapted to the company and its complexity, and consistent with the risk management in effect.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Articles 46 and 50 of the **bvc** By-laws and the **bvc** Corporate Group Model policy approved by the **bvc** Board of Directors on December 7, 2016, establish that one of the Board's functions is to ensure the existence of an adequate internal control system and approve its implementation and oversight according to the complexity of the Company. In this regard, along with other activities, the Board must know and assess the relevant reports regarding the Internal Control System that are submitted by the Company's different controlling bodies and the Audit and Risk Committee, and provide the necessary orders so that the recommendations and remedies are adopted.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: April 7, 2001

Amendment dates: June 17, 2018

27.2. The Board of Directors is responsible for supervising the efficacy and suitability of the internal control system. The board of directors may delegate this responsibility to the audit committee without losing its supervisory responsibility.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Articles 46 and 50 of the By-laws, the Board of Directors must monitor and ensure the efficacy and suitability of **bvc's** Internal Control System. Article 1 of the Rules of Procedure for the Audit and Risk Committee assigns this committee the function of monitoring of the Exchange's internal controls and oversight responsibilities with respect to assessment of accounting procedures, verification of the audit function, and relations between the Board of Directors and the Statutory Auditor.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: April 7, 2001

Amendment dates: March 27, 2019

IV. Control architecture

Measure 27: Actividades de Control.

27.3. The company applies and requires the principle of self-control, understood as the "capacity of people who participate in the different processes of considering control as an inherent part of their responsibilities, fields of action, and decision-making".

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Compliance with the Internal Control Policy is mandatory for the administrators and employees of the Exchange and its subsidiaries, as established by the Board of Directors. Said policy includes principles of self-control, defined as the capacity of all employees, regardless of their hierarchical level, to evaluate and assess their work, to detect deviations, and to make the necessary corrections in the exercise and compliance of their roles, as well as to improve their tasks and responsibilities.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: September 09, 2009

Amendment dates: N.A

Measure 28: Information and Communication.

28.1. The company's culture, philosophy and risk policy are communicated from the top down and horizontally, as well as the approved exposure limits, so that the entire organization can consider the risks and control activities in its endeavors.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The bvc disseminates its culture, philosophy and risk policy through its Risk Awareness Plan. This is contained in the Risk Awareness Plan document, which includes topics such as Operational Risk Quality, Information Security Management System, Information on Business Continuity, and the AML/CFT System, through different methodologies, such as training sessions and workshops.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: September 09, 2009

Amendment dates: N.A

IV. Control architecture

Measure 28: Information and Communication.

28.2. There is a bottom-up reporting mechanism in the company (up to the board of directors and senior management), which is accurate, understandable and complete, supporting and enabling informed decision-making and risk and control management.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bottom-up reporting mechanism is described in both the Internal Audit Charter and the Internal Control Policies. In the former, both the Internal Audit Manager and internal audit personnel are responsible for submitting quarterly reports to the Board of Directors about the overall progress of tasks or matters of the task that may be relevant. In the latter Article 4.5.1, each department or process supervisor or leader at all levels must, as a regular part of his/her responsibilities, implement continuous supervision processes of employee activities to ensure that they are fulfilled according to plan, and any deviations that arise are detected and corrected on time. Senior Management and the Chief Risk Officer coordinate and manage the information reports required by the Audit and Risk Committee and/or Board of Directors through an Internal Risk Committee.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: November 4, 2009

Amendment dates: December 17, 2015

28.3. The company's communication and reporting mechanism allows: i. senior management to involve the entire company, highlighting its responsibility to manage risks and define controls; and ii. company personnel to understand its role in managing risks and identifying controls, as well as individual contributions regarding the work of others.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The Company's communication and reporting mechanism involves different levels of decision-making and risk management. The Risk Awareness Plan provides clarity on these concepts and allows people to acquire skills and retain knowledge about their own role in managing risks and identifying controls.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: September 09, 2009

Amendment dates: N.A

IV. Control architecture

Measure 28: Information and Communication.

