

# Management Report 2020

# Message from the CEO

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

## Dear Shareholders

It is with great satisfaction that I present to you our organisational results. Although the pandemic created a very complex economic and financial environment in 2020, we achieved various milestones. Just as 2001 marked the start of a new era with the integration of the Bogota, Medellin and Occidente Exchanges, 2020 represented a new beginning for the organisation: We finally achieved our goal of integrating the entire Colombian securities market value chain under the **bvc** umbrella.

At a strategic level, we completed the final stage of vertically integrating market infrastructure by acquiring a majority stake in the Cámara de Riesgo Central de Contraparte (Central Counterparty Clearing House - CRCC), and merging it with the Cámara de Divisas (FX Clearing House). This harmonised our strategic plans across the entire value chain. We also brought improved operational security and international best practice to the equity market by initiating clearing and settlement through the CRCC.

We faced the most challenging global social and economic situation in over a century in 2020, and this reinforced the organisation's relevance and reaction capacity in the domestic economy. All **bvc** Group companies were able to work 100% remotely from March, with no negative effect on operations, innovation plans nor projected results. This is evidence of our own organisational resilience, but we were also able to help our clients achieve similar results and become more visible to the country's companies and businesspeople.

In April, we completed our first fully remote issuance. This led to a recovery of issuer and investor confidence in the market that was reflected in our solid year-end total of COP 13 trillion. We also worked with intermediaries and investors to help them through moments of restricted liquidity, and in some cases to redefine and adjust their businesses to a fully virtual context.

We took an important step on our journey to strengthen regional capital markets, and commenced phase two by engaging Rothschild & Co to independently value the exchanges and validate the value proposition of an integrated Chilean, Peruvian and Colombian market.

Towards the end of the year, we signed an agreement with MSCI - a leading provider of critical decision-making services and tools for the global investment community, and the principal global index provider - to manage the COLCAP index. This will add credibility to the index and market and improve its global visibility, especially among investors specialising in emerging markets.

Finally, in the context of national government economic recovery initiatives, **bvc** successfully lobbied for Fondo Nacional de Garantías (National Guarantee Fund - FNG) collateral to be extended to companies that obtain financing by issuing bonds on the capital market. We are convinced that in the current circumstances it makes a lot of sense for companies to raise capital on the capital markets, with grace periods and extended terms being the keys to business recovery. The FNG collateral means that many companies that had never contemplated issuing bonds will now do so at this time of need.

**bvc** has made undeniable progress in positioning itself as a real financing option for Colombian businesses. In 2020, more than 70 companies raised financing on the capital markets with issuances ranging from \$100 million on a2censo to more than \$1 trillion on the principal market.

Our a2censo financial crowdfunding initiative democratised access to financing, and produced satisfactory results in its first year of operation. The platform attracted SMEs to the capital market, and more than 2,000 investors (mostly individuals) invested over COP 8 billion in 39 projects.



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The fixed-income market once again reached COP 13 trillion. This year's highlights were public infrastructure issuances such as the Bogota Metro, National Development Fund for fourth generation works, and the Bogota and Barranquilla mayor's office issuances for economic recovery and long-term growth in those cities.

In the equity market, the foreign players that took flight at the start of the health emergency returned in Q3 and this, combined with better internal dynamics from individuals, led to a stimulating recovery in the last quarter of the year.

The depository reached a total of COP 545.4 trillion of assets in custody, and achieved a new annual record of more than five million dematerialised promissory notes issued. We continue to work hand in hand with our clients to increase the digital product portfolio and achieve mass access to financial system products, reduce operational cost and risk, and at the same time bring greater stability to the financial system via access to Banco de La Republica (Central Bank) liquidity support underwritten by dematerialised promissory notes.

Income at our subsidiaries and associates was led by Set-Icap with COP 35.4 billion (19% growth compared to 2019), followed by CRCC with COP 23.4 billion (16%) and finally precia with COP 11 billion (25%).

Having acquired a controlling interest in CRCC, and consistent with our responsibilities and the strategic challenge of operating the entire Colombian market value chain, we began to explore strategic options for Sophos with the Board of Directors. Our new responsibilities require more of bvc Group, and we believe that we should focus on our central business of promoting capital market development, providing efficient and secure infrastructure services, and ensuring that our markets comply with the highest international standards. And following negotiations that took almost the entire year, we concluded the process of selling Sophos to Advent. This disinvestment generated an excellent financial return for bvc and strengthened our cash position as we face the enormous investment requirements of the securities market digital transformation.

We ended the year with income of COP 189.8 billion, 12% more than in 2019, an EBITDA margin of 36%, and net profit of COP 153 billion. We are proposing a dividend of COP 1,157,84 per share this year, or double last year's dividend, and believe that this strikes a healthy balance between shareholder returns and organisational financial strengthening that enables us to stay current and face new challenges.

Our human resource focus was on the health of our employees and their families, and we adapted our technologies and systems to enable fully remote operations with new communications channels that allowed us to successfully implement this new way of working. Our results on the GPTW survey improved from very satisfactory in 2019 to outstanding in 2020, and we beat our peers in the financial sector in all areas measured.

The Colombian capital market and the Exchange obtained 8th place on the World Economic Forum global ranking for ESG disclosure (we are the only Latin American exchange in the top 10). This is the result of eight years' work improving our issuers' reporting and disclosure standards through IR Recognition. In view of our impact on society, in 2021 we will be committed to positioning sustainability at the centre of our corporate strategy and becoming a carbon neutral company with zero CO2 emissions.

Finally, I would like to thank the Board of Directors, without whose permanent trust and support the management team would not be able to present these magnificent results to our shareholders; 2020 was a challenging year and the Board spent long hours helping us achieve these results.

Sadly, at the end of the year Dr. Roberto Junguito Bonnet passed away. Dr Junguito had been a member of the Board of Directors since 2005 and he always inspired us to think beyond the company and ensure that everything we do at **bvc** has a positive impact on society and the country as a whole. Dr. Junguito's passing represents a huge loss for the Board and the organisation, and all of us have lost a friend.

Our current challenge is to become a much more automated organisation, with new 100% digital products and a continued cultural transformation to meet the economic challenges of this new decade. By concentrating on our principal business of securities market infrastructure, we will become more efficient and trustworthy, with an even better value proposition for our clients that allows us to become their allies in achieving their business goals.

Best regards,



Juan Pablo Córdoba Garcés  
Presidente

# Overview

# bvc Group Strategic Vision

## bvc Group Mission:

To connect people's dreams with the growth objectives of businesses, while leading the transformation of capital markets and contributing to our country's **sustainable** and **inclusive economic** growth



# 2020 Milestones



## Focus on *Core* Business

- **ISSUANCES**
  - Special Operations: COP 13.6 trillion
  - 3 Issuances of 1 trillion
  - 1st Argos Private Debt swap
- **OTC SECURITIES LENDING FOR EQUITIES**
  - Multi-market/product strategies
  - Complementing transactional securities lending Went live May 20
  - Went live May 20
- **MIGRATION OF EQUITIES CLEARING & SETTLEMENT**
  - Central counterparty
  - Clearing & settlement T+2
  - **NETTING** securities and cash International standards
  - Went live **AUG 20**
- **COLCAP INDEX** with MSCI
- **CROSS-LISTING WITH CHILE**

## 100% Digital Capital Market

- **a2censo**
  - **39** Campaigns
  - **+2,300** Investors
  - **+COP 8.6** billion
- **Digital promissory notes**
  - COP 2.4 trillion Bogota Metro
- Master Trader in the **cloud**
- New version of *x-tream* **INET**

## Technology and Innovation

- Disinvestment in Sophos: **close** of transaction with Advent
- Continued execution of the **bvc IT Strategic Plan**
- **Experimentation** with new products
- Operational **Excellence** and Business Continuity

## Vertical Integration

- Controlling interest in the Central Counterparty Clearing House (CRCC) **60.25%**
- Share acquisition in the Colombian Foreign Currency Clearing House (CCDC) **1.44%**
- **Merger** by Absorption of CRCC and CCDC (December 14 2020) consolidates **FX** market clearing & settlement in the CRCC
- CRCC is the clearing house for the **majority** of OTC and exchange markets in derivatives, equities, foreign exchange and fixed income RRP's

## Regional Integration

- Board **authorisation**
- Formation of a Management Committee (**7** members from the 3 exchanges)
- **5** meetings of the integration Management Committee
- Meetings with **regulators / supervisors** in the 3 countries
- **Strategic** consultancy from BAIN
- **Legal** and **Regulatory** consultancy with PPU
- Rothschild engaged as **Investment Bank**

# bvc Group

By **acquiring CRCC** and **merging the clearing houses**, we can now provide capital market infrastructure products and services for **all financial assets** on Colombian **exchange** and **OTC** markets.



Subsidiaries:

**deceval** 100 %

**CÁMARA DE RIESGO** 55 %  
CENTRAL DE CONTRANTES DE COLOMBIA

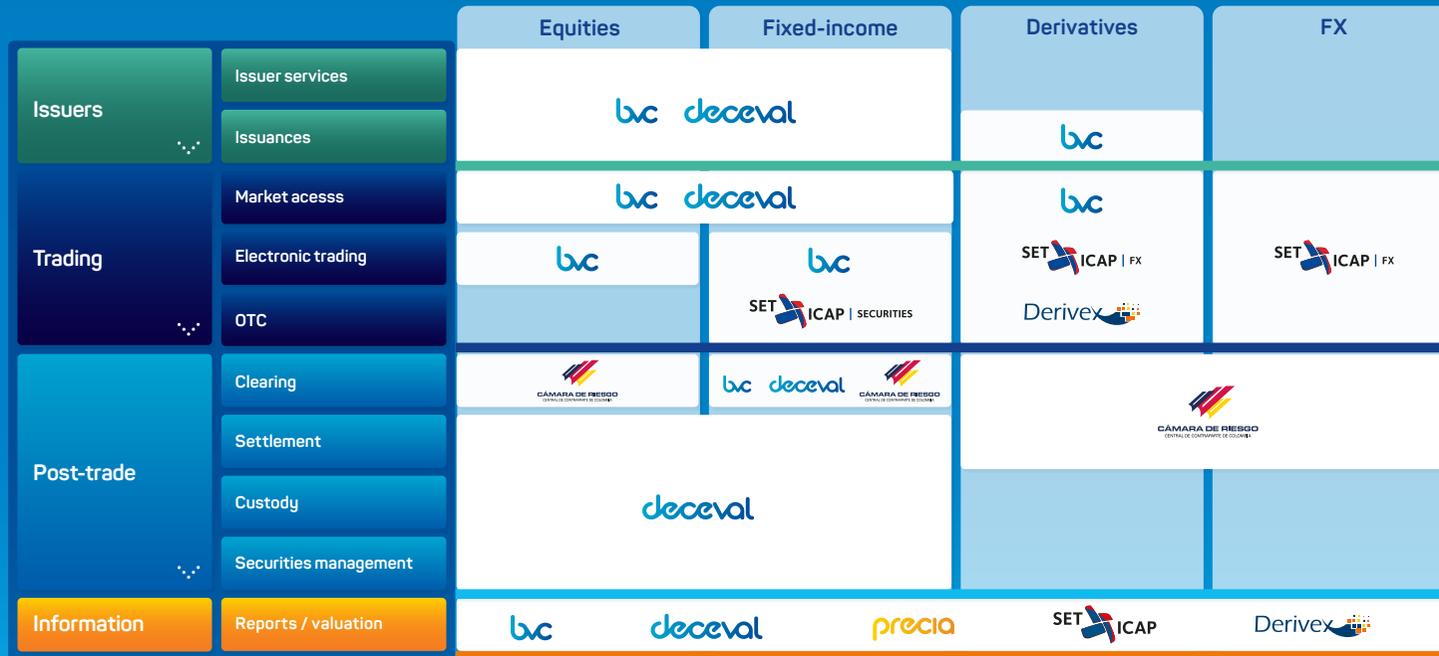
**precia** 100 %

Permanent Investments:

**SET ICAP** 50 %

**Derivex** 40.5 %

## Complete Vertical Integration



## Benefits:

- A **joined-up** strategy across the entire value chain that ensures Colombian capital market development.
- Operational **efficiencies** for all market participants.
- Rapid adoption of **digital** technologies that facilitate access to all products, reduce costs and help our clients innovate.
- Enhanced **capacity** to adapt to new market conditions and needs.

# 2020 Financial Results

Positive **bvc** Group financial performance, in spite of **challenges** in 2020 due to the pandemic.

COP 190 BILLION  
Total Income  
+12% YoY

COP 65 BILLION  
EBITDA  
+3% YoY

COP 153 BILLION  
Net Profit (1)  
+198% YoY

COP 1,157.84  
Dividend per Share (2)  
+177% YoY

COP 147 BILLION  
Cash Flow  
+325% YoY

36%  
EBITDA Margin

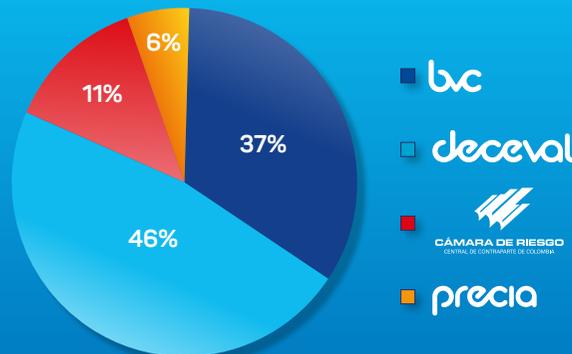
81%  
Net Margin

9.75%  
Dividend Yield(2)

Income by Line of Business



Income by Company



Corporate Results(3)

COP 780 BILLION  
Total Assets  
+23% YoY

COP 96 BILLION  
Total Liabilities  
-23% YoY

COP 683 BILLION  
Equity  
+35% YoY

Credit Rating **AAA** for 3 consecutive years



(1) Includes COP 31.8 billion in updated fair value of the CRCC & CCDC investment, and COP 86.9 billion from the Sophos disinvestment transaction.

(2) Dividend proposal at the 26 March 2021 AGM. Dividend yield on the 30 December 2020 closing price of \$11,880.

(3) Corporate results do not include CRCC-managed collateral.

# 2020 Subsidiaries and Permanent Investments

## Subsidiaries

bvc + deceval

	2020	2019	Var YoY
Income	154,690	160,281	-3%
Expenditure	122,664	110,081	+11%
EBITDA	55,039	60,358	-9%
EBITDA %	37%	39%	
Net Profit	150,337*	50,586	+197%
Net %	55%	32%	



55%

	2020	2019	Var YoY
Income	23,418	19,985	+17%
Expenditure	17,708	13,930	+27%
EBITDA	7,290	7,419	-2%
EBITDA %	35%	40%	
Net Profit	3,712	5,579	-33%
Net %	16%	28%	

precia

100%

	2020	2019	Var YoY
Income	11,027	8,791	+25%
Expenditure	8,106	7,519	+8%
EBITDA	3,444	1,670	+106%
EBITDA %	32%	19%	
Net Profit	1,828	614	+198%
Net %	17%	7%	

## Demonstrated experience in successful corporate transactions

In 2020, bvc Group's new strategic focus emphasised consolidating Colombian capital market infrastructure and broadening the core business. Huge changes were made to corporate infrastructure in four transactions involving subsidiaries and permanent investments:

## Permanent Investments

SET ICAP

50%

	2020	2019	Var YoY
Income	35,380	29,844	+19%
Expenditure	16,871	14,324	+18%
EBITDA	19,600	16,216	+21%
EBITDA %	56%	55%	
Net Profit	12,446	10,366	+20%
Net %	35%	35%	

Derivex

40%

	2020	2019	Var YoY
Income	157	164	-4%
Expenditure	965	808	+19%
EBITDA	-709	-546	-30%
EBITDA %	-722%	-455%	
Net Profit	-810	-649	-25%
Net %	-514%	-396%	



- Acquisition of controlling interest in Cámara de Riesgo Central de Contraparte – CRCC
- Merger by absorption of Cámara de Riesgo Central de Contraparte – CRCC and Cámara de Compensación de Divisas – CCDC

sophos  
solutions

- Disinvestment in Sophos that generated extraordinary profit: the sale price was four times higher than the purchase price

Derivex

- Sale of Derivex shares: capitalisation and a new partner

bvc Shareholding

(1) Includes COP 31.8 billion in updated fair value of the CRCC & CCDC investment, and COP 86.9 billion from the Sophos disinvestment transaction.

# 2020 Product and Service Performance in Managed Markets



# 2020 Sustainability



We contribute to our country's **sustainable** and **inclusive** economic growth

## IR Recognition:

Our market was **recognised once again** in the Investigation into ESG Disclosure and Sustainability in Principal Latin American Capital Markets published by GRI, AG Sustentable and the Swedish International Development Cooperation Agency.

**70%** Colombia has the highest percentage of listed companies that report sustainability.

**83%** of issuers use GRI Standards for reporting.

**bvc** **Ir** **33**

**issuers** (31 renovations and 2 new) were recognised for complying with IR Recognition requirements.



We published a **Sustainability Guide** for the Colombian capital market, in conjunction with GRI.

## bvc Group Environmental management

Carbon footprint: **295** Tons CO<sub>2</sub> eq **-46% YoY**

We offset our 2020 carbon footprint by **2.4x**

Carbon credit  
**970** trees planted + **400** tons of CO<sub>2</sub>

## Corporate Social Responsibility

**COP 919 M** donations in 2020

**93 %** YoY

- We Fight youth unemployment**
  - Talent and innovation in IT: **COP 250 M** (ProTalentos)
  - Software development grants: **COP 69 M**
- We offset our carbon footprint**
  - Reforestation: **COP 33 M** (Fundación Natura)
- Solidarity during the pandemic**
  - PCR tests, ICU equipment: **COP 567 M** (Universidad de los Andes, fei, ANDI)

## Commitment to our employees

- 503** Gender equality (47% / 53%)
- 97%** have an **indefinite** employment contract.
- 98%** **remote working** since the start of the pandemic.

**efr** Family-friendly company. Rating improved from favourable to very satisfactory.

**Great Place To Work®**  
Certificado OCT 2020-SEP 2021 COL

**3** Thematic bonds **COP 964** billion issued + **81 %** YoY

- 2 green bonds** **COP 600** billion issued **2.8x** oversubscribed
- 1 social bond** **COP 364** billion issued **1.4x** oversubscribed

# Corporate Governance:

## Principal Board of Director and Committee Activities in 2020

### Finance and Administration Committee



- Supported the Sophos disinvestment process
- Approved Cámara de Riesgo Central de Contraparte and Cámara de Divisas share purchases

### Audit and Risk Committee



- Evaluated the NASDAQ report on downtime event
- Revised cybersecurity strategy and progress

### Corporate Governance Committee



- **Deceval** adoption of **bvc** Ethics and Behaviour Manual
- Supported regional exchange integration process

### Regulations Committee



- Approved modifying share market cash settlement from T+3 to T+2
- Approved modifying **bvc**, WW and derivative rules to include infrastructure provider disaster management protocols

### Technology Committee



- Analysed and approved **bvc** and **deceval**'s strategic technology plan
- Evaluated the amarú project situation and possible action plans

## Board of Directors, 2019 - 2021

MEMBER	Finance and Administration	Audit and Risk	Corporate Governance	Regulatory	Technology
Independent					
Rafael Aparicio (Acciones y Valores)					
Sergio Clavijo (Independent)					
Luis Miguel González (Credicorp)					
Roberto Junguito (RIP) (Independent)					
Santiago Montenegro (Asofondos)					
Juan Rafael Pérez (BTG Pactual)					
Federico Rengifo (Independent)					
Non-Independent					
Aura Arcila (U. de Medellín)					
Roberto Belchior (B3)					
Jaime Castañeda (Davivienda)					
Carlos Rodríguez (BBVA)					
Mauricio Rosillo (Bancolombia)					
German Salazar (Banco de Bogotá)					



Member



Committee chair



Chairman of the B of D

# bvc Strategy

# bvc Group Strategic Vision

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

## bvc Group Purpose:

To connect people's dreams with the growth objectives of businesses, while leading the transformation of capital markets and contributing to our country's **sustainable** and **inclusive economic** growth.



# Perspectives and Future Vision

GRI: 102-15, 103-2

Having completed the vertical integration process, bvc Group has begun a phase of world-class operational strengthening and consolidation in the Colombian capital market. bvc Group faced huge challenges in 2020 due to the pandemic, and showed its resilience by quickly adapting operations to keep the markets open, available and at the service of all their participants. Despite the impact of COVID-19, bvc Group positioned itself as part of the solution to economic reactivation in the markets it manages, and achieved important milestones in 2020.

# Perspectives and Future Vision

GRI: 102-15, 103-2

## 2020 Achievements



### Focus on Core Business

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  - First Argos Private Debt swap
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  - International standards
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### 100% Digital Capital Market

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## Future Vision

bvc Group strengthens its strategy with a greater focus on its core business that stimulates market growth and liquidity with products and services that facilitate client need-focussed risk (algorithmic trading, liquidity makers and data analysis).

It also incentivises an appetite for new issuers and products that increase investment opportunities and improve access for all types of business (SMEs and start-ups) and investor (international and retail).