28.4. The company provides internal lines for anonymous reporting or "whistleblowers", which allow employees to anonymously report illegal or unethical behavior, or anything that can get in the way of the company's risk management and control culture. A report of these complaints is submitted to the company's board of directors.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 50 of the By-laws establishes that one of the Board's duties is to implement ethical control policies and plans for Company administrators and employees, which can include anonymous reporting systems. Therefore, the Company's Ethics and Conduct Manual develops the incident reporting procedure through the Ethics Hotline.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

Measure 29: Monitoring of Control Architecture.

29.1. In the company, through the audit committee, the Board of Directors is responsible for supervising the effectiveness of the different components of the control architecture.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 50 of the bvc By-laws and Article 3 of the Rules of Procedure for the Audit and Risk Committee, this committee is a body that supports the Board's functions regarding monitoring of the Exchange's internal controls and its oversight responsibilities with respect to risk management; assessment of accounting procedures; review of risk management system audits; verification of the audit function; and relations between the Board of Directors and the Statutory Auditor.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 27, 2019

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.2. In the company, monitoring tasks aimed at providing assurance of the control architecture's efficacy primarily involve internal auditing in collaboration with the statutory auditor on matters inherent to its responsibility and, particularly, regarding financial information generated by the company.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Title VI of the Good Governance Code establishes that bvc's Internal Control System is structured according to interactions between the Statutory Auditor and Internal Auditing Department. One of the Statutory Auditor's roles is to assess whether bvc's actions are in line with current regulations, especially its accounting, bookkeeping, and safeguarding of Company papers and assets. The Internal Auditing Department's functions include assessing the efficacy of the Company's strategic definitions and monitoring the implementation of corrective and preventive actions adopted to fix problems, and to recommend the actions or adjustments necessary to strengthen the Company's internal control.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

29.3. The company's internal auditing department has an internal audit charter approved by the audit committee that expressly describes the scope of its functions on this matter, which should include the topics indicated in Recommendation 29.3.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. The topics indicated in Recommendation 29.3 are expressly stipulated in the bvc Internal Audit Charter, approved by the Board of Directors. The roles are established in the "Responsibility" Section for the Internal Audit Manager and internal audit personnel, with the following scope. The Internal Audit Manager must appear at least once a year before Audit and Risk Committee and Senior Management to confirm the independence of the Organization's internal auditing activity; prepare a flexible internal audit plan with assurance and/or consultation tasks using an appropriate risk-based methodology, including any identified concern of risk or control; submit said plan to the Audit and Risk Committee for its review and approval; and assess key business risks, including risk management by responsible parties, and reporting mechanisms.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: October 5, 2007

Amendment dates: October 5, 2015

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.4. The internal audit manager maintains a relationship of professional independence from senior management of the company or conglomerate that hires him/her through functional dependence exclusive to the audit committee.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 50 of the By-laws, the Internal Auditor is appointed directly by the Board of Directors, which guarantees his/her independence from Senior Management from a functional viewpoint. Moreover, the Internal Audit Charter establishes that the Internal Audit Manager is functionally coordinated with the Board's Audit and Risk Committee.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

29.5. In the company, the Board of Directors is responsible for appointing and dismissing the internal audit manager, at the suggestion of the audit committee, and the market is notified of any dismissal or resignation.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 50 of the By-laws, the Board of Directors is responsible for appointing and dismissing the Internal Audit Manager, at the suggestion of the Audit and Risk Committee, and the market must be notified of any dismissal or resignation.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.6. The statutory auditor of the company or conglomerate maintains clear independence from them, and this quality must be declared in the respective audit report.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Articles 61, 62, and 63 of the By-laws, the Statutory Auditor must be a suitable individual and not own shares in the Company or any of its subsidiaries, and may not be an employee, partner, spouse or relative of any bvc employee. These provisions are assessed by Management and the Audit and Risk Committee in the process to select and hire a Statutory Auditor, which is put to the General Shareholders Meeting for consideration.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001
Amendment dates: March 26, 2015

29.7. If the company acts as parent company of a conglomerate, the statutory auditor is the same for all companies, including offshore companies.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes, Section 7.3.4 of the Corporate Governance Model of the bvc Business Group establishes that bvc will vote in the shareholders meetings of the subsidiaries so that the bvc External Auditor / Statutory Auditor is that same as the one that carries out this work in the subsidiaries.