The digital transformation of the Colombian capital market ecosystem is a fundamental pillar that strengthens the core business by developing and updating new and existing digital products and services.

bvc Group's future vision provides a digital ecosystem that efficiently, securely and 100% digitally connects value creators with consumers.

In 2020, bvc Group strengthened its technological vision of operational excellence and business continuity.

By developing capital markets based on international standards, bvc Group offers a transformational client-focussed market of trust and excellence that invests in technology as a strategic differentiator with the capacity to meet the needs of clients and the market.

After completing consolidation of Colombian capital market infrastructure:

bvc Group's future vision offers products and services across the entire value chain and in all OTC and transactional market financial assets that generate benefits and efficiencies for agents in managed markets.

It also provides an open architecture that efficiently, securely and 100% digitally safeguards, mobilises and certifies all types of assets.

bvc Group continues its corporate integration with BCS and BVL, with a view to broadening and developing Chilean, Colombian and Peruvian capital markets.

Integrating the exchanges will create value and benefits for all agents in the three Andean capital markets due to the increased scale, visibility, diversification and efficiency of the integrated infrastructures, and will make them a relevant player in the global stock-market industry.

# Evaluation of 2020 Strategy

GRI: 102-15, 103-3

## Balanced ScoreCard 2020

2020 was a year of mixed corporate results on the four strategic fronts - Financial, Client, Project and Transformation - all of which are administratively assessed and mediated each quarter using the Balanced ScoreCard (BSC). This corporate tool is used to calculate the variable pay of all bvc Group employees. In 2020, not all fronts achieved good results and the overall score for the year was 54/140; this can be explained principally by low financial and project performance. However, the client perspective achieved its acceptable minimum, and the transformation perspective achieved its capital market goal and beat its corporate goal.

54 POINTS

PERSPECTIVE	INDICATOR	UNIT	MIN	TARGET	STRETCH	%	VALUE	POINTS
Financial	1 Combined bvc-deceval income	Million	\$ 162,663	\$ 165,140	\$ 167,617	10%	\$154,701	0
	2 Combined bvc-deceval EBITDA	Million	\$ 61,371	\$ 62,624	\$ 63,876	10%	\$55,264	0
	3 Consolidated bvc EBITDA	Million	\$ 95,890	\$ 97,847	\$ 99,803	10%	\$92,750	0
Client	4 Client experience	Result	81	83	84	20%	82	16
Project	5 Strategic projects	%	80%	85%	95%	20%	72%	0
Transformation	6 Corporate	%	Milestones	Milestones	Milestones	20%	Milestones	28
	7 Capital market	Initiatives	4	5	6+	10%	5	10

## Perspective

### Financial:

30%

This perspective includes three indicators with a total BSC weighting of 30%. The first indicator - combined bvc+deceval income - did not achieve its acceptable minimum in 2020, ending at COP 154.7 billion (-3% YoY). Combined (bvc+deceval) and consolidated (bvc+subsidiary) EBITDA also did not achieve their acceptable minimums, ending at COP 55.3 billion (-8% YoY) and COP 92.8 billion (+11% YoY) respectively.

### Client:

20%

In 2020, this perspective contained just one client experience indicator with a total BSC weighting of 20% (the new commercial model implementation indicator was eliminated upon finalisation in 2019).

The bvc Group client experience indicator maintained its score of 82 points in 2020, with mixed results in the different segments. Results for intermediaries and promissory notes fell compared to 2019 and scored 79.8 (-1.6) and 74.1 (-1.8) respectively. However, issuers and education made up for these reductions by scoring 87.3 (+2.7) and 76 (+0.4) respectively at 2020 year-end.

### Project:

20%

The strategic project compliance indicator (total BSC weighting 20%) did not achieve its acceptable minimum and ended 2020 at 72%. This result is principally explained by the suspension of the Amaru project, with a result of 11.6% and a weighting of 25% in the project portfolio.

However, it is worth highlighting that the remaining strategic projects achieved very positive results in 2020: a2censo 97.6%, INET MT 86.6%, promissory note improvements 89%, digital platform 83.9%, post trade CRCC 90.8%, RPA 98.9% and OTC securities lending 99.6%.

### Transformation:

30%

This perspective includes two indicators related to corporate culture transformation and the capital market development plan, that have a total BSC weighting of 30%.

The corporate transformation indicator has a BSC weighting of 20%, and bettered expectations in 2020 due to good performance on its three fronts. The cultural transformation front complied with 99% of its goals, and has a 7% weighting. The innovation management front also has a weighting of 7% and ended the year with four experimental initiatives in digital platforms, blockchain and artificial intelligence. The optimisation and efficiency front has a weighting of 6% and achieved 96% compliance with its goals of internal process optimisation, automatization and digitalisation.

The capital market regulatory initiative plan has a BSC weighting of 10%, and achieved its established goal by implementing the following five Regulatory Committee initiatives: valuation of securities, OTC securities lending, issuer regime, Fogacol guarantees, and primary and secondary market requirements.

# Organisational Profile

# Bolsa de Valores de Colombia

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

Bolsa de Valores de Colombia (bvc) is the leading provider of Colombian capital market infrastructure. We are present throughout the entire the value chain and offer the following equity, fixed-income, derivative and FX solutions and services on OTC and exchange markets: Listing (issuer and issuance services), Trading (market access, electronic trading and OTC), Post-trade (risk management, clearing, settlement, custody and securities management), and Information (market data and price vendor services).



Bolsa de Valores de Colombia S.A. is a Public Limited Company domiciled in Bogotá, Colombia. We are a strategic ally to the financial and stock trading sector, and are the market leader in the Colombian capital market. bvc is part of a number of regional and global initiatives, such as:

**Memberships:**



**Initiatives:**



# Principal Activities, Products and Services

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



Serving more than **400** clients in the Colombian financial, real and education sectors

# bvc Brands

GRI 102-2, 103-2

## Pillars

Bolsa de Valores de Colombia is a company of great importance to the Colombian financial and business sectors. Its involvement in the country's growth means that the company has a good reputation that it has built and maintained over the years.

In 2020, the bvc brand focussed on a strategy of recognising issuers, getting closer to new investors and strengthening financial education, with a communications framework based on three pillars: trust, evolution and closeness.

**Trust** is about connecting with people's beliefs and emotions, and making the bvc brand more human by engaging with people who still see the stock market as being hard to access and understand.

**Evolution** is about reinforcing a message of progress and optimism in a country that constantly yearns for growth and transformation.

**Closeness** is about positioning **bvc** as a strategic ally in achieving business goals and individual dreams.

These three pillars form the basis of a brand consolidation process that focusses ever more on the core and on **bvc** product growth.

## Brand Strategy



In 2020, we decided to build on previous years' work and continued to base communications on the predefined landscape, while including new channels of communication to increase reach and engage with more people with different profiles.

In 2019, the brand landscape was defined as the **"value"** of the three pillars that incorporate the bvc's products and especially its purpose.

This brand landscape can be broken down into the following three conceptual associations that guide conversations with our diverse target audience, and achieve our objective of bringing people closer to the Colombian stock market:

**An 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:** The ratification of our commitment that every interaction between **bvc** and each and every Colombian will be a value generating experience.

The value landscape reflects the brand's principal objective of being a **connection centre** for the entire Colombian capital market ecosystem. To do this we have been positioning the idea that "together our value is greater" in all company and brand communications. This has allowed us to increase closeness and create unified messaging for all company products.

New channels of communication were defined to drive this strategy, increase togetherness, and give our leaders a platform from which to be **"Thought Leaders"** who become recognisable to the general public and bring them closer to the brand, increase our reach and help the market understand **bvc's** everyday relevance.

In addition, we strengthened our conversations on social networks, increased the average rate of interaction with our users, and ensured that people converse with the brand.

**Day of Value (7 October):** For the second consecutive year, **bvc** used this day to highlight the brand and ensure that when people think of value, they think of **bvc** and the fact that "together our value is greater". In 2020 the brand appeared on popular radio stations highlighting the value of positive news stories, recognising issuers, and thanking them for trusting in **bvc** and Colombia's growth.

## Management Indicators

In line with our objective is for Colombians to incorporate the exchange into their conversations and associate it with the value landscape, our achievements in 2020 were:

- 2.05%**

2.05% average interaction rate on our social networks – an increase of 0.5% on the previous year.
- 120,000**

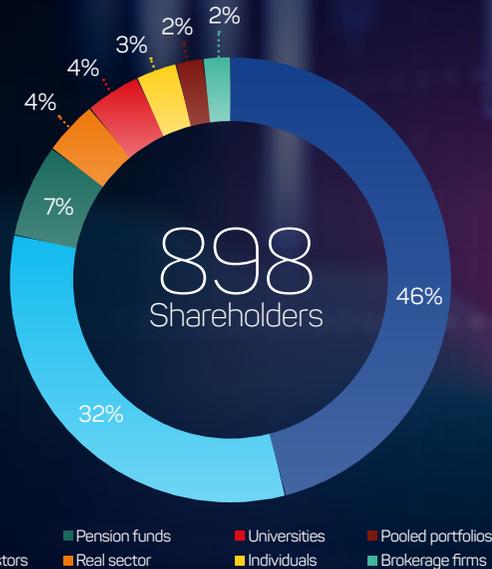
An average visualisation on our YouTube channel of 120,000 monthly impressions – beating our 2019 average of 80,000 impressions.
- 150,000**

Increased traffic to our financial education content hub - 150,000 unique monthly visitors.

# bvc Shareholders

GRI: 102-5

At 2020 year end, **bvc** had 898 shareholders; banks and foreign investors were the largest blocks, holding 46% and 32% respectively. The 25 largest shareholders own 79.87% of **bvc** shares.



Dispersed shareholding with 57% floating\*

NO.	TOP 25 SHAREHOLDERS	% HOLDING
1	Utilico Emerging Markets Trust Plc	7.52%
2	BBVA Colombia S.A.	7.33%
3	Banco Davivienda S.A.	6.32%
4	B3 S.A. - Brasil Bolsa Balcao	6.11%
5	Inversiones Odisea	5.77%
6	Itau Corpbanca Colombia S.A.	5.74%
7	Fondo De Pensiones Obligatorias Porvenir Moderado	4.42%
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	2.98%
13	Inversiones Cfn S.A.S.	2.67%
14	Fondo Bursatil Ishares Colcap	2.44%
15	Valores Bancolombia S.A. Comisionista De Bolsa S.A.	1.80%
16	Frontaura Global Frontier Fund	1.80%
17	Sbs Seguros Colombia S.A.	1.78%
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	Banco Colpatria Multibanca Colpatria S.A.	0.93%
22	Bmo Investments II (Ireland) Plc	0.92%
23	Terra Global Opportunity Fund, L.p.	0.90%
24	BBVA Valores Colombia S.A. Comisionista De Bolsa	0.87%
25	Banco De Bogota S.A.	0.86%

**bvc Group has no controlling shareholder:**

Restriction of 10% in accordance with Law 510/1999

\*In accordance with the formula specified in Article 2.36.3.4.1, Decree 2555

## bvc Stock Performance 2020

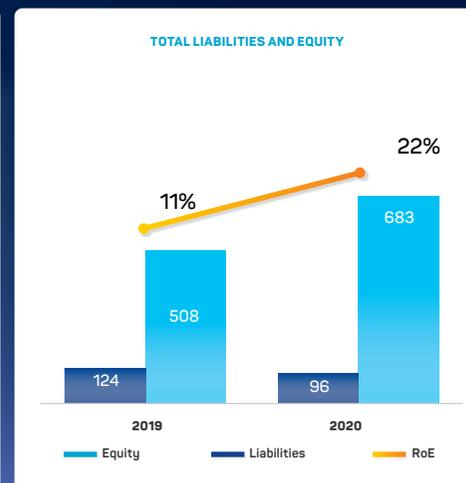
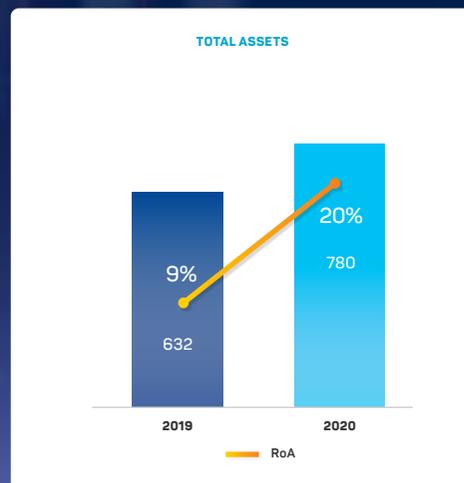
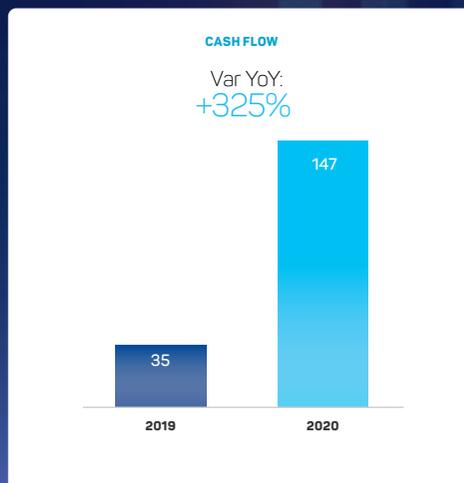
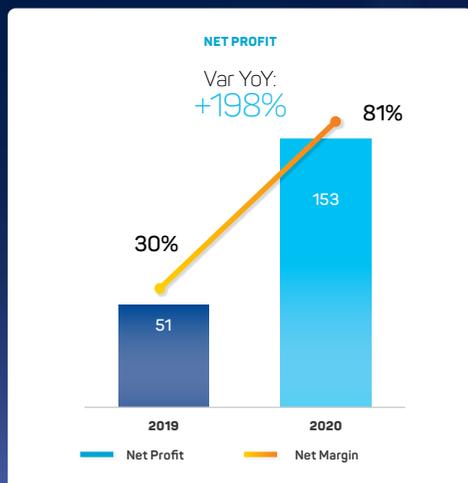
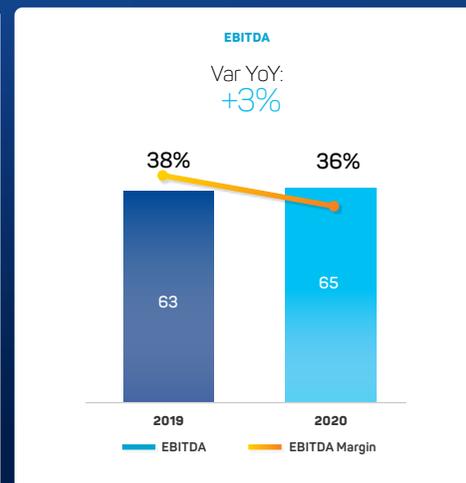
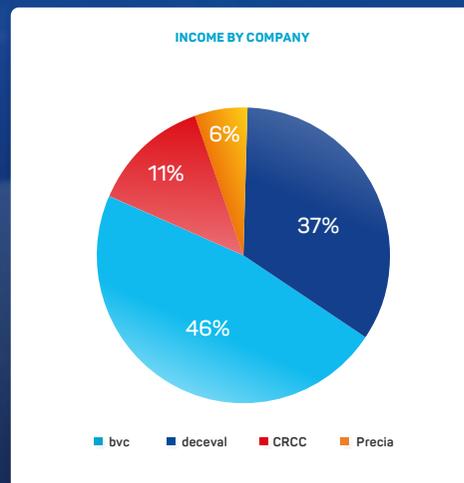
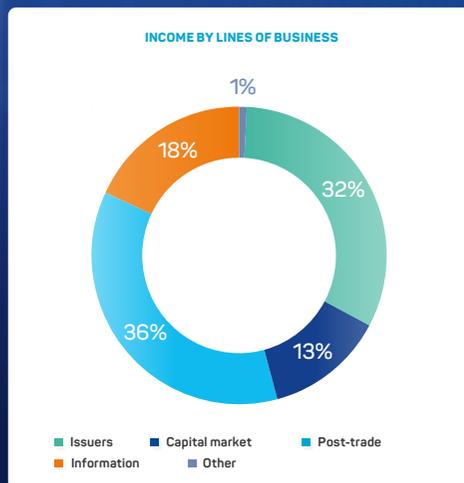
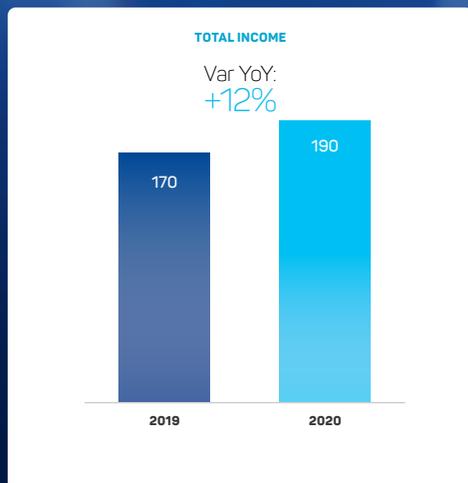


**bvc Group shares:**

- Listed since June 2007
- Type: Ordinary with voting rights
- Shares in circulation: 60,513,469

## bvc Scale

GRI: 102-7, 103-2



# bvc Scale

GRI: 102-7, 103-2

## 4.5.1 Business Group

In 2020, the new bvc Group strategic focus on consolidating Colombian capital market infrastructure and broadening the core business led to great change in corporate structure via three transactions in subsidiaries and permanent investments:

i) Disinvestment in Sophos; ii) Merger by absorption of Cámara de Riesgo Central de Contraparte (CRCC) with Cámara de Compensación de Divisas (CCDC); and iii) Sale of Derivex shares.



In 2020, bvc strengthened its controlling interest in CRCC. There follows a list of the Cámara de Riesgo Central de Contraparte transactions:

- February 2020: **bvc** acquires controlling interest through the purchase of 8.7% for COP 10.54 billion, going from 47.28% to 55.98%.
- June and August 2020: **bvc** Group purchases 4.27% for COP 1.72 billion and achieves a holding of 60.25%.

- October 2020: bvc Group purchases a further 1.44% of CCDC for COP 148 million and goes from 30.79% to 32.23%.
- December 2020: Merger by absorption of CRCC with CCDC with an approved swap ratio of 3.92 CRCC shares for each CCDC share. Dilution takes bvc Group's holding in the merged company from 60.25% to 54.3%.
- February 2021: **bvc** Group buys 0.37% from ADCAP and increases its stake from 54.3% to 54.7%.

### Corporate Transactions 2020



The disinvestment in Sophos Solutions S.A.S. was completed on 20 November 2020 when the entire Exchange shareholding (53.11%) was sold to Advent International for an estimated gross value of COP 129.6 billion, four times the 2015 acquisition price



In December 2020, a capitalisation makes Vatia a new Derivex partner bringing operational strength and new opportunities to the business. The two principal Derivex partners – bvc and XM – saw their holdings reduced from 42.5% to 40.48%, and the four remaining partners – AES Chivor S.A., Emgesa S.A., Celsia S.A. and Vatia – were left with a 4.76% holding.



**Subsidiaries:**

1. Direct <b>bvc</b> Participation: 94.96%	2. <b>bvc</b> participation: 39.6%
Invesbolsa: 4.98%	via deceval: 14.7%
INVERBVC: 0.02%	
BVC PRO: 0.02%	
BVC PLUS: 0.02%	

**Permanent Investments and Joint Ventures:**

3. Direct <b>bvc</b> participation: 49.82%	4. Direct <b>bvc</b> Participation: 40.43%
Via Invesbolsa: 0.18%	Via Invesbolsa: 0.05%

# bvc Scale

GRI: 102-7, 103-2

## 4.5.2 Subsidiaries and Permanent Investments

In 2020, Bolsa de Valores de Colombia (bvc) consolidated the companies that make up Colombian capital market infrastructure by acquiring a controlling interest in Cámara de Riesgo Central de Contraparte (CRCC) and merging it with Cámara de Compensación de Divisas (CCDC).

### Subsidiaries

#### bvc + deceval

	2020	2019	Var YoY
Income	156,690	160,281	-3%
Expenditure	122,664	110,081	+11%
EBITDA	55,039	60,358	-9%
% EBITDA	37%	39%	
Net Profit	150,337*	50,586	+197%
Net Margin	55%	32%	



55%

	2020	2019	Var YoY
Income	23,418	19,985	+17%
Expenditure	17,708	13,930	+27%
EBITDA	7,290	7,419	-2%
% EBITDA	35%	40%	
Net Profit	3,712	5,579	-33%
Net Margin	16%	28%	

#### precia

100%

	2020	2019	Var YoY
Income	11,027	8,791	+25%
Expenditure	8,106	7,519	+8%
EBITDA	3,444	1,670	+106%
% EBITDA	32%	19%	
Net Profit	1,828	614	+198%
Net Margin	17%	7%	

### Permanent Investments

#### SET ICAP

50%

	2020	2019	Var YoY
Income	35,380	29,844	+19%
Expenditure	16,871	14,324	+18%
EBITDA	19,600	16,216	+21%
% EBITDA	56%	55%	
Net Profit	12,446	10,366	+20%
Net Margin	35%	35%	

#### Derivex

40%

	2020	2019	Var YoY
Income	157	164	-4%
Expenditure	965	808	+19%
EBITDA	-709	-546	-30%
% EBITDA	-722%	-455%	
Net Profit	-810	-649	-25%
Net Margin	-514%	-396%	

#### bvc Group

	2020	2019	Var YoY
Income	189,810	170,003	+12%
Expenditure	144,410	117,246	+23%
EBITDA	64,578	62,732	+3%
% EBITDA	36%	38%	
Net Profit	153,351	51,448	+198%
Net Margin	81%	30%	



bvc Shareholding

\*Includes COP 318 billion in updated fair value of the CRCC & CCDC investment, and COP 86.9 billion from the Sophos divestment transaction

# bvc Scale

GRI: 102-7, 103-2

## 4.5.3 Dividend Distribution Policy

On 18 May 2020, the General Assembly of Shareholders approved the 2019 profit distribution project, with a decrease in dividend per share of 24% compared to 2018, as follows:

	2019	2018
(+) Pre-tax profit and equity method participation	50,442	40,958
(-) Income and supplemental taxes	(144)	1,815
(=) Net profit	<b>50,586</b>	<b>39,143</b>
(+) Release of occasional taxable reserves	0	900
(=) Earnings before statutory reserves	<b>50,586</b>	<b>40,043</b>
(-) Voluntary reserve for future distributions	25,293	6,761
(=) Total profits to distribute	<b>25,293</b>	<b>33,282</b>
Ordinary dividend	25,293	33,282
<b>Total cash distribution</b>	<b>25,293</b>	<b>33,282</b>
<b>% Dividend of Net profit</b>	50.00%	85.03%
Number of shares	60,513,469	60,513,469
<b>Dividend per share (COP)</b>	<b>418</b>	<b>550</b>

COP million

### Notes:

1. It is proposed that ordinary cash dividends be paid in one instalment on 30 June 2020.
2. Dividends shall be paid to whomever holds the share on the payment date, in accordance with Article 455 of the Commercial Code.
3. 84.72% of distributed 2019 profits are considered to be tax free in accordance with article 49 of the tax code. Income tax provision was used as the basis for this calculation.
4. 100% of the dividends to be distributed in 2020 are tax free.
5. There will be an ex-dividend period of four (4) exchange business days prior to dividend payment, between 23 and 30 June 2020.

# Employee Profile

GRI:102-8, 103-2, 403-8



We continue to strengthen our culture, values and organisational competences. Our commitment to the securities market is that our employees will provide the best possible service and high standards that characterise **bvc**.

In 2020, the resilience of our human talent was evident. Our employees made a quick transition to remote working during the COVID-19 pandemic state of emergency. We were able to achieve our objectives with the best possible disposition and energy by strengthening communication, collaboration, time management, empowerment, autonomous learning, balance and creativity.

We designed the **Human Resources Closer to You** strategy to facilitate collaborative working among remote teams. The strategy includes 6 elements that were designed to help employees adapt at an organisational, personal and family level.

Remote working requires commitment, organisation, time management and space optimisation. Management actions reinforced **bvc** confidence and reinforced the practices that characterise **bvc** and its subsidiaries. Although we do currently have a majority of male employees, **bvc** and its subsidiaries make no differentiation by age, gender or sexual identity. All employees have the same opportunities for growth, development and learning.

**Learning**  
Spaces to *develop* hard and soft skills.

**Managing emotions**  
Spaces focussed on developing emotional intelligence and for psychological support.

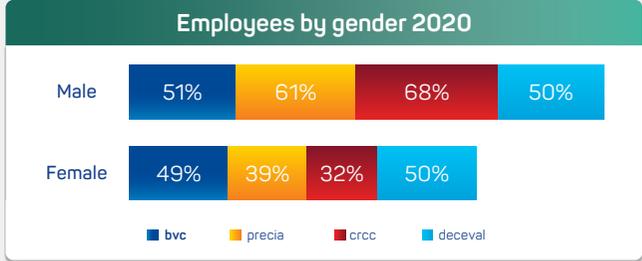
**Leadership**  
Resources and spaces to support leaders with management activities.

**Community**  
Internal challenges, recognition and donations.

**Entertainment**  
Initiatives promoting fun activities for employees to enjoy with their teams or families.

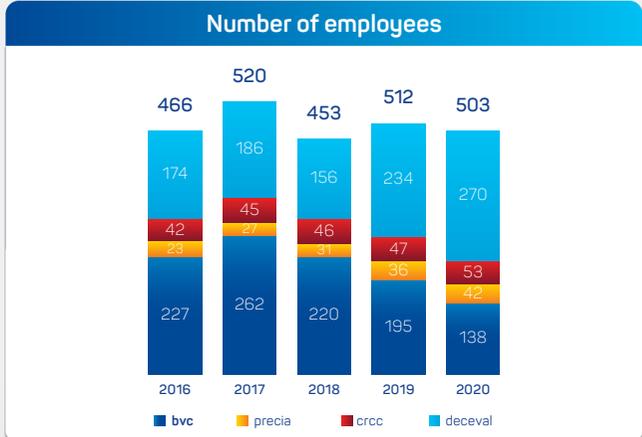
**Contact**  
A catalogue of ways for employees to contact Human Resources.

## Employee Gender



During the COVID-19 emergency, 98% of **bvc** Group employees were able to work remotely. This incredible achievement is evidence of the resilience and firm commitment of the capital market to continue operating without problems.

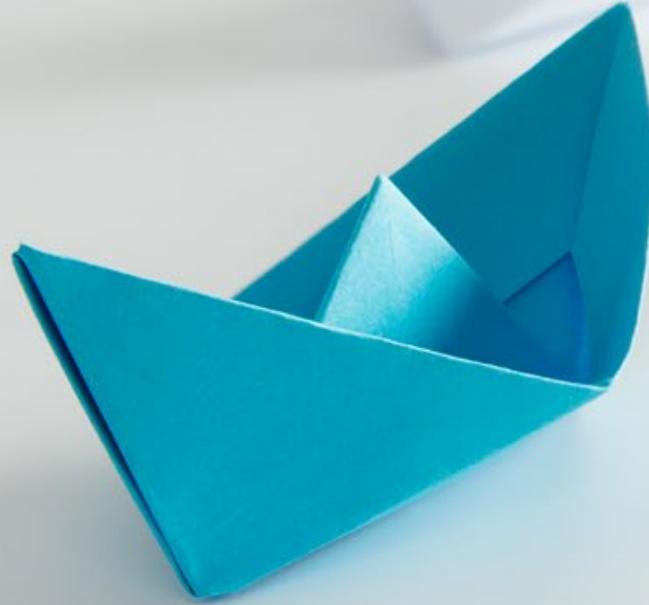
**bvc** Group ended 2020 with 503 employees, a drop of just 9 compared to the previous year.



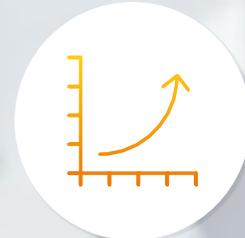
# Supply Chain

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

Purchasing processes continued to be a fundamental generator of savings and a key corporate strategy in 2020.



Principal efforts and achievements:



I. An increase in services paid for in other currencies, and a slight reduction in COP purchases.



II. The strengthening of best practice in group-level provider relationship management, giving bvc/deceval a better negotiating position.



III. The consolidation of a unified acquisition process with policies, controls and tracking to ensure optimal compliance.



IV. The implementation of electronic signatures for contracts.

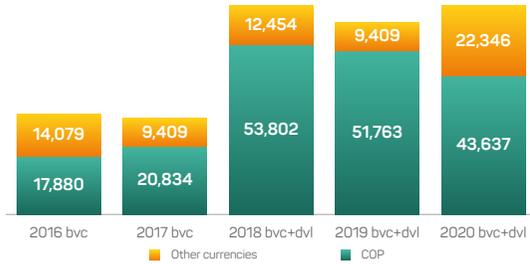


V. The construction of a contract repository in the JIRA system.

# Supply Chain

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

## Purchases

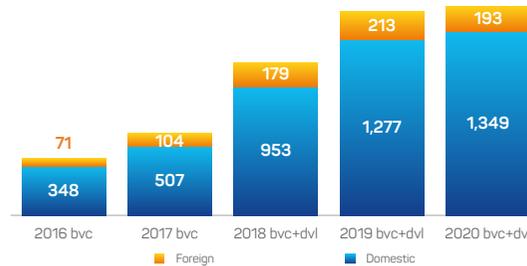


COP million  
Sources: ERP SAP and SIESA Enterprise

Purchases rose by 78% in 2020 compared to the previous year in accordance with integrated corporate strategy and goals. COP purchases fell by 18%.

Purchasing management continues to generate savings in goods and services that meet the needs of all company processes while generating value for our providers.

## Providers



COP million  
Sources: ERP SAP and SIESA Enterprise

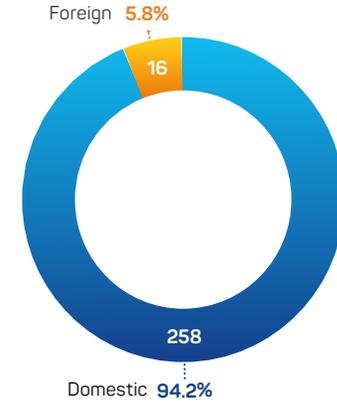
In 2020, we continued to search for best-value among suppliers in terms of suitability, quality and price.

In preparation for integrating bvc and deceval ERPs, we updated the provider database and corrected business names, inactive providers, etc., reaching a total of 1,542 entities, an increase of 3.48% with regard to the previous year.

In spite of 2020's pandemic-related challenges, bvc Group was able to maintain mutually beneficial relationships with its providers without suffering any deterioration in the goods and services received. Ongoing commercial relationships were honoured according to the established terms, and we would like to highlight that this included payment being made within 35 days of receiving an invoice.

Our terms of reference continue to ensure that the Group receives the best proposals available, guarantee that providers meet purchasing needs, and reinforce principles of equality and efficiency.

## New Providers 2020, bvc and deceval



As part of the third-party relationship maturity process, the purchasing team were trained by GRI in **corporate sustainability**. The training included supply chain management business practices and the competitive business programme, and was aimed at defining a specific **work plan** for **bvc** that started by incorporating GRI sustainability criteria into technical evaluations submitted during RFPs.

During 2020, the BVQi certifying organisation audited and found purchasing to be compliant with the ISO 9001:2015 quality control system **purchasing requirements**.

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

Movement of invoices: Bolsa de Valores de Colombia certifies that in 2020 it did not hamper the free movement of invoices submitted by its providers and contractors, and facilitated the free movement of those issued by the organisation for the sale of goods and services related to its activities.

# Precautionary Principle

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

Risk management at **bvc** follows management system guidelines that are aligned with ISO 31000; it includes the organisational context and the way in which products and services are planned for. It is part of our governance model and is fundamental to all levels of organisational management because it contributes to the continuous improvement of management systems and information-based decision making that balances the client's value proposition, risk mitigation and process efficiency.

From the early stages of designing a product or service, we evaluate its impact on processes and risk management. Changes to services in production are tracked as they occur and their impact on risk is evaluated. This ensures that risk profiles are kept up to date and that the necessary actions are taken to stay within the organisation's tolerance thresholds.

# Precautionary Principle

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

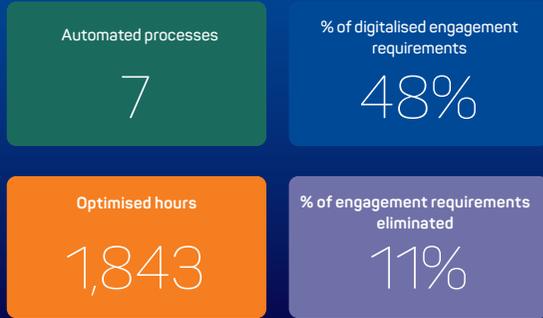


We implemented a process efficiency and optimisation plan to improve our comprehensive risk and process management structure focussed on assurance, transformation, prevention and efficiency. The plan included indicators of cost, execution time, client satisfaction, risk reduction, creation of opportunities, and improvements in information efficacy.

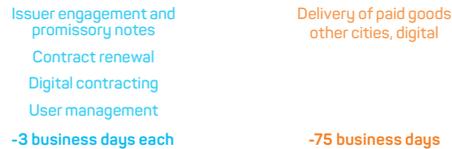
### The plan achieved:

- The implementation of client-managed processes that simplify and streamline tasks such as form-filling and document delivery.
- Manual task execution speed and security improvements through robotic process automatization and software integration.
- The timely detection of errors in online requests.
- The optimisation of physical resource usage, e.g. stationary, transport, infrastructure, etc.
- A reduction in reprocessing, and self-management during purchasing tasks.

Time optimisation is a principal indicator of efficiency, and enables time improvements in client attention and reductions in the time spent on repetitive tasks that can be spent on value-generating tasks. In 2020, we optimised trade, post-trade, client engagement, digital process management, and goods and services purchasing management tasks, and achieved the following results:



### Service improvements



## Process Map



## 4.8.1 Internal Control and the Control Environment GRI: 103-2

### Internal Control System

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

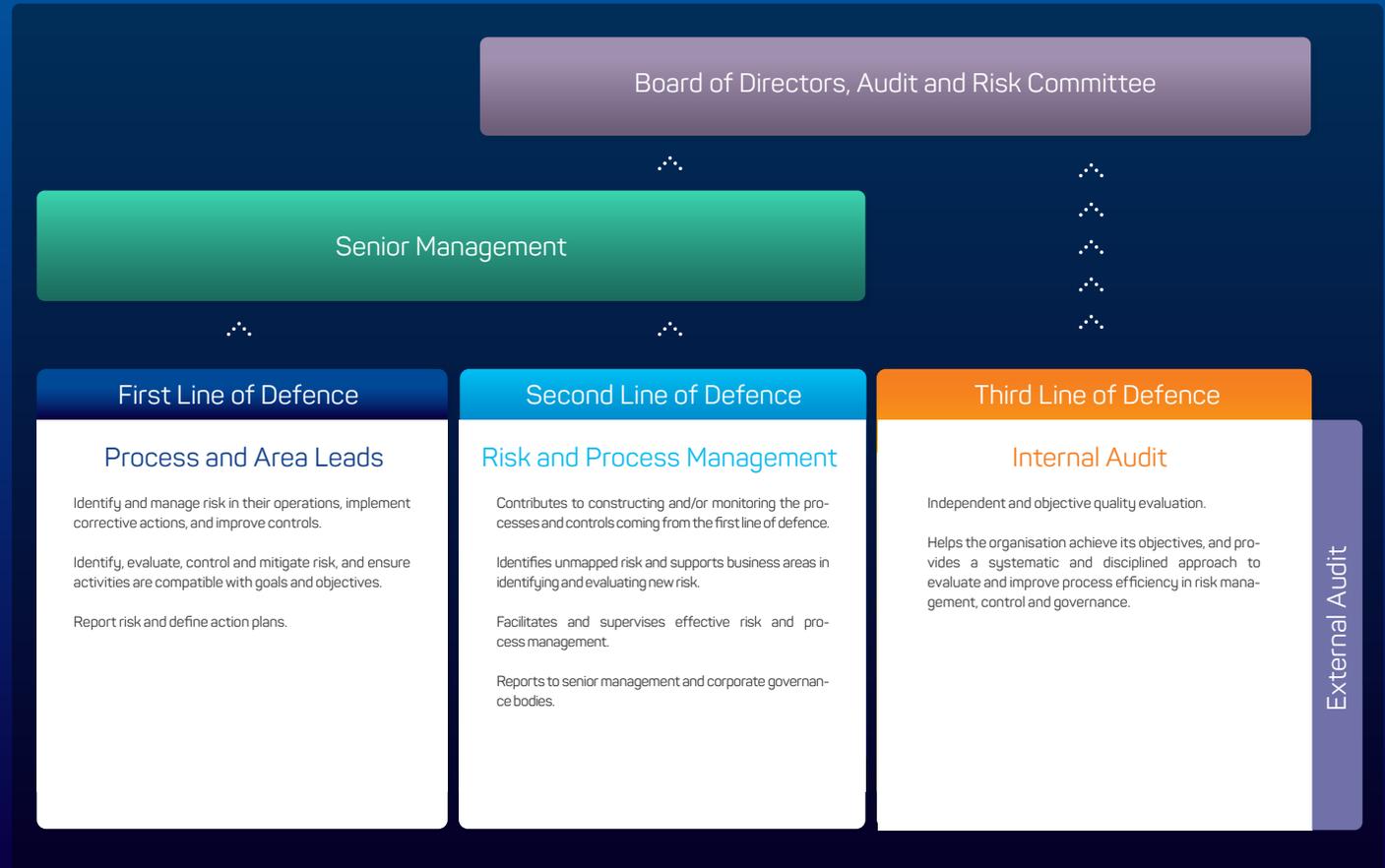
The system underpins the achievement of strategic objectives by ensuring operational efficiency and efficacy, adequate risk management, timely and trustworthy information, and compliance with applicable legislations.

The system has six areas – control activities, risk management, information and communication, monitoring, independent evaluation, and control environment – and provides a framework for action that is followed by the entire organisation.

An internal audit found that there is a good understanding of its components and that they are being adequately managed, that there is a process of continual improvement, and that there are various management systems that ensure this is the case.

The Internal Control System uses a three lines of defence policy for process and risk management, plus independent evaluations. The entire organisation applies principles of self-control, self-management and self-regulation, and process leads are aware of their responsibilities regarding the risk they manage, and understand and respect the independence of risk management and audits.

In accordance with bvc Group policy, and to ensure procedures are aligned, our subsidiaries are given support with implementing risk management methodology changes.



## 4.8.2 Quality Control and Information Management GRI: 102-11

The main objectives of the Quality Control System are to maximise the efficiency and quality of bvc products and services, deliver value to clients, eliminate unnecessary steps, identify areas for improvement and reduce errors.

In 2020, we strengthened the management system as an effective process transformation tool, made compliance indicators more efficient and made changes to internal audit methodology. This led to a 60% reduction in process compliance findings during internal audits compared to 2019.

In October, Bureau Veritas carried out the 2019-2021 multi company ISO 9001 audit, and found that the organisation has established and maintained its management system in accordance with requirements, and that the system has the capacity to comply with product and service needs and organisational policies and objectives. No findings were reported and the following strengths were identified:



A commitment to the management system.



An organisational focus on client satisfaction.



Employees' understanding and actions with regard to the management system's importance.

## 4.8.2 Quality Control and Information Management GRI 102-11

The following graph shows the evolution of action plans by action for the past three years:



As can be seen, the number of findings has fallen due to the implementation of actions that strengthen the system. At 31 December 2020, 96% of all action plans had been closed.

## Information Security and Cybersecurity Management

### Exchange and Depository ISO 27001 Approval

Information security and cybersecurity efforts focussed on continued process improvement and on keeping our security promise to clients for all services. To this end, bvc and deceval ratified the ISO 27001 certification on Information Security Management Systems for all services and branches, thus reinforcing our commitment to security in the Colombian securities market.

### Certifications



### Security Actions

- a) We achieved 2020 Information Security Management System objectives, and ensured the confidentiality, integrity, availability, efficiency and trustworthiness of the company's information assets.
- b) Information and cybersecurity monitoring was strengthened to prevent leaks related to remote working, and reassure clients.
- c) The commercial area was supported when telling clients about the security of the NUBE promissory notes in the cloud service. This led to contracts being signed with all clients of this service.
- d) Ethical hacking tests, vulnerability analyses and assessments were carried out to test and strengthen the company's technology infrastructure.
- e) A simulated cyber attack was carried out to test decision-making capacity in this scenario.
- f) Remote working security strategies were strengthened thanks to our participation in and patronage of the Joint Cybernetic Command cybersecurity event, and our collaborative work with cybersecurity desks at organisations in the value chain.

## 4.8.2 Quality Control and Information Management GRI 102-11

### Information Security and Cybersecurity System

#### Health Emergency

When the health emergency lockdown was declared we evaluated the cybersecurity risk of all employees working remotely and found the following High and Very-high risks:

- An increase in phishing attacks on bvc information systems.
- Personal device usage.
- A lack of remote connection management policies.
- A lack of VPN management processes and support documents.
- Sharing of remote authentication credentials.
- Information loss.

We then established security strategies that reduced risk to an acceptable level for the company, as follows:

- We implemented tools and procedures to monitor users' network activity and detect and manage potential security incidents.
- We adjusted SOC procedures and infrastructure to enable permanent monitoring of technology infrastructure, correlate information and identify possible cyber attacks.
- We strengthened the tools and procedures designed to detect and prevent information loss via email and the Google Workspace repository.
- We updated and improved the corporate antivirus to ensure functionality when users are working remotely.
- We implemented a tool to prevent the use of weak domain access passwords and implemented two-factor authentication for Google Workspace.

#### Legislative Compliance

We filled out the Financial Superintendence GAP Ciberseguridad 2020 "Estudio de Gestión de Riesgo de Ciberseguridad" [Cybersecurity Risk Management Study] and PRCI V 1.0 "Perfilamiento de Riesgo Cibernético" [Cybernetic Risk Profile] questionnaires, allowing us to design strategies to deliver the periodic reports specified in Circular 033.