In addition to the above, said section indicates that the Financial and Administrative Department that reports to the CFO will coordinate the work of the bvc Group's Statutory Audit through a single specialized firm that meets all the certified requirements of scope and experience in a transparent selection process.

Currently, the Statutory Audit is carried out by the same firm for all the companies that comprise the bvc Group.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2018
Amendment dates: N.A

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.8. The company has a policy to appoint the statutory auditor approved by the board of directors and disclosed to the shareholders, which includes the provisions set forth in Recommendation 29.8.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

Yes. Articles 61 and 62 of the **bvc** By-laws indicate that the Statutory Auditor (both principal and alternate) must be a legally suitable individual. They also indicate that the Statutory Auditor's principal and alternate must be public accountants, or associations or firms of public accountants that comply with the relevant legal requirements. Furthermore, regarding the election period, the By-laws indicate that elections will take place at the same time as Board member elections. This is without detriment to the General Shareholders Meeting being able to dismiss the Statutory Auditor at any time. The Rules of Procedure for the General Shareholders Meeting states that the Board of Directors can submit options for appointment of the Statutory Auditor. To submit these options, the Board of Directors must indicate in writing the reasons why it recommends a particular candidate.

However, the By-laws do not specifically provide that firms that have been subject to disqualification, suspension or any other type of firm sanction for the exercise of financial audit services, imposed by a judge or a regulatory and/or supervisory authority of the countries in which the Conglomerate operates, may not be proposed as statutory auditors.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

29.9. In order to avoid excessive relations between the company and the statutory audit firm and/or its teams and maintain its independence, the company has established a maximum contract period of five (5) to ten (10) years. For the statutory auditor, an individual not connected to a firm, the maximum contract period is five (5) years.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Si. De acuerdo con el artículo 6.1.1.2 del Código de Buen Gobierno y sin perjuicio del derecho que los accionistas de la Sociedad tienen para elegir al Revisor Fiscal, **bvc** en lo posible procurará que en los contratos con la Revisoría Fiscal, esta se comprometa a rotar a las personas naturales al interior de dicha firma revisora con por lo menos una periodicidad de cinco (5) años. Igualmente, se deberá pactar que la persona natural que ha sido rotada solamente pueda retomar la revisoría en la Bolsa luego de un periodo mínimo de dos (2) años.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.10. As part of the maximum contract period, the company **promotes rotation of the statutory audit firm's partner assigned to the company** and its work teams at the half-point of the period. At the end of the period, rotation of the firm is mandatory.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Pursuant to Article 6.1.12 of the Good Governance Code and without prejudice to the right of the Company's shareholders to elect the Statutory Auditor, when possible, bvc will attempt to rotate individuals within the statutory audit firm at least every five (5) years. Additionally, it must be agreed that any individual who has been rotated may only resume the role of Statutory Auditor at the Exchange after a minimum period of two (2) years.

NO. Explain:**N/A. Specify the regulations that prevent adoption of the recommendation:**

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

29.11. In addition to the existing ban on hiring professional **services from the statutory auditor** other than the company's own financial auditing, and other functions included in current regulations, the company extends this limitation to individuals or entities related to the statutory audit firm. Entities include companies in its own group as well as companies with a large number of partners and/or administrators in common with those of the statutory audit firm.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Article 62 of the By-laws establishes that the Company may not hire statutory auditing services with entities or professionals that directly or indirectly provide services to the Company other than those of the statutory audit.

NO. Explain:**N/A. Specify the regulations that prevent adoption of the recommendation:**

Date of implementation: April 7, 2001

Amendment dates: March 26, 2015

IV. Control architecture

Measure 29: Monitoring of Control Architecture.