#### Information Security and Cybersecurity Management

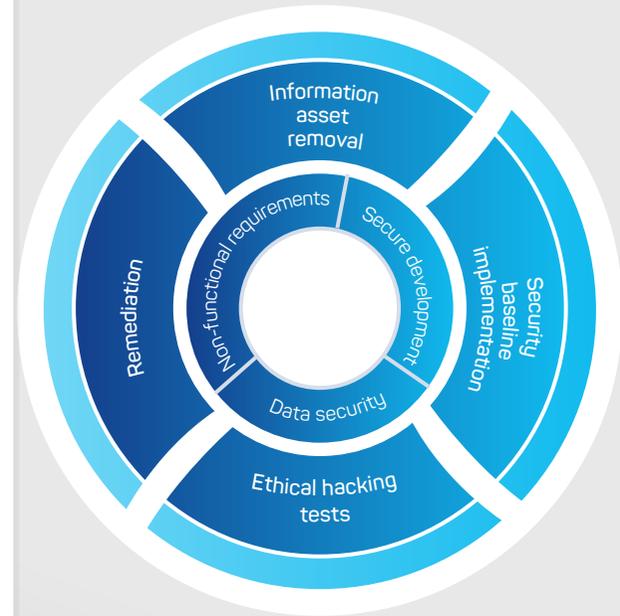
In accordance with the IT Strategic Plan for cloud service rollout and operation, the Information Security and Cybersecurity Management System was updated to include cloud security policies, standards and requirements. A vulnerability management manual was also created in which a more rigorous procedure was established to address vulnerabilities identified during security tests, and better secure our technology infrastructure.

Internal ISO 27001 audit findings improved by 70% in 2020 compared to the previous year, confirming the maturity of the Information Security and Cybersecurity Management System. We generated synergies between internal management systems (QMS, Internal Audit, SSST) by carrying out joint activities, but also maintained their independence and impartiality. This improved execution times and eliminated duplicate findings.

The human factor is fundamental to achieving the objectives of the Information Security and Cybersecurity Management System; an employee culture and training plan was implemented that includes social engineering, phishing, ransomware, BEC, security incident protection, cyber espionage and extortion.

All projects and initiatives executed throughout the year complied with information security and cybersecurity guidelines and policies.

The following chart shows the methodology used:



### 4.8.3 Risk Management

GRI: 102-11, 103-1, 103-2  
SASB: FN-EX-410a1, FN-EX-550a1, FN-EX-550a2, FN-EX-550a3.

#### Operational Risk Management System

bvc operational risk management is aligned with our strategic context and complies with Colombian Financial Superintendence risk guidelines. The necessary resources, processes and tools have been assigned to our ISO 31000-based operational risk management system. bvc Group companies comply with the group's risk vision and have mechanisms in place to supervise risk exposure and take appropriate action to manage it.

We focus on protecting processes that deliver value to our clients, as well as those that indirectly support delivering value, and mechanisms have been established that identify, assess, treat, monitor and communicate business and change risk the organisation is exposed to.

bvc strives to reduce all identified risk to a medium or low level residual level. Priority is given to critical processes, to all high and very high residual risk, and to risk given high priority by the Risk Committee, regardless of its assessment. In 2020, the



effectiveness of our risk management mechanisms, as well as our ability to identify changes that could affect the delivery of value to clients, kept operational risk and its consequences within tolerance thresholds.

The following table shows the distribution of risk by residual value.

Residual Risk Distribution				
LEVEL	2019	PERCENTAGE	2020	PERCENTAGE
Very high	0	0.0%	0	0.0%
High	0	0.0%	0	0.0%
Medium	63	14.7%	95	19.2%
Low	366	85.3%	400	80.8%
Total	429	100.0%	495	100.0%

Identified risks increased by 15.4% compared to 2019. This can be explained by the risk identification and control process for cloud services, as well as new remote working risks and organisational changes. Our framework includes legislative compliance, governance, infrastructure, technology, security, continuity, continual improvement, software, applications and APIs.

Risk management coverage and efficacy was strengthened over and above the organisation's Operational Risk Index (ORI).

Result	ORI Threshold		
ORI 2020	PERSPECTIVE	INDICATOR	UNIT
96.4%	85%	90%	95%

Measures were established to minimise the potential impact of technology changes and project rollouts. Action plans were established and executed to prevent repeated risk events. Action plans were established to prevent technological errors and improve our response capacity, and coverage was improved with regard to monitoring our technology infrastructure across different business lines. We will continue to execute these plans in 2021.

We activated market connections that reflect the changing ways of working during the COVID-19 pandemic, and implemented and verified measures to guarantee the availability of employees, functionaries and third-parties with critical functions.

To meet the needs of new market demands, regulatory frameworks and international standards, bvc aligned its subsidiaries (Precia and Derivex) with the group's risk management vision. The Central Counterparty Clearing House will be included in 2021.

In accordance with the risk culture plan, awareness and training campaigns were developed for all

areas of the organisation, as well as providers and subsidiaries, that highlight the importance of internal controls, and their effect on risk management and administration. This will result in a high level of prevention and opportune risk and impact management.

We designed a sustainability risk management policy for risks and opportunities that affect our ability to achieve the organisation's sustainability objectives (environmental, social and governance). The policy incorporates TCFD and COSO guidelines, and will be formalised and implemented in 2021.

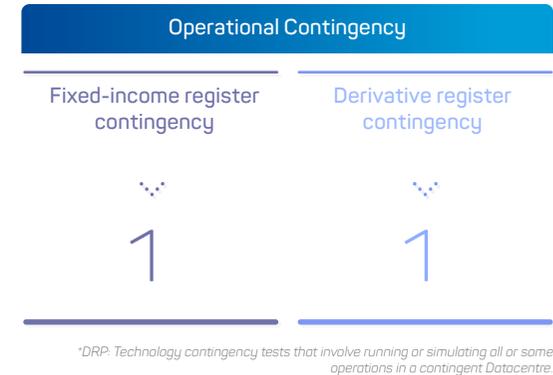
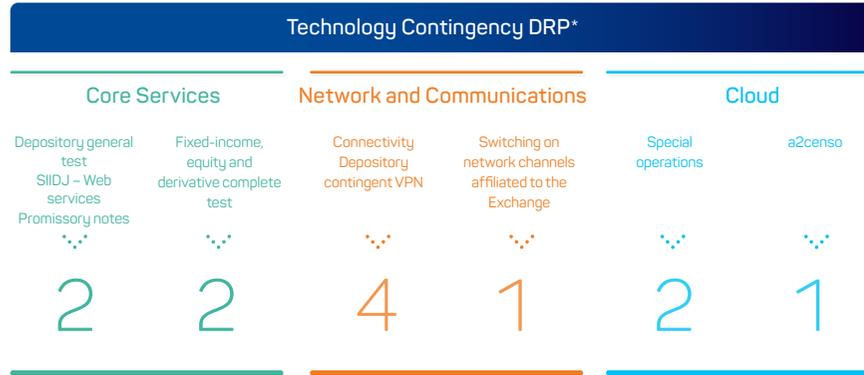
### 4.8.3 Risk Management

GRI: 102-11, 103-2  
SASB: FN-EX-410a1, FN-EX-550a1, FN-EX-550a2, FN-EX-550a3

#### Business Continuity Management System (BCMS)

In 2020, we continued oversee **bvc** crisis and business continuity planning, and focussed our efforts on updating operational contingency strategies. We took action to strengthen the company's resilience to the COVID-19 health emergency and ensure service continuity, and we established short and medium-term action plans to deal with the contingency for an extended timeframe.

A total of 14 planned tests were carried out at the Exchange and Depository, as follows:



Technology contingency tests were carried out on Depository products and the RTO was reduced. This demonstrates that recovery capacity is within expectations for critical custody processes and operational compliance.

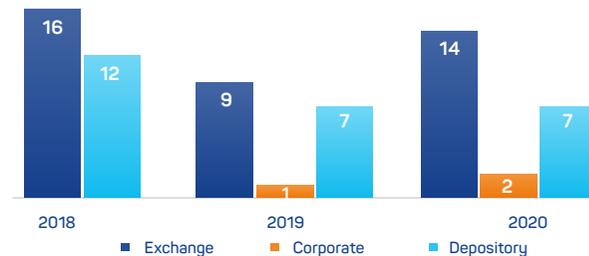
Two complete contingency tests were carried out at the Exchange during non-business hours, that included fixed-income, equity and derivative services. One of the tests included clients.

Contingency tests were carried out on cloud hosted products, special operations and a2censo, and produced satisfactory results.

There were 23 contingency incidents in 2020 involving market-facing products (6 more than in 2019), of which 12 exceeded the RTO. There were also 4 suspensions due to market volatility in accordance with the rules.

The following graphs show performance between 2018 and 2020, and detail the volatility suspensions:

#### Incidents 2018-2020



#### Suspensions due to market volatility

DATE	COLCAP VARIATION	DURATION
9/03/2020	-10.01%	30 minutes
12/03/2020	-10.16%	30 minutes
13/03/2020	-15.03%	Total suspension of the trading session
18/03/2020	-10.07%	30 minutes

## 4.8.3 Risk Management

GRI: 102-11, 103-2

SASB: FN-EX-410a1, FN-EX-550a1, FN-EX-550a2, FN-EX-550a3

None of the incidents in 2020 were caused by the COVID-19 health emergency, the measures implemented to address it, nor by data leaks. There were some partial interruptions that were adequately managed by the technology and operational contingency plans available for each process or platform.

Continuity strategies were designed to provide the strongest possible resilience to failure of software and services provided by critical vendors, and they will continue to be implemented in 2021.

We prioritised continuity strategies and plans for incidents that impacted service availability. Two incidents affected timely trading operations, one due to an equity and derivative trading software fault, and the other related to datacentre services.

In October and November, the Depository's dematerialised promissory note platform services suffered intermittence and saturation due to increased demand that exceeded installed capacity. These incidents were resolved by moving the platform

to the cloud where, thanks to scalability and provisioning benefits, no further incidents of this nature occurred.

We continued to participate in the Colombian Securities and Stock Market Disaster Management Committee in 2020, alongside other infrastructure providers (bvc, CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, Precia, Tradition, and GFI), and made preparations to manage crisis situations related to general or specific failures that surpass individual reaction capacity. The committee approved the final protocol definition, and it was subsequently approved by the Colombian Financial Superintendence in Resolution 0674/2020, and incorporated into the operational regulations for each infrastructure.

DATE	VOLATILITY AUCTIONS	COLCAP <= -10%	COLCAP <= -15%	VARIATION	COLCAP VALUE AT CLOSE	COLCAP VARIATION AT CLOSE
9 March 2020	17	Yes	No	-10.01%	\$ 1,344.60	-10.53%
12 March 2020	30	Yes	No	-10.16%	\$ 1,174.31	-9.35%
16 March 2020	33	Yes	Yes	-15.03%	\$ 997.78	-15.03%
18 March 2020	32	Yes	No	-10.07%	\$ 894.03	-10.64%

Colcap <= -10% : Trading suspended for 30 minutes.

Colcap <= -15 % : Trading suspended for the rest of the day.

## 4.8.3 Risk Management

GRI: 102-11, 103-2

SASB: FN-EX-410a1, FN-EX-550a1, FN-EX-550a2, FN-EX-550a3

### Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) System – SIPLAFT

In compliance with local legislation and international recommendations on preventing and controlling money laundering and the financing of terrorism, we implemented and strengthened measures within a continuous improvement framework.

Legislative reports were opportunely sent to the Financial Analysis and Information Unit (UIAF), and we complied with the requirements of AML/CFT compliance organisations.

We continued to strengthen client background checks, especially

for the a2censo product with its 100% digital client enrolment and automatised client background checks, with a view to improving the client experience as well as digital enrolment security.

We reinforced AML/CFT policies and procedures among new Exchange employees via a risk and process training plan, and encouraged an AML/CFT culture. We also provided subsidiaries with permanent AML/CFT support during project development.

### Compliance Management

To mitigate risk and strengthen disclosure of issuer information for more informed investment decision making, in 2020 we carried out the following monitoring activities:

- Compliance with web-based information reporting requirements for equity, fixed-income, mutual fund, private capital fund and Colombian global markets, and for securities issuer IR recognition.
- We surveyed 218 exchange and depository employees with regard to their perception of the Internal Control System, and implemented actions and improvements.
- Renewing and managing fidelity, financial risk, director and manager public liability, and data loss public liability policies for **bvc** Group companies.
- We supported the **bvc** bond issuance process and managed client risk by overseeing the audit and certification process with rating agencies and clients.

### Prevention and Monitoring System



In 2020, we carried out 607 activities related to fraud prevention, personal data, physical risk, workplace risk and due diligence awareness and monitoring with employees, providers and third-parties.

We implemented a methodology to evaluate fraud, personal data, and workplace security and health risk controls, and found that they are adequate and that the identified risks are within the appetite for risk.

We carried out 46 walk-through tests to verify the efficacy of controls, and directly identify and verify the level of process execution risk. We identified the principal risks and the controls available to mitigate them, and we found that fraud, personal data protection, physical and workplace risk prevention controls are adequate. We also carried out prevention activities focussed on physical checks in anticipation of events, reinforcing employee knowledge, data analysis, and more.

## 4.8.3 Risk Management

GRI: 102-11, 103-2

SASB: FN-EX-410a1, FN-EX-550a1, FN-EX-550a2, FN-EX-550a3.

We achieved 100% of our 2020 objectives with the following results:

## Fraud Risk Prevention

46

Walk-through tests

4,431

Process activities verified

170

Fraud prevention activities

## Personal Data Risk Prevention

46

Walk-through tests

154

Personal data information assets

158

Personal data prevention activities

## Workplace Risk Prevention

127

Promotion and prevention activities

0

Workplace accidents

0

Workplace illness

## Employee, Provider and Third-party Due Diligence

125

Employee risk analysis

107

Providers evaluated

5

Third-parties evaluated

## Financial Risk Management

With a view to identifying, measuring and quantifying the probability of reputational risk to Bolsa de Valores de Colombia due to financial and qualitative issues among issuers and subscribers, and the inherent risk of the products in the market:

1. We strengthened and executed risk models to monitor the materialisation of reputational risk to the bvc from an issuer or brokerage firm, or from participating in the Colombian securities market.
2. We opportunely analysed our subsidiaries' exposure in fixed-income, equity and derivative markets, and conducted monitoring and analysis in accordance with market dynamics. The information gathered was used to strengthen commercial and product strategy compliance activities.

In line with bvc strategic objectives to strengthen markets and meet client needs, in March 2020 the exchange executed the modified fixed-income risk model approved by the Colombian Financial Superintendence. The model eliminates the price allocation whereby a security had to show a minimum operation of at least \$500 million in the previous quarter, making only A-securities other than TES eligible for RRP operations.

The modification was designed to generate the following benefits for clients and investors:

- Less volatility in the eligibility of non-TES fixed-income securities from one month to the next.
- More solid medium and long-term funding strategies.

- An incentive to use private debt securities to fund extraordinary liquidity needs.

- The elimination of the incentive to carry out a COP 500 million operation to guarantee the eligibility of securities.

- An increased percentage of eligible securities for RRP operations, from 67% on average in 2019 to 95% on average following the modification's rollout.

In addition, a modification was approved and executed with regard to using as collateral securities that are part of the operation, as long as they comply with price allocation criteria and have a rating of at least AA+. This will ensure that all securities used as collateral, whether part of the operation or the indicators mentioned in Article 2.4.2.2.1 of the bvc Colombian Electronic Market rules, fully comply with the minimum liquidity and credit risk mitigation conditions.

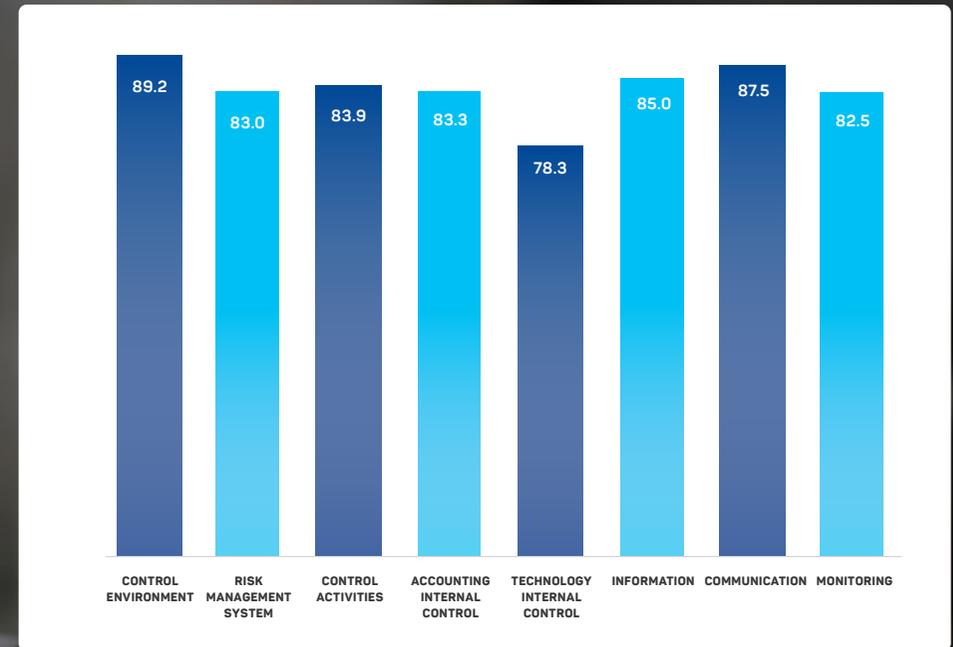
# Audit Report

GRI: 102-11, 103-2

## 4.9.1 Independent Evaluation of the Internal Control System (ICS)

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 84.09% in 2019, considered to be adequate, as detailed right:



The observations detected were shared during the audit cycle and action plans were implemented throughout 2020.

# Audit Report

GRI: 102-11, 103-2

## 4.9.2 Internal Audit Department Working Practices

### Adjustments to Work Plan

Although the 2020 work plan was approved in December 2019, the health emergency that began in March led to the Audit Department suspending its original plan and, until April, concentrating on operational monitoring and closing observations. It then prepared and implemented a new audit plan approved by the Audit Committee with the following considerations:

Recommendation of audits in May (progressive).

Cancellation of non-critical audits.

Focus on remote working risks: operational continuity, weakened supervision, unsuitable or inapplicable traditional controls, cybersecurity risk, fraud risk.

Continuation of consultancy activities (IT and projects).

### New Methodological Proposal

An initiative was implemented that modernised each area's working practices by adopting an agile approach. This required intensive training for the audit team, and substantial modification of working practices to incorporate new elements and ceremonies, simplify artefacts and adapt internal client interactions to the telepresence scenario. The objective was to improve the quality and speed of work, and strengthen the value proposition and connections with clients.

The new methodology was piloted in the following 2020 audit activities:

- Business continuity management.
- Information security management.
- Corporate security and workplace risk management.
- Telecommunication and network management.
- Platform management (operating systems and databases).
- Copyright (Software licensing).
- People management.

The results ratified the pertinence of the new focus and highlighted changes that needed to be made to the methodological proposal.

We hope to fully implement the new methodology as part of the 2021 audit plan.

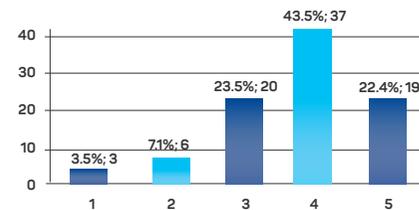
### Value Proposition Disclosure

The Audit Department in conjunction with Human Resources, rolled out a change management plan to better understand the audit needs and expectations of clients and improve their knowledge of the Department's mission and new value proposition.

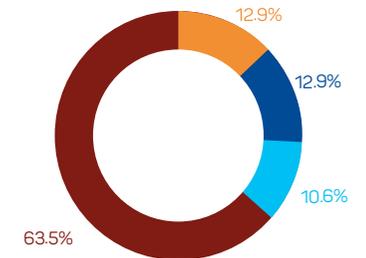
A number of dissemination activities were carried out (using novel communications pieces) and interactions took place with employee communities in different areas to cascade knowledge about the Department's work.

A perception survey was filled out by 85 employees from across the organisation; there follows a summary of responses to the main questions:

Question 2. The bvc Internal Audit Department is: (rate from 1-5, where 1 is "a department that examines and controls us" and 5 is "a department that helps us achieve our objectives and improve our operations")

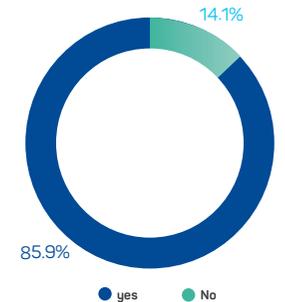


Question 3. bvc internal audits are:



- Designed to advise internal clients
- Focussed on finding mistakes
- The people that revise and question our work
- Focussed on showing us risk and how to mitigate it

Question 4. Has the bvc Internal Audit Department rolled out improvements that enrich the value proposition they offer to other departments?



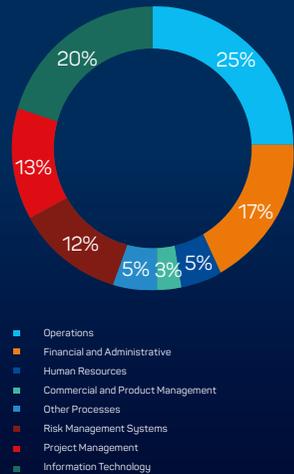
# Audit Report

GRI: 102-11, 103-2

## 4.9.3 Internal Audit Department Work Plan

In 2020, the Internal Audit Department prepared and executed a unified work plan for bvc and deceval that incorporated an agile methodological focus. The approved plan included the following general guidelines:

a) Focus on Exchange and Depository processes and risk (essentially, Operations, IT and Projects), as reflected in the following distribution of audit working hours by macro-process:

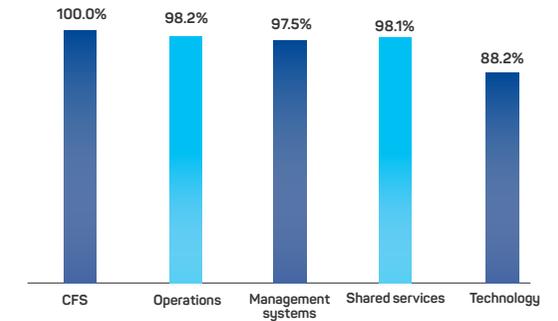


- b) Process times and frequencies based on a strategic importance and risk criteria prioritisation matrix.
- c) Continuity of co-sourcing to improve the reach and depth of IT audits (knowledge and specialised tools).
- d) Evaluation exercises (confirmation) in the following categories: processes, management or legislative systems, alert assessment.
- e) Consultancy, especially for projects and IT.
- f) Fewer evaluations (audits) with greater depth and risk/control coverage.
- g) All evaluations of process and subprocesses to be based on risk.

## 4.9.4 Principal Results

Audit task results were presented in reports that included findings and recommendations, and action plans were agreed with those responsible to close them. A quarterly review was conducted, and the value contribution of work completed was measured. The conclusions are as follows:

a) At 31 December 2020, average compliance with the integrated work plan was 95.7%, and we had issued 76 reports, as follows:

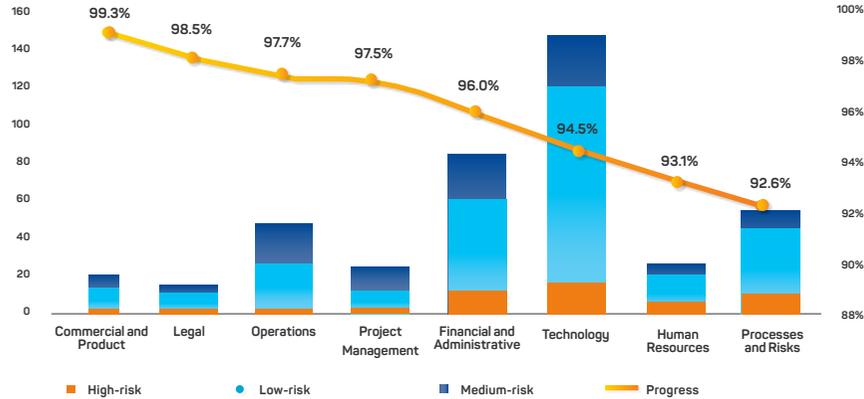


Work not completed by 31 December will be finalised in January 2021.

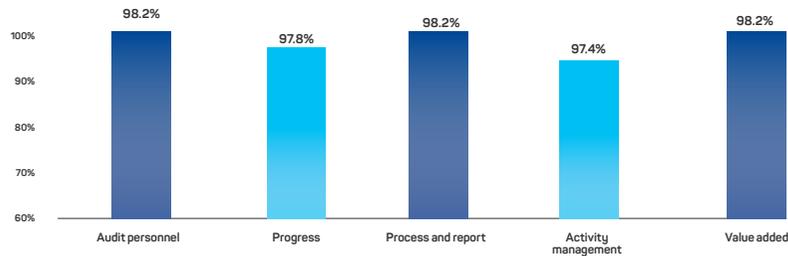
# Audit Report

GRI: 102-11, 103-2

b) At 31 December 2020, the average closure of action plans was 95.1%. The following chart shows the number of observations revised by macro-process and risk and the number closed:



c) Internal clients reported an average value perception of 98.2%. This was calculated based on the results of 30 surveys with people audited between January and December 2020. The results are as follows:



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

It is important to note that we were provided with all the resources and information necessary to ensure that audits could be carried out independently and without limitation.

## 4.9.5 Audits of Subsidiaries



The following was achieved in 2020:

- a) **deceval** maintained the unified audit model that includes the integrated plan, unique IT audit provider (co-sourcing), and unified tools and procedures.
- b) At **precia**, the Corporate Audit Department acted as the designated coordinator, and supported and supervised audit management using **bvc/deceval** support processes.  
  
The Corporate Audit Department monitored progress of the 2020 work plan and supported development of the 2021 plan. It also offered methodological support, revised reports, and resolved doubts. Finally, it participated in all audit committee meetings.
- c) **bvc** exercised control over **Sophos** until November 2020. An internal audit was conducted, with the **bvc** Audit Department providing functional supervision (directives, policy, procedure, focus and progress monitoring) and monitoring. In 2020, the Corporate Audit Department hosted multiple meetings related to plan progress monitoring, report revision and doubt resolution.
- d) Constructive dialogue took place with the Cámara Central de Riesgo de Contraparte in 2020 in which best practice and successful experiences were shared; this will continue in 2021.

# Corporate Governance

# Structure

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

## 5.1.1. Board of Directors GRI 102-18, 102-23, 102-24

The **bvc** Board is composed of thirteen principal members, without alternates, seven of whom are independent. Board members are elected for two-year periods at the General Assembly of Shareholders, but may freely be removed or renovated at any time. In accordance with Colombian law, renovation may not be partial; A full new election must be held unless there is a unanimous decision at the General Assembly of Shareholders. It is important to note that the Chairman of the Board of Directors is not a member of the **bvc** management team.

In 2020, the Board of Directors met regularly and made decisions that allowed the organisation to achieve its results, among which were to:

1. Consolidate **bvc's** leadership in the value chain by taking a controlling interest in the CRCC.
2. Analyse and authorise the Sophos divestment process.
3. Monitor operational risk management especially closely.
4. Revise and approve the organisation's strategic technology plan.
5. Monitor the regional integration project and authorise the engagement of an investment bank to value the exchanges involved in the process.
6. Conduct periodic monitoring of **bvc** Group financial performance.
7. Approve human resource goals and supervise the development of workplace environment plans with regard to the public health emergency.

# Corporate Governance

## 5.1. Board of Directors GRI: 102-18, 102-23, 102-24

### Non-independent Members



#### Mauricio Rosillo

Corporate Vice President Grupo Bancolombia  
Non-independent member since 2014  
Board member at:

1. Valores Bancolombia
2. Fiduciaria Bancolombia
3. Banca de Inversión Bancolombia
4. Bancolombia Panamá
5. Bancolombia Cayman
6. Banistmo S.A.
7. Banistmo Investmen Corporativon



#### Germán Salazar

VP International and Treasurer, Banco de Bogotá  
Non-independent member since 2005  
Board member at:

1. Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir SA
2. ANIF
3. Fiduciaria Bogotá
4. Banco de América Central- Guatemala
5. Banco de América Central- El Salvador
6. Banco de América Central- Honduras
7. Banco de América Central- Nicaragua
8. Banco de América Central- Costa Rica
9. Bac International Bank INC- Panamá



#### Carlos Alberto Rodríguez

Executive Vice President BBVA Colombia  
Non-independent member since 2020  
Board member at:

1. BBVA Valores
2. Telefónica Factoring



#### Jaime Castañeda

VP Treasury and International, Banco Davivienda  
Non-independent member since 2018  
Board member at:

Miembro de la Junta Directiva de:

1. Deceval
2. Davivienda de Corredores
3. Fiduciaria Davivienda S.A.



#### Roberto Belchior

Managing Director, B3  
Non-independent member since 2019  
Board member at:

1. BYMA - Bolsas y Mercados Argentinos



#### Aura Arcila

Medellin City Councillor  
Non-independent member since 2013  
Board member at:

1. Honorable Consiliatura Universidad de Medellín

### Independent Members



#### Roberto Junguito (RIP)

Independent Advisor  
Independent member since 2005  
Board member at:

1. AES Chivos & CIA SCA ESP Instituto Nacional de Seguros



#### Rafael Aparicio

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

1. Set Icap FX
2. Acciones y Valores S.A.



#### Luis Miguel González

Executive President, Credicorp Capital  
Independent member since 2019  
Board member at:

1. Credicorp Capital Fiduciaria SA
2. Cámara de Riesgo Central de Contraparte



#### Federico Rengifo

Independent Advisor  
Independent member since 2019  
Board member at:

1. Frutera de Santa Marta S.A. Frutesa



#### Juan Rafael Pérez

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



#### Santiago Montenegro

President, ASOFONDOS  
Independent member since 2010  
Board member at:

1. Multinacional ISA



#### Sergio Clavijo

Independent Advisor  
Independent member since 2008  
No other board memberships

# Corporate Governance

## 5.1.1. bvc Management

GRI: 102-18, 102-23, 102-24



The bvc management team is comprised of a group of high-level executives, and includes a President and five Vice Presidents who work together to develop and achieve the company's objectives.

The current senior management team is as follows:

\* Employed by bvc:



In 2020, the following members of the senior management team retired:

- 1. March - Jorge Hernán Jaramillo, VP Operations
- 2. September - Ángela Valderrama, VP Product
- 3. September - Alfonso Parías, Risk and Process Manager



# Corporate Governance

## 5.1.2 . Board of Director and Senior Management Functions

GRI: 102-19, 102-26

The **bvc Board of Directors** has the following principal functions\*:

- Strategic planning
- Approve the company's strategic plan
- Periodically monitor the plan
- Approve the business plan and management objectives
- Approve the company's financial and investment policies and frameworks, and those of other companies in the business group
- Company structure
- Maximise the group's economic value
- Define the groups' governance structure and model
- Together with the President present the year-end management report for consideration and approval at the General Assembly of Shareholders

It is important to briefly highlight the functions of the Board Chairman and Secretary\*\*. The Chairman stimulates the company's governance actions, acts as a **bridge** between shareholders and the Board, ensures **compliance** with Board-level decisions, and **coordinates** 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.

\* Article 50 Corporate Bylaws / \*\* Article 71 Corporate Bylaws

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

- 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 to ensure that the company operates correctly
- Ensuring that the integrated organisation achieves its objectives

The Board of Directors and **bvc senior management** are committed to achieving the goals detailed in the strategic plan, and the goals established following integration with Depósito Centralizado de Valores de Colombia Deceval S.A. 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 at 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 reports at subsequent sessions.

# Corporate Governance

Homage to:

**Roberto Junguito (RIP)**

The **bvc** Board of Directors, management team, employees and the **bvc** Group as a whole lament the passing of Roberto Junguito Bonnet on 27 December 2020. Dr. Junguito joined the Board of Directors in 2005, and was known for his vision and his commitment to economic development and the capital market. His legacy and teachings will live on in the organisation and the industry.



# Corporate Governance

## 5.1.3. Board of Directors and Committees

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



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

The Board has five committees that support the development of its objectives. These investigative groups have specialised functions that allow them to act on specific themes, submit proposals to the Board, and on occasion 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.

During the March 2020 AGM, and following non-independent member Oscar Cabrera's resignation, shareholders elected the 2020-2021 board members. The Board of Directors and its committees then appointed a Chairman, as follows:

MEMBER	Finance & Administration	Audit & Risk	Corporate Governance	Regulations	Technology
<b>Independent</b>					
Rafael Aparicio (Acciones y Valores)					
Sergio Clavijo (Independent)					
Luis Miguel González (Credicorp)					
Roberto Junguito (RIP) (Independent)					
Santiago Montenegro (Asafondos)					
Juan Rafael Pérez (BTG Pactual)					
Federico Rengifo (Independent)					
<b>Non-Independent</b>					
Aura Arcila (U. de Medellín)					
Roberto Belchior (B3)					
Jaime Castañeda (Davivienda)					
Carlos Rodríguez (BBVA)					
Mauricio Rosillo (Bancolombia)					
German Salazar (Banco de Bogotá)					

# Corporate Governance

## 5.1.3. Board of Directors and Committees

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

Committee	Objective	Members	Main Functions	Relevant Activities and Achievements
<b>Finance and Administration Committee</b>	Support <b>bvc</b> Group, subsidiary and Board tasks related to administrative and financial management.	The Committee is composed of between three and six Board members. <b>Members:</b> - 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 the development and evolution of subsidiaries. 3. Evaluate the budget project and financial planning, spending and management indicators. 4. Define investment portfolio policy. 5. Analyse and make recommendations on fees for <b>bvc</b> products and services.	<ul style="list-style-type: none"> <li>- Contract technology services for 2020 projects</li> <li>- Evaluate employee and <b>bvc</b> Group donations to support COVID-19 contingency</li> <li>- Support during Sophos disinvestment</li> <li>- Evaluate 2020 donation plan</li> <li>- Renovate <b>bvc</b> Group insurance programme</li> <li>- Approve purchase of shares in Central Counterparty Clearing House and Securities Clearing House</li> <li>- Support for negotiation with TCS on amarú project</li> </ul>
<b>Audit and Risk Committee</b>	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. <b>Members:</b> - Santiago Montenegro (Chairman – Independent) - Sergio Clavijo (Independent) - Federico Rengifo (Independent) - Juan Rafael Pérez (Independent) - Roberto Junguito (RIP) (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 <b>bvc</b> Ethics and Behaviour Manual and the efficacy of ethical control schemes for administrators and employees.	<ul style="list-style-type: none"> <li>- Evaluate NASDAQ report on the 13 March unavailability</li> <li>- Analyse risk and revise alternatives for amarú project</li> <li>- Revise cybersecurity strategy and achievements</li> <li>- Renovate <b>bvc</b> Group insurance programme</li> <li>- Assign functionary responsible for SARLAFT (AML/CFT risk) with CFS</li> <li>- Approve strategy to make Audit and Risk Committee more efficient</li> </ul>
<b>Corporate Governance Committee</b>	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. <b>Members:</b> - Mauricio Rosillo (Chairman – Non-independent) - Roberto Belchior (Non-independent) - Roberto Junguito (RIP) (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"> <li>- Establish pension policy</li> <li>- Deceval adoption of <b>bvc</b> Ethics and Behaviour Manual and authorisation for <b>bvc</b> employees to invest in securities listed on the exchange</li> <li>- Modify <b>bvc</b> Group Corporate Governance Model to include financial supervision and analysis</li> <li>- Recommendation to improve Audit and Risk Committee functioning</li> <li>- Support for Sophos disinvestment and regional exchange integration process</li> </ul>
<b>Regulations Committee</b>	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. <b>Members:</b> - 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 shareholder 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"> <li>- Approve <b>bvc</b> regulations for registering OTC securities lending operations</li> <li>- Approve MEC circular modification for term deposit session authentication in secondary market operations</li> <li>- Approve modification to share market settlement from T+3 to T+2</li> <li>- Approve modification to <b>bvc</b> regulations for share buy back</li> <li>- Approve modification to A2censo circular adjusting receiver platform engagement process and broadening guarantee lines from the National Guarantee Fund</li> <li>- Approve modification to <b>bvc</b>, MEC and derivative regulations on registering operators</li> <li>- Approve modification to <b>bvc</b>, MEC and derivative regulations to include infrastructure provider disaster protocol</li> <li>- Approve modification to <b>bvc</b> circular establishing new requirements for accessing issuer recognition</li> <li>- Approve modification to MEC circular on successive collocations</li> </ul>
<b>Technology Committee</b>	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. <b>Members:</b> - Carlos Alberto Rodríguez (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.	<ul style="list-style-type: none"> <li>- Analyse and approve <b>bvc</b> and deceval strategic technology plan</li> <li>- Evaluate amarú project situation and possible action plans</li> <li>- Revise Accenture external consultant recommendations</li> </ul>

# Corporate Governance

## 5.1.3. Board of Directors and Committees

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

Member	Board of Directors	Finance and Administration Committee	Audit and Risk Committee	Corporate Governance Committee	Regulations Committee	Technology Committee	Compliance	Justified Compliance Percentage
Aura Marleny Arcila	16/16	9/10	N.A.	N.A.	N.A.	N.A.	96.15%	100%
Carlos Alberto Rodríguez	10/10	N.A.	N.A.	N.A.	N.A.	3/3	100%	100%
Federico Rengifo	16/16	N.A.	9/9	9/9	N.A.	N.A.	100%	100%
Germán Salazar Castro	13/16	10/10	N.A.	N.A.	5/6	N.A.	87.5%	100%
Jaime Castañeda Roldán	16/16	10/10	N.A.	N.A.	N.A.	N.A.	100%	100%
Juan Rafael Pérez	16/16	N.A.	8/9	N.A.	5/6	N.A.	93.54%	100%
Luis Miguel González	15/16	8/10	N.A.	N.A.	6/6	N.A.	90.62%	100%
Mauricio Rosillo Rojas	16/16	10/10	N.A.	9/9	N.A.	N.A.	100%	100%
Rafael Aparicio Escallón	15/16	N.A.	N.A.	9/9	6/6	N.A.	96.77%	100%
Roberto Belchior	16/16	N.A.	N.A.	8/9	N.A.	N.A.	96%	100%
Roberto Junguito Bonnet	14/16	N.A.	N.A.	8/9	N.A.	N.A.	92%	100%
Santiago Montenegro Trujillo	16/16	N.A.	N.A.	N.A.	N.A.	N.A.	100%	100%
Sergio Clavijo Vergara	16/16	N.A.	N.A.	N.A.	6/6	N.A.	100%	100%

N.A.: Not applicable

# Corporate Governance

## 5.1.4. Mechanisms for Administering and Managing Conflicts of Interest

GRI: 102-25  
SASB: FN-EX-510a.2, FN-EX-510a.1

**bvc** has a number of corporate rules to ensure adequate administration of conflicts of interest with regard to **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 2.11.2 #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 disclosure, 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 4.6).

A recent modification to the Ethics and Behaviour Manual allows **bvc** Group employees to trade securities listed on the exchange, and includes a series of rules to ensure that **bvc** and **deceval** employees do not acquire **bvc** shares: 1) Before financial information from a given period is made public, and 2) If as part of their job they have knowledge or are informed of a corporate event that could give them an unfair advantage (Article 4.3.1).

It is important to highlight that the integrated organisation did not enter into any non-employment contracts with its directors, managers, top executives and legal representatives, nor with their next of kin, business partners or other connections, other than one mutual agreement in 2019 that remains in force.

Although no conflicts of interest were reported by the Board of Directors, some members abstained on some topics to avoid any possible conflict of interest.

Finally, **bvc** received no administrative sanctions in 2020.

# Corporate Governance

## 5.1.4. Mechanisms for Administering and Managing Conflicts of Interest

GRI 102-25  
SASB: FN-EX-510a.2, FN-EX-510a.1

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 company or third-party 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.

# Corporate Governance

## 5.1.5. Board of Directors Self-evaluation

GRI: 102-28, 103-3

Article 4.1.3.3 of the Good Corporate Governance Code specifies that the Board of Directors must be evaluated each year with regard to Board performance as a body, that if its individual members and that of its Committees. The evaluation is conducted as follows:



A.

**Self-evaluation.**

B.

**Peer evaluation.**

C.

**External evaluation to establish the level of efficiency and efficacy of tasks and functions.**

The objective is to ensure that board members comply 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 2020, with the support of an impartial external consultant who guaranteed that the process was independent. The self-evaluation considered the following variables:

- i) **Achievement of objectives.**
- ii) **Operating dynamics.**
- iii) **Focus on the agenda.**
- iv) **Committee operations and contributions.**
- v) **Interaction with senior management.**

The results show that the Board of Directors adequately focusses on strategic, situational, financial, monitoring and control aspects. The Board's focus on the business group was highlighted, and the Board and senior management's perception is that the Board of Directors is aware of its responsibility to the business group and that its work effectively contributes to shaping and revising material aspects that provide and construct value for the conglomerate.

The evaluation shows that the Board takes into account strategic risk management (evolution of the industry, international dynamic of competitors, and new developments, regulations and macroeconomic aspects, amongst others). The results of the evaluation were very satisfactory and evidenced the Board and Committee's focus on strategic themes and reinforcing investor confidence.

# Corporate Governance

## 5.1.6. Evaluation of the **bvc** President and Senior Management

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

In conjunction with an independent consultant, the Corporate Governance Committee and Board of Directors periodically evaluates the **bvc** President's 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 the company's economic, environmental and social performance, and therefore periodically present the Board of Directors with the individual and consolidated financial statements, and the annual donation plan including the Investment Fund.

The Corporate Governance Committee also evaluated the **bvc** President and Management Committee based on Comprehensive Performance System results submitted by Human Resource Management, and on the third 360° Leadership Style evaluation based on the Barret Value Center model. The Committee unanimously found Juan Pablo Córdoba's performance as **bvc** President, and the senior management team's performance as Group employee leaders, to have been satisfactory.

# Corporate Governance

## 5.1.7. **bvc** Board and Senior Management Remuneration Policy GRI: 102-20, 102-28, 102-35, 102-36, 102-37, 103-3

The Board of Directors' Remuneration Policy defines frameworks and criteria to determine the adequate remuneration of 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 the Exchange's strategy and vision, shareholder and investor interests, and the need to create long term sustainable value for the Exchange.