29.12. In its public information, the company discloses the monetary amount of the contract with the statutory audit firm, as well as the proportion of the fees paid by the company of the firm's total revenue from its statutory auditing activity.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

The total monetary amount of the contract with the statutory audit firm is posted on the bvc website, as well as the proportion of the fees paid by bvc of the firm's total revenue from its statutory auditing activity for the period April 2019 to March 2020. Said certificate issued by KPMG S.A.S. can be consulted at the following link:

<https://drive.google.com/file/d/1bynM8yaBjKCLnViaXwwYW1YJixMYD54/view>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: January 20, 2017

Amendment dates: N.A

Measure 30: Information Disclosure Policy.

30.1. The Board of Directors has approved an information disclosure policy that identifies the information described in the recommendation as a minimum.

Do you implement the measure? YES  NO ___ N/A ___

YES. Briefly describe:

Yes. Title III of the Code of Good Governance provides a full, comprehensive description of the procedure for preparing and disclosing information, including rules on timeliness, access to content and classification of financial and non-information. Furthermore, said title regulates the information to be brought to the General Shareholders Meeting and information that the Company must regularly make public as part of its corporate purpose.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: January 27, 2016

IV. Control architecture

Measure 30: Information Disclosure Policy.

30.2. In the case of conglomerates, disclosure of information to third parties regarding the company is comprehensive and complete, allowing external entities to form an opinion based on the conglomerate's actual situation, organization, complexity, activity, size and governance model.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc prepares, presents and publishes consolidated financial information with the entities that comprise the economic group. These financial statements fully comply with the provisions that regulate the way these consolidated financial statements must be prepared, complying with the International Accounting Standards. Additionally, through the bvc website, all the non-financial information that may interest stakeholders is promptly delivered, including the organizational, governance and internal control structure, bvc strategy and guidelines.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: July 1, 2016

Measure 31: Financial Statements.

31.1. In the event that the statutory auditor's report contains reservations, a statement on these and the actions the company intends to take to resolve them shall be made by the chairman of the audit committee to the **shareholders** gathered at the general shareholders meeting..

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Article 3.2.3.1 of the Good Governance Code, information put to the consideration of shareholders during the exercise of the right to inspection includes the Statutory Auditor's opinion on the Financial Statements. If this contains reservations, these shall be listed along with action plans proposed by Management to correct them. They shall be subject to a declaration by the Chairman of the Audit and Risk Committee to the shareholders at the General Shareholders Meeting.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

IV. Control architecture

Measure 31: Financial Statements.

31.2. When the Board of Directors considers that it must maintain its position regarding the reservations and/or emphasis-of-matter paragraphs of the statutory auditor, this position is adequately explained and justified in writing to the general shareholders meeting, specifying the content and scope of the discrepancy.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The paragraph j of number 2 of Article 3 of the Rules of Procedure for the Good Governance Code establish the following as a function of the Audit and Risk Committee: " in the event that the opinion issued by the Statutory Auditor contains reservations and/or unfavorable opinions, a statement on its contents and scope must be made and brought to the attention of shareholders and the public securities market through the bvc website, verifying compliance with the recommendations by bvc Management so that it can lead the process of responding to the observations included in the report."

Likewise, pursuant to Article 3.2.3.1 of the bvc Good Governance Code, 15 calendar days prior to the date of the General Shareholders Meeting, the Statutory Auditor's opinion on the Financial Statements shall be made available to the shareholders. If this contains reservations, these shall be listed along with action plans proposed by Management to correct them. They shall be subject to a declaration to the shareholders at the General Shareholders Meeting.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 27, 2019

31.3. Transactions with or between related parties, including transactions between conglomerate companies, which due to objective parameters such as volume of the transaction, percentage of assets, sales or other indicators are considered significant by the company, are listed in detail in the public financial information, as well as the mention of offshore transactions carried out.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Pursuant to Articles 3.2.2.1 and 3.2.2.1 of the Good Governance Code, bvc includes transactions between related parties in its financial statements, as well as any offshore transactions. This information is posted on the bvc website.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

IV. Control architecture

Measure 32: Information for the Markets.