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

The fees paid to Board and Committee members are approved at the General Assembly of Shareholders meeting at which members are elected. As stated in Act 34 of the Ordinary General Meeting, on 18 May 2020, in accordance with the 28 March 2019 AGM decision, 2019 fees will be increased for 2020 in line with the CPI.

TOTAL ANNUAL BOARD OF DIRECTOR MEMBER FEES



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

The total remuneration 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 human 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 framework to the Corporate Governance Committee.

TOTAL ANNUAL SENIOR MANAGEMENT PAYMENTS



# Corporate Governance Practice

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

Results of the continuous updating and implementation of corporate governance best practice:

- 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 Ethics and Behaviour Manual, company employees or their subordinates may in their own name trade securities listed on the Exchange, as long as they comply with the rules of the aforementioned corporate legislation.
- None of the current Board members is a shareholder, so no trades were made.
- To date there are no ongoing agreements between shareholders.
- No share buyback occurred in 2020.
- In 2020, 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 right:

Member of the bvc Board of Directors	Board member at:
Luis Miguel González Espinosa	Central Counterparty Clearing House
Jaime Alonso Castañeda Roldán	<ol style="list-style-type: none"> <li>1. Central Counterparty Clearing House</li> <li>2. Deceval</li> </ol>

- Board of Director information was managed using Diligent Boards in 2020, and five days prior to each session the information to be discussed is posted. Using this platform means that corporate information is 100% digital and can be accessed remotely by each of the Board members.

## 5.2.1 Principal Modifications to **bvc** Company Bylaws

No modifications were made to the bylaws in 2020.

# Corporate Governance Practice

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

## 5.2.2. Principal Modifications to the Good Governance Code

During its session of 25 March 2020, the Board of Directors in Act 274 approved the comprehensively modified Ethics and Behaviour Manual (Annex 2 of the bvc Good Governance Code), that was reorganised to make it applicable to bvc and deceval shareholders, managers and employees.

At the same session, the Board of Directors authorised modifications to the bvc Group Corporate Governance Model, including financial supervision and analysis functions to comply with Colombian Financial Superintendence recommendations in this regard.

Finally, at the 24 June 2020 session, the Board of Directors approved a modification of Ethics and Behaviour Manual Article 4.3, and the addition of Articles 4.3.1, 4.3.2, and 4.3.3 (Annex 2 of the bvc Good Governance Code), establishing the rules on trading securities listed on the Exchange and trading shares issued by bvc, and rules applicable to bvc legal representatives.

## 5.2.3. General Assembly of Shareholders

The General Assembly of Shareholders met just once in 2020, at a virtual meeting on 18 May. The following topics were considered and approved:

### ISSUES SUBMITTED FOR GENERAL ASSEMBLY OF SHAREHOLDERS CONSIDERATION

Verification of quorum

Designation of Assembly Chairman and Secretary (paragraph – article 36 company bylaws)

Reading and consideration of the agenda

Designation of commission charged with approving the minutes

Approval of the bvc Board of Directors' and President's Management Report, including:  
Corporate Governance Report  
Audit and Risk Committee Report

External auditor's report

Approval of the 2019 Individual and Consolidated Financial Statements

Study and approval of the Profit Distribution Project

Acceptance of a Board member's resignation

Unanimous election of a non-independent member to fill the vacancy on the Board of Directors, April 2020 – March 2021 period (Article 197 Commercial Code)

Alternative proposal No. 1 (in case point X was not unanimously adopted): Election of Independent Board Members for the April 2020 – March 2021 period

Alternative proposal No. 2 (in case point X was not unanimously adopted): Election of non-Independent Board Members for the April 2020 – March 2021 period

Corporate Social Responsibility Programme

Shareholder proposals

# Audit Committee's Annual Report to the Board of Directors

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

23 February 2021

BOARD OF DIRECTORS  
Bolsa de Valores de Colombia  
Bogota

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

Dear Sirs,

As Chairman of the Board of Director's Audit and Risk Committee, I hereby submit this report on the Committee's activities and results from March 2020 to February 2021, 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 6.1.2.1), 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 March 2020 and February 2021, the Committee members were Federico Rengifo Vélez, Roberto Junguito Bonnet (RIP), Sergio Clavijo Vergara, Juan Rafael Pérez Vélez and myself, Santiago Montenegro Trujillo, the designated chairman.

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

This Committee laments the passing of Roberto Junguito Bonnet on 27 December 2020. Dr. Junguito joined the Board of Directors in 2005, and was known for his vision and his commitment to economic development and the capital markets. His legacy and teachings will live on in the organisation and the industry.

## II. Duties and powers

In accordance with article one of the bylaws, the Audit and Risk Committee supports the Board of Directors by monitoring the organisation's Internal Control System 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 6.1.2) requirements.

## III. Evaluation of committee operations

In accordance with Exchange Corporate Governance policy, the Committee's work was evaluated as follows: compliance with the meeting schedule, number of sessions that achieved quorum, each member's attendance record, compliance with meeting agendas, and corresponding acts issued.

Over the year, the Board of Director's Audit and Risk Committee met ordinarily on eight occasions, including the session at which this report was submitted for consideration, and held one extraordinary session. All meetings achieved quorum. Agendas and presentations were made available to Committee members on Diligent Boards, and the Committee approved 100% of the minutes and achieved the necessary quorum. Attendance was 92.5% and all absences were duly justified.

## IV. Internal Control System

### IV.1. Internal control directives

No changes were made to institutional policy nor to the Bolsa de Valores de Colombia S.A. internal control manual during the period.

### IV.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 analyses of risk management, financial statements and supervisory body reporting. There follows a summary of these analyses by internal control system component:

#### IV.2.1. Control environment

To ensure focus and value, during the 23 June 2020 session the committee analysed and approved the incorporation proposal, annual agenda of ordinary meetings, and annual agenda. To ensure that discussions were productive and guarantee the proper analysis of risk and its monitoring bodies (internal and external auditors) and financial information, during the 7 December 2020 session, the committee analysed and approved a proposal for distributing and including topics in sessions that will be rolled out in 2021.

#### IV.2.2. Risk management

At six sessions, including the session during which this report was submitted for consideration, the committee evaluated key information from the Institutional Risk Management System, especially:

# Audit Committee's Annual Report to the Board of Directors

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

Regarding operational risk, the committee evaluated the evolution of risk profiles, statistics on risk event behaviour, summaries of the most relevant events and reports on the action plans designed to address them. The committee paid special attention to events that significantly affected clients, in particular those of 13 March and 23 October that affected trading on **bvc** systems, and risks associated with the pandemic. Finally, the committee was informed of the Colombian Financial Superintendence directives with regard to the health emergency [External Circular 008/2020 and 011/2020], and changes to the operational risk management system [External Circular 025/2020].

Regarding disaster management and business continuity, the committee focussed on evaluating, approving and monitoring the test plan submitted by management, the evolution of stock and securities market disaster and continuity protocols that were approved and incorporated into the regulations; and monitoring business continuity measures related to the health emergency. High relevance was given to the INET system resilience test conducted on 9 May 2020, in conjunction with the market, to verify the effect of post-March 13 corrective measures on the ability of the production environment to deal with double the normal daily load. The system passed the test successfully.

Regarding changes to cybersecurity risk exposure due to the health emergency, the committee revised key information on teleworking risks and the execution of awareness campaigns in this regard, and revised and approved the new security policy for information in the Cloud. It was also informed of relevant security incidents, and the impact of Colombian Financial Superintendence External Circular 033, 2020, on cybernetic incident reporting.

The committee received periodic reports on other risk management components, including fraud monitoring and prevention information, data management, workplace health and safety, SIPLAFT [AML/ CFT] due diligence and reporting, and financial risk alerts (market, issuer and brokerage agency monitoring).

#### IV.2.3. Control activities

The committee developed a framework, and revised internal audit reports on the effectiveness of controls for the most relevant risks and external organisation-level and technology audits. It also analysed the following relevant topics:

During the 28 April 2020 session, the committee discussed with NASDAQ representatives (the INET provider) the 13 March incident affecting **bvc** managed market operations. The representatives ratified their commitment to **bvc** and the Colombian securities market and detailed their view of the causes, subsequent actions taken to restore service, and the action plan proposed to strengthen system operations and support and avoid a similar situation occurring in the future. A system health check was agreed on, and its results and actions were presented to the committee on 25 August 2020.

On 26 May, the committee was informed of the risk status of the **Deceval** – Amaru core system modernisation project, its alternative solutions, and its commercial, judicial and financial impact. On 23 June 2020, management presented the project's lessons learned and set out possible future actions to address the need for technology transformation in core depository systems. The financial implications of alternatives were analysed, and it was concluded that management should present its final analysis to the Board of Directors for a definitive decision.

At the 23 June 2020 session, the committee heard that management is working on process efficiency and optimisation using automation and robotisation to improve client need response time and quality. Progress was revised at the 28 July session.

Finally, at the 25 August 2020 session, management shared the results of migrating cash and RRP equity operation clearing and settlement to the CRCC. Although this important activity achieved its objective, some issues occurred that affected clients and the committee requested that technology processes, monitoring and control be revised with a view to minimising the risk of reoccurrence during future rollouts.

#### IV.2.4. Information and communication

The following financial information was managed during the period:

Individual (**bvc**) and consolidated (**bvc** and **deceval**) financial statements to 31 March 2020 were presented on 23 June 2020.

During the 28 July 2020 session, the committee was presented with the combined and consolidated financial statements to 30 June 2020, and the financial statements of **bvc** Group subsidiaries and partners were submitted for the same period.

At the 7 December 2020 session, the financial statements for the third quarter were presented.

During the session at which this report is presented, the final individual and consolidated results and their footnotes will be presented to the committee for consideration and subsequent approval by the Board of Directors.

#### IV.2.5. Independent monitoring and evaluation

A fundamental monitoring element was the presentation at all sessions of the Management Report in which the period's relevant internal monitoring findings were detailed with regard to management's continual supervision of plans, programmes and projects at all levels.

In compliance with independent evaluation requirements, the committee was provided with control body reports that are fundamental to system monitoring (see sections V and VI of this report).

#### IV.3. Supervisory body observations

Management informed the committee of all relevant actions with regard to supervisory bodies, the principal of which were:

The Colombian Financial Superintendence on-site inspection between 13 March and 1 June 2020 to evaluate the unavailability of trading systems on 13 March. After receiving an explanation of the causes of the incident and the actions taken to avoid reoccurrence, the Superintendence issued an Administrative Order on 31 July requiring that the identified weaknesses be corrected as soon as possible to guarantee market continuity if principal operations' software were to fail. As a result of this requirement, management created a robust plan designed to implement the instructions received, and officially submitted it on 6 November 2020.

# Audit Committee's Annual Report to the Board of Directors

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Although the plan, and its 2021 completion date, diligently meet Superintendence instructions, on 28 October 2020 this body decided to take action against **bvc** based on the failures of 13 March 2020. In accordance with the law, **bvc** presented its defence arguments and considerations in writing. At the date of this report a Superintendence ruling is pending.

Finally, the Superintendence on-site inspection report included various recommendations. Management created an action plan to 31 December 2020 that covered every required topic. A report of achievements was sent to the Superintendence, and on 10 February 2021 the following response was received: "...[after] analysing the information submitted by the Exchange on 8 January 2021 and the internal audit report certifying that all defined improvement plans have been faithfully implemented, this Superintendence considers it pertinent to finalise the current administrative action."

#### IV.4. Conclusion

In spite of the complex challenges caused by the emergency situation we faced throughout 2020, this committee's evaluation and analysis and that of control and supervisory bodies allow us to conclude that the institution's internal control system performed adequately over the past year and complied with the following objectives:

- Improved operational efficiency and efficacy.
- Fraud prevention and mitigation.
- Adequate risk management.
- Trustworthy and timely information generation.
- Compliance with applicable law and legislation.

In 2021, management should continue to strengthen core applications by reducing functional errors and manual operations, optimise the rollout of improvements and adjustments, and improve monitoring and early warning processes for system events to minimise faults that gravely affect clients. Furthermore, when interruptions do occur it is important to improve service reestablishment response time.

#### IV.5. Principal measures adopted

No material deficiencies were detected. However, an analysis of supervisory body and Financial Superintendence information and observations led to the following measures being taken:

- Strengthening of **bvc** transaction system management.
- Strengthening of project management to deliver value.
- Improvements to information security.
- Automation / robotisation of manual operation monitoring (to be continued in 2021).
- Strengthening of business security and continuity with regard to remote working.
- Adaptation of various processes to remote working monitoring.

#### V. Internal audit department

##### V.1. Activities

The committee included the following in the four sessions the Internal Audit Department participated in, including the session at which this report was submitted for approval: principal observations from the period, quarterly management indicators, and the subsidiary performance report.

In addition, the health emergency led the Internal Audit Department to submit to the committee a series of changes to the audit plan originally approved in December 2019. The changes were designed to incorporate remote working risks, focus operational risk evaluation on manual controls and system failures, and incorporate continuous audit and monitoring models into the operations area. They included a new agile methodology that was adapted to telepresence and coordinated working with subsidiaries to ensure that they adjust their plans and working methodology with regard to the same directives.

As a result of this new plan, the Internal Audit Department was able to present to the committee relevant observations and recommendations on remote working business continuity and security at the 23 June and 25 August 2020 sessions. With regard to information security and cybersecurity, it also presented the results of the penetration test carried out at the end of 2019, and management action plans to correct the detected weaknesses. The committee monitored the plans until they had been fully executed.

The results of audits at the end of 2020 on aspects of telecommunications, network and platform security, as well as a new penetration test, allowed the Internal Audit Department to corroborate effective implementation, and showed an improved organisational approach to security.

The Audit Department also informed the committee at various sessions of observations with regard to other business processes that had been revised.

In addition, during the extraordinary Board of Directors session on 8 July 2020, the Audit Department presented an analysis of problems with regard to **Deceval's** Amaru project that included their cause and impact related to conception, principal provider, technological infrastructure and project management.

With regard to management indicators, the Audit Department presented quarterly results at the 23 June, 25 August and 7 December 2020 and the 23 February 2021 sessions, on work plan compliance, value perception of those audited (based on client surveys) and the number of observations closed. According to all measurements, all the proposed objectives were met and important progress was made in closing findings (that had displayed lower than expected results in the past) that exceeded the established goals.

At the 23 June and 25 August 2020 sessions, as well as the session at which this report was submitted for consideration, the Internal Audit Department presented a report on subsidiary performance.

Finally, during the 7 December 2020 session, the 2021 work plan and budget were presented and approved. During the current session, the annual Internal Control System report will be presented.

# Audit Committee's Annual Report to the Board of Directors

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

## V.2. Performance

Following a revision of the matters mentioned above, the committee was able to conclude that the audit plan had included the relevant business risks and incorporated the principal emerging risks arising from the emergency situation, that its tasks were robust and that its results satisfy the organisation's control needs. The committee also stated that the Internal Auditor had worked independently and objectively, using information and resources without limitation to their scope.

The committee highlighted the efforts made in the department to adapt its value proposition to the telepresence context, and incorporate agile elements into audit methodology that allowed it to improve its value proposition with regard to internal client connections and the speed and quality of work carried out. The Internal Auditor will continue to work on improving the new methodological approach.

## VI. External audit management

### VI.1. Activities

The following activities took place:

At the 26 May session, 2019's audit results were presented, including an implementation evaluation with regard to Colombian Financial Superintendence External Circular 007, in addition to the 2020 work plan that focuses on internal control system effectiveness and the reasonableness of the individual and consolidated financial statements.

At the 25 August 2020 session, the auditors presented the results of the first quarter 2020 audit, and the monitoring results with regard to relevant issues at subsidiaries and joint ventures.

During the session at which this report is submitted for consideration, a draft opinion will be presented on the company's financial statements and key 2020 audit findings.

### VI.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 submitted for consideration to the Board of Directors as stated in Item 8, Article 4.1.4.2 of the Good Governance Code, with the objective of sharing its contents and conclusions and receiving any feedback necessary.

If approved, the report will be made available to shareholders so they may exercise their right of inspection, as stated in Commerce Code Article 447 and Exchange Bylaw Article 43. It will also be presented for consideration at the General Assembly of Shareholders.

The Exchange President, Vice President, Secretary, Risk Manager and Internal Auditor attended all ordinary sessions. This facilitated presenting topics, opportune responses to questions, and task assignment by the Administration Committee. The external auditor was present at all sessions that they asked to attend.

Yours faithfully,

SANTIAGO MONTENEGRO TRUJILLO  
Audit and Risk Committee Chairman

# Shareholder Rights

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

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

## Shareholder rights are principally related to:

- Topics to be included on General Assembly of Shareholders meeting agendas.
- 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 the channelling of requests, complaints and proposals to **bvc**.

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 could represent a benefit to other shareholders, it will immediately be communicated to all shareholders using the mechanisms established for this purpose.

Finally, in 2020 no complaints or proposals were received from shareholders. The customer service area reported receiving just three requests, related to tax certificates and dividend payments.

# Good Governance Code Reports

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

5.5.1. Requests, complaints and proposals received from shareholders and other interest groups, and their results.

As established in articles 8.1.1.1 and 8.1.1.2 of the Good Governance Code, requests, complaints and proposals from shareholders and other interested groups must receive a reasoned, written response within 15 business days of their reception.

In 2020, 13 requests were received from shareholders and 6 collateral release requests were received from brokerage companies; all were promptly dealt with.

5.5.2. Complaints regarding compliance with the Good Governance Code, and their results.

No complaints regarding compliance with the Good Governance Code were received in 2020.

5.5.3. Illegal or unethical incidents, and actions taken.

No illegal or unethical incidents were reported in 2020.

# Legislative Compliance

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

## 5.6.1. 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 trading activities. **bvc** must also comply with any requests the CFS makes while carrying out its legal functions.

**bvc** has faithfully complied with all established CFS deines for implementing all relevant legislation. In 2020, **bvc** responded to 52 CFS requirements in accordance with the authority's stated terms.

## 5.6.2. Legal Actions Against **bvc** at 31 December 2020

At 31 December 2020, the following legal actions against **bvc** were in process:

Plaintiff	Process	Lawyer	Objective	Start date	Status
<b>Carlos Juri Feghali</b>	Direct compensation	Juan Pablo Cárdenas	The plaintiff alleges that CFS, AMV and <b>bvc</b> are materially and administratively responsible for his economic losses related to an investment in INTERBOLSA S.A., on 18 October 2012.	14/03/2016	On 3 December 2020 a virtual hearing was held and allegations and judgement were dispensed with; a ten day period was conceded for concluding arguments. On 15 January 2021, concluding arguments were presented.
<b>Jorge Enrique Robledo y otros</b>	Class action (Isagen)	DLA Piper Martínez Neira	This class action is related to a sale of ISAGÉN shares that was managed by the Exchange. The initial suit was against the nation, the Ministries of Finance and Mines and Energy, and the National Judicial Defence Agency. However, the Cundinamarca Administrative Tribunal added the Exchange to the process.	17/02/2016	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 INVESTMENT L.P., and a response is pending.
<b>Secretaría Distrital de Ambiente</b>	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. The three signs were registered to 21 August 2023, and the theory of loss repaired and removal shall be presented to avoid the fine or ensure that it be as low as possible. The next procedural stage is the anticipated termination request.
<b>Superintendencia Financiera de Colombia</b>	Schedule of charges against the institution (arising from the in situ inspection process 13/03/2020 to 1/06/2020 for the failures of 13 March 2020)	<b>bvc</b> - Alberto Velandia Rodríguez	The CFS charged the Exchange with infringing its legal obligation to comply with all obligatory market legislation. The CFS states that <b>bvc</b> acted in disregard of items l) and m), Article 2.10.5.2.4, Decree 2555-2010: l) Ensure the trading system or systems function correctly as stated in Article 2.10.5.1.1 of this decree; m) Identify, monitor and adequately manage risks to the entity and its securities trading systems referred to in Article 2.10.5.1.1 of this decree."	28/10/2020	On 28 October 2020 <b>bvc</b> receives notification of this administrative action. On 14 December 2020 a response is submitted to the CFS schedule of charges, within the timeframe permitted by the CFS. On 6 January 2021, the CFS proffers Order No. 01 – 2021 request for evidence, and the probatory period opens as follows (no appeal was lodged): 1) Incorporate into the file documents submitted by the defence with their probatory value. 2) Set a term of two months as the probatory period.

# bvc Group Legislative Compliance

GRI: 103-2, 418-1  
SASB: FN-EX-410a.3

## 5.7.1. Compliance with Intellectual Property and Copyright

### 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 Policies

- 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 Industry and Commerce Superintendence processes

## 5.7.2. Compliance with the 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 (FFI).
- **bvc** is registered with the Internal Revenue Service as a FFI participant (Model 1 IGA).

## 5.7.3. Compliance with Data Protection Laws

### Legislative Compliance

- Compliance with Decree 1377, 2013, regulating Law 1581, 2012: General Regime for Personal Data Protection.
- **bvc** data protection policy.
- Implementation of a procedure to manage the use of clients' personal data based on the principle of client authorisation.

## 5.7.4. Compliance with Information Disclosure Obligations

The Colombian legislative framework for information disclosure by securities issuers is defined by the national government's Financial Regulation Unit, part of the Ministry of Finance and Public Credit. Compliance is verified by Colombian Financial Superintendence systems in accordance with Financial Regulation Unit instructions.

As an issuer, **bvc** complies with the provisions established in Article 5.2.4.15 (and subsequent), Decree 2555/2010 and the Colombian Financial Superintendence Basic Judicial Circular with regard to disclosing relevant market information.

In 2020, 37 relevant information publications were made using the media established for this effect.

# Ethics and Integrity

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

## 5.8.1 **bvc** Values, Principles, Standards and Rules

In accordance with best practice in corporate governance, **bvc** has a Good Corporate Governance Code that establishes parameters to guide **bvc** management with regard to its actions as a commercial organisation.

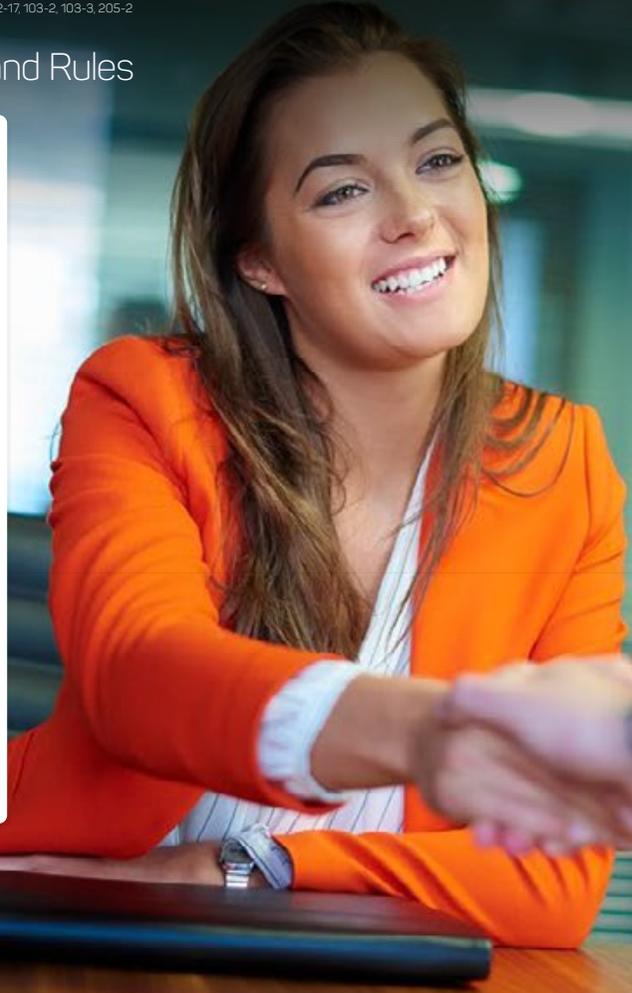
The Good Corporate Governance Code has been approved by the Board of Directors, and details the principles and standards that must be complied with to guarantee shareholder rights, and ensure that the company and its relationships with stakeholders are properly managed. The Code is complemented by the company bylaws, and covers shareholder, manager and employee actions.

Equally, the company bylaws require obligatory compliance with all aspects of best corporate practice by **bvc** managers and employees.

In addition, **bvc** has an Ethics and Behaviour Manual that must be complied with. This corporate document establishes that all activities undertaken by Exchange employees and managers, and their subordinates, must follow principles of loyalty, honesty, care, diligence and compliance with current legislation.

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 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 and current statutes and legislation ensure that **bvc** management acts in the public interest and in its role as a driving force in the Colombian securities market.



## 5.8.2 Anticorruption

GRI: 102-17, 205-2

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

The organisation continued to articulate the UN Global Compact Anticorruption Principles in all prevention and awareness activities, and implemented new policies and processes designed to prevent criminal activity and comply with the year's objectives. We focussed on managing and mitigating fraud risks via a taxonomic analysis of processes that included 46 walk-through tests that found the controls available for preventing criminal activity to be adequate.

In 2020, awareness and strengthening activities were carried out with regard to the criminal activity prevention manual that reinforced:

- Policy on the company's commitment to the law, legislation, principles and the highest ethical standards; on acting independently and objectively; on taking the necessary disciplinary actions; on zero tolerance for crime; and on incentivising whistleblowing.
- Principles and policies for whistleblowing via established channels.
- Guaranteed protection against retaliation for whistle-blowers, and the need for them to act in good faith and with verifiable information.
- That all allegations will be investigated in confidence.
- Reporting channels.

**bvc** guarantees the proper functioning of mechanisms available to report unethical conduct, and confidentiality for whistle-blowers and their information. In 2020, the ethical reporting line received no reports.

# Sustainability

# Sustainability Focus and Vision

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



We recognise that there is still a long way to go, and we are committed to developing more products and services that help our country become an inclusive, low-carbon economy.

Recent years have seen an unprecedented global shift towards strengthening the links between business activities and social and environmental considerations. Today we face huge global changes, challenges and opportunities in which investors move ever faster towards investment objectives that promote long-term sustainability. This has incentivised companies to strengthen their working practices with regard to environmental, social and corporate governance best practice, and direct cash flows towards investments with lower ESG and climate change risk.

**bvc** Group is aware of these structural challenges and is clear about its unique position in the Colombian financial ecosystem: It brings together all the participants within the systems it manages. It is imperative that **bvc** capital market infrastructure functions correctly and with integrity in a transparent, efficient, safe, trustworthy and regulated environment.

The financial markets are key to the proper functioning of the wider economy and, therefore, society. Any risk to market function and integrity can be seen as a social risk, and **bvc** Group has a huge responsibility to the entire financial system to guarantee market availability and contribute to Colombia's sustainable and inclusive economic growth.

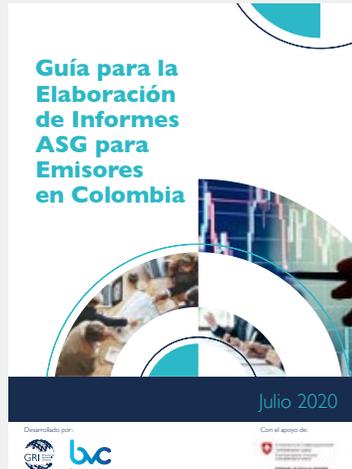
In line with our commitment to best corporate practice in ESG, **bvc** Group plans for possible sustainability risks to the business and has been developing sustainable products such as green, social and sustainable bonds; voluntary disclosure standards for IR Recognition; sustainability guides; financial education programmes; and best practice events for market participants in conjunction with the financial sector and the authorities.



# Sustainability Focus and Vision GRI 103-2, 201-1, 205-2



## ESG Disclosure



In July 2020, we continued promoting **best practice in ESG disclosure** with the launch of the Colombian Securities Market Sustainability Guide in conjunction with **GRI**.

The ESG reporting guide contemplates different levels of maturity and progress among issuers, and recognises reporting as a **continuous improvement** process. The guide is a starting point for companies that are beginning to report, and also provides guidelines to improve reporting quality for companies that are already reporting.

## IR Recognition



33

issues (31 renovations and 2 new) were recognised for complying with IR Recognition requirements.

29



14



The Colombian results stood out against the other Latin American countries in the study.

**70%** Colombia has the highest percentage of listed companies that report sustainability

**83%** Use GRI for reporting

**49%** Integrate their sustainability report into their annual report

**87%** Externally verify reports

Once again, the Colombian market has been recognised for the level of ESG information disclosure its issuers voluntarily provide via the **IR Recognition scheme**. In December 2020, GRI together with AG Sustentable and the Swedish International Development Cooperation Agency conducted an investigation into ESG disclosure and sustainability in the principal Latin American capital markets, including Colombia, Chile, Peru, Mexico and Argentina.

# Sustainability Focus and Vision

## Highlights from the Latin American capital market ESG sustainability disclosure report

### Capital markets



All securities markets have some form of good corporate governance documentation, principles or code



All securities exchanges are part of the Sustainable Stock Exchanges initiative



4 Securities exchanges have their own sustainability index



All securities exchanges have their own sustainability report

### Sustainability indexes



**ARGENTINA**  
BYMA Sustainability Index



**COLOMBIA**  
IR Recognition



**PERU**  
S&P/BVL IBGC Index



**MEXICO**  
S&P/BMV Total Mexico ESG Index



**CHILE**  
Dow Jones Sustainability Chile (DJSI Chile)



**REGIONAL**  
Dow Jones Sustainability MILA Pacific Alliance Index

### Information reporting

37.5%

Of listed companies report sustainability. Colombia has the highest proportion of reporting issuers (70%)

GRI is the most used standard and

83.6%

of issuers use GRI for reporting

Just  
1%

of issuers have incorporated TCFD recommendations into their reports

50%

of issuers have their report externally reviewed



Governance is the general content least reported by issuers



Among environmental topics, the level of emissions and energy reporting is high



Provider and supply chain issue reporting is very low

81%

of issuers have publicly manifested their commitment to SDGs in their reports

Source: Latin American capital market ESG sustainability disclosure report

# Sustainability Focus and Vision

## Sustainable Product Lines



### Thematic bonds

In spite of the pandemic, thematic bond issuances did not stop in 2020. A record value of **COP 964 billion** was achieved (an **81% increase** compared to 2019) in 3 issuances that were 2.3x oversubscribed - **two green bonds, from ISA and Banco de Bogotá, and an ICETEX social bond.**

**COP \$964**  
billion raised

**+81% (YoY)**

**2** Green bonds

**1** Social bond



**COP \$600**  
billion raised

**COP \$364**  
billion raised

**2.8x** oversubscribed

**1.4x** oversubscribed

### Sustainability indexes

The COLIR IR Recognition index fell 12.48% YoY in 2020. This was better than the principal Colombian index COLCAP, that fell 13.32% YoY in 2020. The Dow Jones Sustainability MILA Pacific Alliance Index (USD) fell 7.29% YoY in 2020.

**-12.48% YoY**  
COLIR

Both indexes were affected by the pandemic in March, and posted historic lows of 590.45 points (COLIR, 18 March) and 447.07 points (DJSI MILA PA, 23 March). However, both indexes began to recover in April; COLIR ended 2020 at 940.04 points (+59%), and DJSI MILA at 809.74 points (+81%).

**-7.29% YoY**  
DJSI MILA PA



# Sustainability Focus and Vision

## Sustainable Product Lines



### Responsible Investment Task Force



The Responsible Investment Task Force worked remotely in 2020 and held 10 committee meetings with 80% attendance.

In spite of the pandemic, the Task Force reached the milestone of structuring the initiative's corporate governance, including its definition, objectives and working practices. Eighteen organisations, including bvc Group, signed a declaration supporting responsible investment in Colombia.



**Promote incorporating ESG criteria** into traditional financial analysis and business strategy, and recognise the impact this can have on diverse asset classes.



**Promote periodic reporting** on ESG performance by measuring results using internationally recognised standards and practices such as GRI, the CDP reporting platform, TCFD recommendations, etc.



**Encourage ESG disclosure**, as well as improved quality and usage of publicly available information during financial risk and business strategy analyses related to this type of information.



**Promote implementing the contents of the declaration** among the country's institutional and business investors.

### Sustainability Events



**March 2020:** we held our third Ring the Bell for Gender Equality event, and recognised the contributions of women at all levels of the organisation. Women made up 47% of the bvc Group workforce in 2020.

#### Responsible Investment Task Force Events:



**July 2020:** Third Responsible Investment event highlighting responsible investment as a cornerstone of economic recovery. More than 1,100 people attended over the three days of this virtual event.



**September 2020:** Round table on ESG and investment decisions Corporate Governance in State-owned Businesses.



**December 2020:** Webinar on human rights and responsible investment: The Importance of the "S" in Investment Decisions.

### Generated and Distributed Economic Value

	2020	2019	Var %
<b>Value generated</b>			
Operational income	180,142	274,641	-34%
Other income*	90,211	1,328	6,693%
Share dividends	70,065	36,636	91%
<b>Total</b>	<b>340,418</b>	<b>312,605</b>	<b>9%</b>
<b>Value distributed</b>			
<b>Employee salaries and benefits</b>			
Personnel costs	71,594	73,577	-3%
Training	881	810	9%
Wellbeing	2,796	4,424	-37%
<b>Total employee remuneration</b>	<b>75,271</b>	<b>78,811</b>	<b>-4%</b>
<b>Payments to government</b>			
	22,697	22,812	-1%
Operating costs	71,282	101,661	-30%
Capital provider payments	25,293	33,282	-24%
Community and environmental investments	634	231	174%
<b>Value distributed</b>	<b>97,208</b>	<b>135,174</b>	<b>-28%</b>
<b>Value retained</b>			
<b>Difference between value generated and value distributed</b>	<b>145,241</b>	<b>75,808</b>	<b>92%</b>

Income from financial investments and the sale of assets.

# Corporate Social Responsibility Programme

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

## 6.2.1 Donations



In spite of the pandemic, bvc Group continued to **strengthen** its Corporate Social Responsibility Programme (CSR) in 2020 with the ProTalento and BecaSoft initiatives. These programmes **provide support** for talented young people who are interested in technology and innovation, help close gaps, and are aligned with our commitment to SDG 8 – decent work and **economic growth**.

We also **continued to support** SDG 13 – climate action through our commitment to **carbon offsetting** and reforestation programmes with the support of Fundación Natura. In 2020 our **CSR donations** totalled COP 352 million.

bvc Group employees, the board of directors, subsidiaries and allies **donated more than** COP 567 million for PCR testing and ICU equipment during the pandemic.

# Corporate Social Responsibility Programme

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

## 6.2.1 Donations

### 1. Boosting Talent and Innovation in IT



ProTalentio is a technology career accelerator that helps young people find employment in Industry 4.0 companies by helping them choose the right training path, providing financing and assigning them industry mentors. To date, support has been provided to data scientists, full stack developers and UX/UI designers - well paid jobs that are in high demand.

- **Sponsors:** bvc Group, Sophos, Village Global, Lumni, Viliv.
- **Supporting organisations:** Addi, IBM, Oracle, Truora, Ashoka, Microsoft, Aequales, Fruturo, Harvard Innovation Lab, Qatar Foundation and more. See [www.protalentio.org](http://www.protalentio.org).

The Talent Fund is endowment-based, and finances the conversion of potential candidates into ideal candidates. The fund is managed by ProTalentio Latam and beneficiaries pay a percentage of their salaries after completing training and finding employment.

Donor companies have first refusal on contracting beneficiaries and pay no finders fee. The fund is regularly topped up by beneficiary and donor contributions.

#### Type of student:

- Average 90% in mathematics on the Prueba SABER [high school graduation exam].
- We have carried out four selection processes with 517 applicants from 24 departments.
- 90% of applicants studied in public education.
- 89% of our beneficiaries graduated from high-quality certified institutions.

#### What's coming in 2021:

At present, 100 young people are in training and receiving support. We are currently obtaining funds for the Talent Fund and hope to support 800 people in 2021, of which 400 will be women.

### 2. Software Development Grants



In 2020 bvc Group continued to support the BecaSoft programme that promotes ICT programmes as an employment opportunity for young people on technical degrees. This CSR programme grew from 14 students in 2019 to 62 outstanding students in 2020, who receive a 50% grant for their software development programme.



The total donation was COP 69 million, with the CSR programme donating COP 50 million and the company's Commercial and Marketing Department donating COP 19 million.

# Corporate Social Responsibility Programme

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

## 6.2.1 Donations

### 3. Carbon Footprint Offset

Donation:

COP 33 million



2020 was an atypical year in terms of our carbon footprint. However, we took the important step of including CRCC and precia in our calculations, and offset a total of 1,123 equivalent tons of CO<sup>2</sup> by planting 970 trees in the Encenillo Biological Reserve, and purchasing green bonds in the Galilea-Amé forest conservation project equivalent to 800 tons of CO<sup>2</sup>.

970

trees were planted in the Encenillo biological reserve

and

Green bonds that offset

400

tons of CO<sup>2</sup> equivalent

The reserve is part of a high priority conservation area in the Amazon and Andes foothills, and is part of a biological corridor that connects Andean forests and high-forests with the Sumapaz National Park. Fundación Natura continued to support us in this process by measuring our 2020 carbon footprint.

### 4. Support During the Pandemic

Donation:

COP 567 million



PCR Tests

Universidad de los Andes

**Project:** Random large-scale COVID-19 PCR testing and analysis to rapidly diagnose patients and enable adequate treatment.

Donation:

COP 289 million

bvc Group employees, the board of directors, subsidiaries and investments came together around three initiatives that contributed to fighting the pandemic in Colombia.



ICUs

Fundación Cardiolinfantil

**Project:** Funding to help this hospital prepare to receive high-risk patients for treatment.

Donation:

COP 139 million



ICU Equipment

Fundación ANDI

**Project:** Resources to equip ICUs at Government-run hospitals in 10 municipalities.

Donation:

COP 139 million

# Corporate Social Responsibility Programme

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

## 6.2.2 Inversor Fund

Inversor is an impact asset manager that channels investment resources into short and long-term investments designed to leverage SME growth plans with triple-impact potential (social, environmental, financial).

### Portfolio Highlights 2020

	40.5%	<p><b>Sustainable Tourism:</b></p> <p>The hotel had a positive financial year and generated an excess of around COP 1.7 billion on income of COP 9.3 billion (-22% YoY). Due to COVID-19 the sale of the hotel was delayed until 2021.</p>
	45.0%	<p><b>Electronic Waste Management:</b></p> <p>The company's income grew following the engagement of new clients as a result of the new environmental licence. In spite of the pandemic, income grew 9% to COP 4.8 billion with an EBITDA of COP 1.4 billion (+173% YoY).</p>
	57.7%	<p><b>Green Walls and Roofs:</b></p> <p>Income fell by 72% (COP 1.3 billion) due to the health emergency and a slow recovery. However, the company did generate cash flow from maintenance billing, and debt collection.</p>
	41.0%	<p><b>Organic Fruit Production:</b></p> <p>In 2020 we were able to negotiate the company's exit in 2021 with one of its partners. Income was COP 3.7 billion (-10% YoY).</p>
	48.1%	<p><b>Sustainable Transport:</b></p> <p>The company was capitalised and has been strengthening its business model to ensure Inversor's exit in 2022. Income was COP 1.1 billion (-16% YoY).</p>



# Corporate Social Responsibility Programme

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

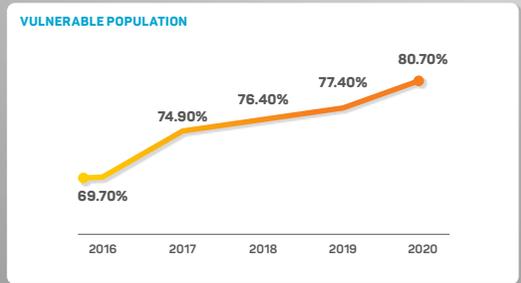
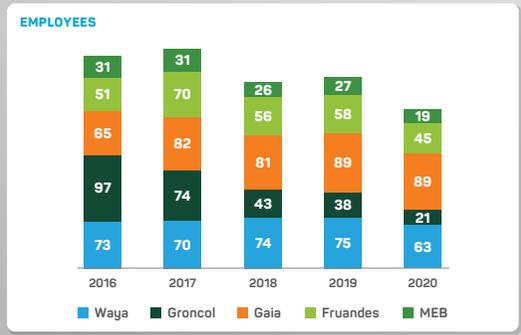
## 6.2.2 Inversor Fund

Inversor is an impact asset manager that channels investment resources into short and long-term investments designed to leverage SME growth plans with triple-impact potential (social, environmental, financial)



### Social Impact

Companies that are part of the Inversor investment portfolio focus on working with vulnerable populations, purchasing from local providers, developing and promoting quality of life initiatives for employees, and protecting the environment.



**Employment Characteristics**

- 32% of workers in formal employment.
- Better working conditions for 56% of workers.
- Maximum salary is 22x minimum wage.

**Gender Focus – 46%**

- 50% of management positions occupied by women.
- Average salary for women is 92% of total average salary.

**Impact of COVID - 19**

- Action was taken to mitigate the impact of COVID-19 on employment, salary structure and chains at small producers, but it was still high.
- The pandemic led to a 17% reduction in employment, although at the end of 2020 this trend started to reverse.

### New Fund:

A more conservative approach was taken to structuring the fund in 2020, due to the pandemic. We expect to start operations in 2021.

Inversor II is an investment vehicle focussed on Colombia that channels resources towards SMEs with scalable business models that have triple impact potential.

**Sector Focus**

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

**Investment Tickets**

- Initial investment between COP 1 billion and COP 4 billion.
- Follow-on to reach total investment of between COP 3 and 6 billion.
- Investment horizon between 5 and 7 years.

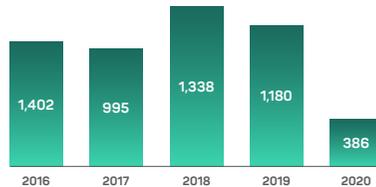


# Environmental Management

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

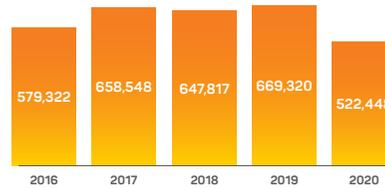
2020 can be divided into two periods: January to March and April to December. Business were affected by the COVID-19 pandemic and had to adapt their place of work and way of working, and **bvc** was not the exception. This affected a number of interdependent resource variables, and resource consumption that had been focussed on specific places fell to zero with the onset of remote working. Enforced remote working ended paradigms related to controls and management that had placed pressure on resource consumption: for example, in April 2020, the number of pages printed or photocopied fell to almost zero from the previous monthly average of close to 10,000. New controls and procedures had to be implemented to guarantee the efficient execution of daily tasks and projects.