32.1. In the framework of the information disclosure policy, the board of directors (or the audit committee) adopts the measures required to ensure that all financial and non-financial information about the company is reported to the financial and capital markets, as required by legislation in force, in addition to any information deemed relevant for investors and clients.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. Article 50 of the By-laws stipulates that it is a function of the Board of Directors to "supervise the financial and non-financial information of the Company that, as an issuer and according to the framework of information disclosure and communication policies, it must publish regularly". Moreover, Title III of the Good Governance Code indicates the frequency and information that must be made available to shareholders with all the financial and non-financial information, important events, and other relevant issues for shareholders and the general public.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: June 27, 2001

Amendment dates: March 26, 2015

32.2. The company's website is user-friendly and simple to use, providing users with access to information regarding corporate governance.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. The bvc website is user-friendly and simple to use for shareholders. Indeed, for better access, the website is provided in both English and Spanish. To access corporate governance information, shareholders can go to the bvc Investor Relations menu and enter the corporate governance menu at the following link:

<https://gobiernocorporativo.bvc.com.co/>

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: November 19, 2017

IV. Control architecture

Measure 32: Information for the Markets.

32.3. The company's website at least includes links regarding Recommendation 32.3.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The bvc considers its website to be one of its main communication channels with shareholders, and keeps it up-to-date with relevant information.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: November 19, 2017

32.4. The support that the company generally uses to communicate information to the markets are documents that can be downloaded, printed and shared

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. On its website, bvc publishes all the information pertaining to Title III of the Good Governance Code. This information is presented in formats that can be downloaded, printed and shared with electronic devices for safekeeping and storage

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

IV. Control architecture

Measure 32: Information for the Markets.

32.5. If the company is of great size and complexity, it annually posts a detailed report on its website explaining the organization, methods and procedures of its control architecture, with the aim to provide accurate and secure financial and non-financial information, and safeguard the organization's assets, as well as the efficiency and safety of its transactions. Information on the control architecture is complemented with a risk management report.

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. Every year, bvc publishes a Management Report and dedicates an entire chapter to describe the different activities designed to develop the Company's internal control. Furthermore, pursuant to Section 3 of Article 3.2.2 of the Good Governance Code, bvc makes the Company's internal control and audit structure available to its shareholders. Moreover, Section 2 of the same Article indicates that the Risk Management Report is published every six months for shareholders.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

Measure 33: Annual Corporate Governance Report.

33.1. The company prepares an annual corporate governance report, and the board of directors is responsible for its content, with the prior review and positive report of the audit committee, which is submitted together with the rest of the year-end documents..

Do you implement the measure?

YES

NO

N/A

YES. Briefly describe:

Yes. The Audit and Risk Committee's functions include reviewing the Corporate Governance Report, pursuant to Article 3 of the Rules of Procedure for the Audit and Risk Committee and Article 3.2.31 of the Good Governance Code. This report is published as one of the chapters in the Annual Management Report.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 27, 2019

IV. Control architecture

Measure 33: Annual Corporate Governance Report.

33.2. The company's annual corporate governance report is not a mere transcription of the corporate governance regulations included in the by-laws, rules of procedure, good governance codes and other company documents. Its aim is not to describe the company's governance model, but to explain the reality of its operations and relevant changes during the period.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

Yes. The Annual Corporate Governance Report provides a detailed, comprehensive explanation of bvc's Governance Model and any changes to it during the period.

NO. Explain:

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: December 14, 2005

Amendment dates: March 18, 2015

33.3. The company's annual corporate governance report contains end-of-year information that describes how the corporate governance recommendations adopted by the company were met, and the main changes generated.

The structure of the company's annual corporate governance report is in line with the system covered in Recommendation 33.3.

Do you implement the measure? YES NO N/A

YES. Briefly describe:

NO. Explain:

No. While most of the recommendation's requirements are incorporated in the Management Report, there are some that have not yet been included in this report.

N/A. Specify the regulations that prevent adoption of the recommendation:

Date of implementation: N.A

Amendment dates: N.A