## FUEL CONSUMPTION [US GALLONS]



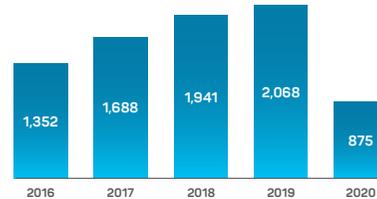
The suspension of **bvc** and depository transport in Bogota from the third week of March 2020 had a huge impact on our CO<sub>2</sub> footprint. When our employees began working remotely, 17 vehicles that had been transporting 160 of them to and from work were parked-up.

## ELECTRICITY CONSUMPTION (KWH)



Electricity consumption fell by 22% in 2020 compared to the previous year; although 90% of our employees were working remotely, our datacentres and bastion hosts continued running 24/7 and their consumption was stable.

## WATER CONSUMPTION (M3)



Water consumption is affected by the number of people on site, and therefore it fell by 58% compared to the previous year, from 2,068m<sup>3</sup> to 875m<sup>3</sup>.

Even though the situation generated lower consumption and a favourable impact on our carbon footprint, we continued to promote zero paper campaigns, modernise printers and update trading processes to incorporate modern ways of working.

The **bvc** president's vehicle's fuel consumption also fell substantially in 2020; fewer journeys led to a 67% reduction compared to 2019.

None of the above would have been possible if it hadn't been for technology tools that allowed teams and stakeholders to stay in contact remotely. The videoconference system was used for remote meetings, as well as other tools such as Zoom and Google Meet. The number of videoconference hours more than doubled in 2020 to an average of 5,500 per month.

## VIDEO CONFERENCES (MINUTES)



	2016	2017	2018	2019	2020
Video Conferences [Minutes]	17,489	21,842	31,498	27,510	66,300



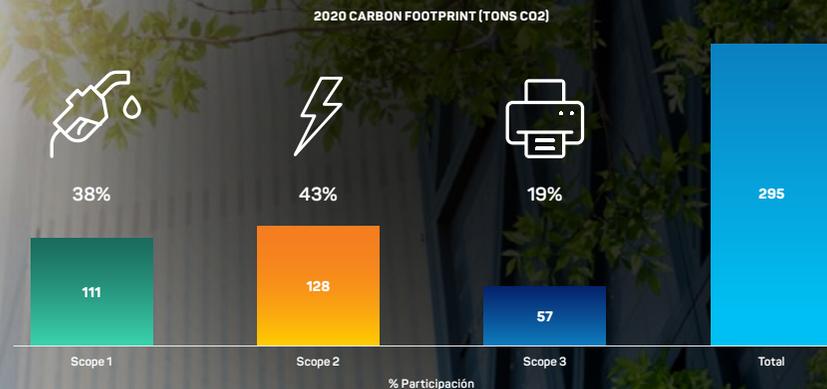
# Environmental Management

GR 109 2 302 1 305 5

From March 2020, society and the economy were affected by COVID-19. bvc Group companies modified their place and way of working and transitioned to remote working. Although resource usage plummeted, sometimes even to zero, this did not affect ongoing environmental initiatives designed to shape company culture around protecting natural resources, and encourage understanding, compassion and minimisation of our impact on the environment.

In 2020, we measured our carbon footprint for the second time by identifying the scope of different emitters in categories 1-3. This methodology is based on NTC 14061-1 and some aspects of GHG protocol, and is a consolidated information system on direct and indirect greenhouse gas emissions that allows us to revise bvc Group's environmental management from a 2019 baseline.

bvc Group	2019	2020	Var %	Var
Scope 1	108.1	110.9	3%	2.8
Scope 2	135.3	127.7	-6%	-7.6
Scope 3	307.5	56.5	-82%	-251.0
<b>Total</b>	<b>550.9</b>	<b>295.2</b>	<b>-44%</b>	<b>-255.7</b>



In 2020 we measured the carbon footprints of Precia, Cámara de Riesgo Central de Contraparte, **bvc** and **deceval**. Total emissions in 2020 were 295 tons, 46% less than 2019 (551 tons).

Direct greenhouse gas emissions in Scope 1 were 110.9 tons in 2020, this is 2.9 tons more than 2019 due to a change in gasses reported for filling the air conditioning system.

The suspension of bvc and depository bus routes from the third week of March 2020 had a positive effect on our carbon footprint: when our employees began working remotely, 17 vehicles that had been transporting 160 of them to and from work were parked-up.

The bvc president's vehicle's fuel consumption also fell substantially in 2020; fewer journeys led to a 67% reduction compared to 2019.

In Scope 2, total Group emissions were 127.7 tons of CO<sub>2</sub>, 6% less than the previous year. Electricity consumption fell by less than expected; Although 90% of our employees were working remotely, our datacentres and bastion hosts continued running 24/7 and their consumption was stable.

Scope 3 posted 2020's best performance and dropped from 308 to 56.6 tons of emissions. From April 2020, the number of pages printed or photocopied fell to almost zero, compared to 2019's monthly average of close to 10,000.

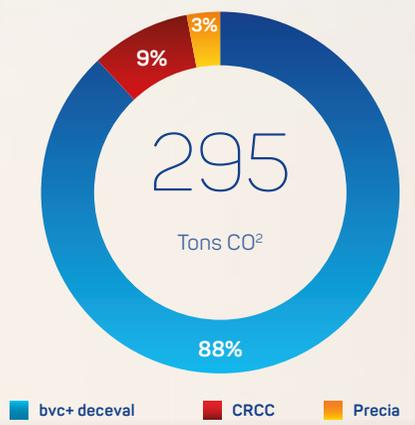
Water consumption fell by 58% compared to the previous year, from 2,068m<sup>3</sup> to 875m<sup>3</sup>.

# Environmental Management

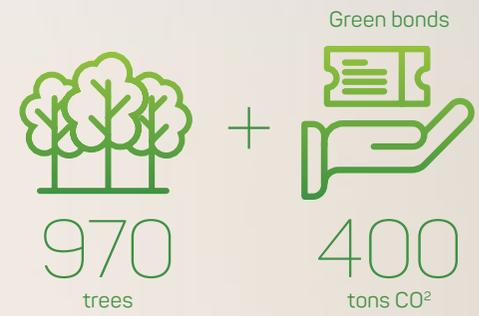
GRI: 103-2, 302-1, 305-5

Scope	Source	Tons CO2				Total
		bvc	deceval	CRCC	Precia	
1	Fuel	3.1	-	-	-	3.1
	Lubricants	0.0	-	-	-	0.0
	Refrigerants	14.4	55.8	0.7	2.0	72.8
	Fire extinguishers	7.0	26.3	1.8	0.0	35.1
	<b>Total Scope 1</b>	<b>24.4</b>	<b>82.1</b>	<b>2.5</b>	<b>2.0</b>	<b>110.9</b>
2	Electricity consumption	53.4	59.1	13.8	1.4	127.7
	<b>Total Scope 2</b>	<b>53.4</b>	<b>59.1</b>	<b>13.8</b>	<b>1.4</b>	<b>127.7</b>
3	Organisational transport	14.3	19.7	9.4	3.5	46.8
	Paper	0.7	0.0	0.0	0.0	0.8
	Drinking water	0.0	0.0	0.0	-	0.1
	Air travel	4.2	2.5	-	2.2	8.8
	<b>Total Scope 3</b>	<b>19.2</b>	<b>22.2</b>	<b>9.4</b>	<b>5.8</b>	<b>56.6</b>
<b>Total</b>		<b>97.0</b>	<b>163.3</b>	<b>25.7</b>	<b>9.2</b>	<b>295.2</b>

2020 CARBON FOOTPRINT



OFFSET CO2 (TONS)



Air travel fell by 90.3% in 2020, from 756 trips to 73.

Even though the situation generated lower consumption and a favourable impact on our carbon footprint, we continued to promote zero paper campaigns, modernise printers and update trading processes to incorporate modern ways of working.

In 2020 bvc Group developed two initiatives to offset our carbon footprint and mitigate our impact on the environment through the Fundación Natura reforestation programme.

In 2020, 970 trees were planted and carbon bonds were acquired that offset 400 equivalent tons of CO<sup>2</sup>. In total, 725 tons of CO<sup>2</sup> were offset in 2020, an increase of 109% compared to 2019. This confirms our commitment to being a fully carbon neutral group in 2021.

## Financial Education

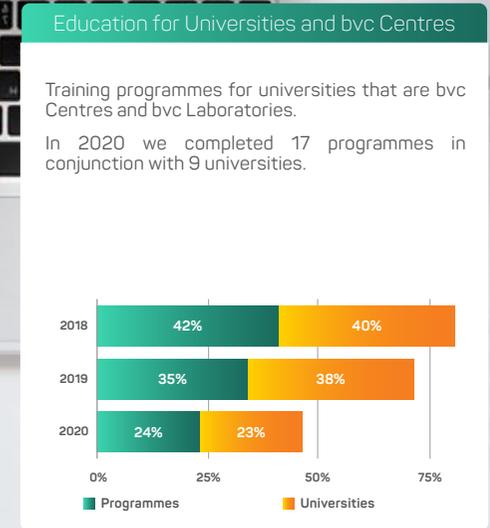
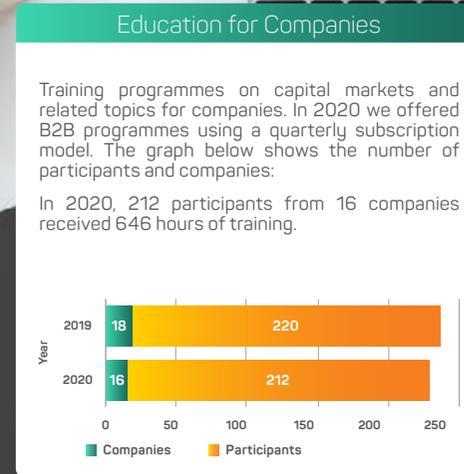
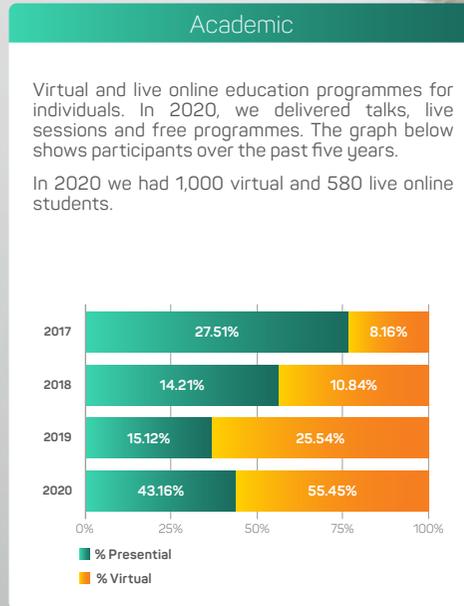


**bvc** Education offers local capital market training programmes that are designed to increase new investor participation and professionalise different stakeholders through presential and virtual academic programmes, tools and contents. **bvc** Education is the responsibility of the VP Product.

We offer the following programmes:

- Academic
- Education for Companies
- Education for Universities

In 2020, we modernised the digital content platform for all products, and began creating digital content for retail and companies.



# Financial Education



## Satisfaction Survey 2020

We scored 76.0 (+0.4 compared to 2019) among education clients, and are at an intermediate level of client experience.

Clients rated course enrolment and payment processes higher than in 2019, and universities highly rated our information screens.

Areas to improve include: the support offered to university management teams related to designing innovative products that meet their needs, and the support given to administrative teams at **bvc** centres in designing, implementing and publicising academic programmes.



## Principal 2021 Challenges

In 2021 we will create virtual content for different segments and optimise the education and e-commerce platforms.

We will also implement the Millionaire Exchange Competition focused on creating an investor pathway for university students and the general public.

The Education Department will work with all areas of the organisation to create training and retraining programmes on products, software and tools for **bvc** employees and other operators.



# Clients and Market

# Commercial Management

GRI: 103-1, 103-2

## Secure and Guaranteed Operations for 100% of Our Affiliates

The COVID-19 global crisis in 2020 generated the challenge of developing opportune solutions to meet our clients' needs. When faced with an imminent lockdown across the country, bvc quickly adapted to allow and support **100%** remote operations for affiliates.

Some of our achievements were:

### 1. Adaptable and flexible

connection frameworks for exchange and depository operations that allowed 100% of the industry to take equipment home.

### 2. Support and coordination

with authorities to solve our clients' liquidity needs by requesting and activating guaranteed private debt securities, repo operations and the purchase of private debt securities by the Central Bank (Banco de la República).

### 3. Cooperation and support

in the design of corporate credit lines underwritten by the National Guarantee Fund.

### 4. Master Trader

in the cloud using Amazon AWS to solve connectivity and performance issues caused by limitations that operators may have at home.

### 5. 100% remote share issuances.

bvc successfully implemented a number of strategic market development projects in 2020, in spite of the pandemic, by establishing communications and support mechanisms for clients that enabled remote training and testing. During the period we implemented:

1.



A new OTC securities lending product that introduced international standards to Colombia, generated higher foreign investment flows and improved local market liquidity.

2.



A post-trade model for equities at CRCC that increased stock market confidence in clearing through a central counterparty clearing house.

3.



Platform migration to AWS cloud, achieving greater scalability and improved response times for client services.

4.



Other trading platform updates and improvements requested by clients to facilitate trading.

# Commercial Management

GRI: 103-1, 103-2

## Securities Issuance Volume and Diversification

Although 2020 was not a typical year, issuances showed a positive trend. By year-end, **12.9 trillion pesos** had been issued – close to the record achieved the previous year. It is worth mentioning that from the start of lockdown, **9.9 trillion pesos** were issued and that non-financial sector issuance participation grew with notable amounts and periods.

### Principal achievements:

The client base was broadened and economic sectors were diversified to include construction firms, regional logistics operators, territorial institutions, non-banking financial institutions, and trans-Latin American organisations, among others.

For the third consecutive year territorial institutions showed favourable performance and issuances were above COP 2.1 trillion, with terms of 7 to 25 years. Mixed public service companies once again accessed the capital market with a gross issuance value of COP 1.4 trillion and favourable terms of up to 25 years.

The positive trend continued with six new real sector issuers with a bid-to-cover ratio of 1.34 and a gross contribution of \$0.611 trillion.

A new issuance of commercial papers in dollars, that in addition to being a financing mechanism were leveraged as a natural hedging mechanism.

Three new issuers with ratings other than AAA entered the market and issuances on the secondary market reached COP 371 billion.

FIXED-INCOME AMOUNTS ISSUED IN COLOMBIA (\$TRILLION)



- Corporate issuers already listed with bvc contributed total issuances of **COP 3.26 trillion**. Companies such as Carvajal S.A. and Odinsa S.A. reactivated their presence in the market and found funding to meet their needs.
- Grupo Argos completed the first debt swap on the capital market. The ordinary bond issuance of **COP 136.5 billion** was completed using the Issuance and Colocation Programme, with an AA+ rating. This new operating framework will allow issuers to optimise their cash flow without altering their level of debt.
- In 2020, the financial sector saw the return of names such as Banco de Bogotá, Grupo Bolívar, FDN and Sura, with auctions worth COP 1 trillion that ratify the capital market's capacity and potential as a catalyst for growth.
- An issuance of Findeter term deposits worth **\$1.4 trillion**, and the first ICETEX issuance, were the result of government support for public service and education subsidies for the most vulnerable sectors of the population, and showed that the capital market is an attractive financing option for this type of institution.

# Commercial Management

GRI: 103-1, 103-2

2020 was characterised by the return of individual investors

The COVID-19 pandemic created price opportunities in the market and changed the way people manage their investments and the way they approach the market.

e-Trading platforms saw increased operations by private individuals, principally captured by Valores Bancolombia, Corredores Davivienda, and Acciones y Valores with the launch of their "trii" trading app.

At 2020 year-end, new private individual accounts with share balances at **deceval** had grown from **907,240** to **912,780**.

There was also an increase of **18%** in private individuals investing in term deposits during the year.

MONTH	JAN-2020	APR-2020	JUN-2020	SEP-2020	DEC-2020	VAR # (2020)
Private individual share accounts	907,246	909,145	910,777	911,921	912,785	5,539
Private individual term deposit accounts	421,788	444,560	458,327	479,676	497,342	75,554

Source: **deceval** data to Dec 2020

**bvc's** commercial and education teams supported the retail objectives of exchange firms with a comprehensive education proposal for the segment, participation in information and training events, publication of economic reports and strengthening our allies' educational content, and free e-trading courses for individuals.

## Bogota Metro Financing



The Bogota Metro completed its financing by issuing Executory Shares (ES), a financing instrument launched by **bvc** in 2020 to support infrastructure megaprojects.

Our platform was used for the first ever ES issuance, with a value of **COP 2.4 trillion** – the largest ever local authority public debt issuance – represented by **2.4 million** dematerialised promissory notes. These ES are also the first sub-national public debt issue guaranteed by the national government, via a sovereign guarantee and the issuance of promissory notes in Colombian pesos with a 23 year term.

The issued ESs will remain in the Bogota Metro Company's possession until the constructor has fulfilled the entire contract, at which time they will be delivered as part of payment. From that moment, the holder may freely dispose of the shares received and earn capital and interest payments.

**Deceval** is responsible for registering the ESs and they may be freely traded by their holders or used as collateral in other exchange operations. This will provide liquidity to the concessionaire, as well as democratising the promissory notes by allowing any interested Colombian to invest using this mechanism.

# Commercial Management

GRI: 103-1, 103-2

## Promissory Notes



2020 was a record year for dematerialised promissory notes. The digital transformation of financial and real sector companies and Fintechs resulted in a record high of **5,028,092** issued and **8,865,357** in custody.

Commercial Management ended the year with 75 new clients (+278% YoY), and a further 60 clients in the process of being onboarded, mainly from the real and non-financial sectors and Fintechs. These clients view the depository as a strategic ally for virtual credit leverage and collateral, and the group includes family welfare funds, employee funds, Fintechs, and fiduciaries that have begun to use promissory notes as fund assets and collateral.

We designed a virtual office, reduced the number of documents required from our clients and improved the general experience. At year-end, promissory note product activations were 23% more agile than the previous year.

## Commercial Management in Numbers



### Sales

In spite of market shrinkage due to the pandemic, the diversification of information lines and post-trade should be highlighted as drivers of a final result that reached 90% of plan.



### New Clients

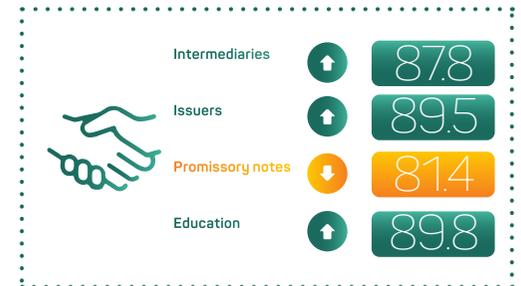
2020 was a record year for promissory note clients, issuers and traditional client engagement.

## Satisfaction Survey

The bvc satisfaction survey was conducted virtually in the final months of 2020. The commercial process was evaluated by different stakeholders and improved by 1.7 points to 88.2, with clients highlighting the quality of commercial support during what was a difficult year.

Commercial Management was evaluated by issuers, intermediaries and promissory note and education clients. With the exception of promissory notes, evaluation by segment was higher than in 2019, and the engagement process and information available were highlighted. However, we need to continue improving response times.

It appears that the promissory note platform migration and the high volume of clients being engaged affected our performance in this area, and this is something we will work on in 2021.



# Local and International Macroeconomic Evolution

GRI: 103-2

## International Macroeconomic Environment

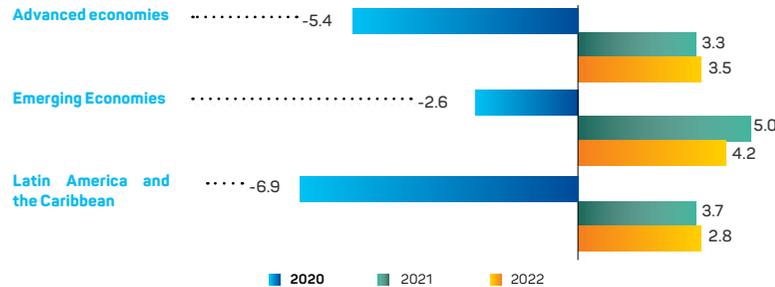
The Great Lockdown, as the International Monetary Fund called it, led to the greatest contraction of the world economy in almost a century. Millions of jobs were lost and social and international divides were exacerbated. Coronavirus lockdowns affected supply and demand, disrupted the supply chain, reduced household income, changed consumption patterns and led to a new normal. The economic policy response was in accordance with the outlook; Central banks cut interest rates and for the first time, the majority of emerging markets implemented non-conventional stimulus measures to increase the effect of monetary accommodations and adequately meet the financing needs of the real sector.

Nonetheless, the World Bank estimates that the global economic contraction of 2020 was slightly below initial projections due to a lower than expected contraction in advanced economies and China's recovery being more solid than anticipated. The effect on other emerging and developing markets was worse than expected, and the World Bank has stated that the global economy will grow by 4% in 2021 due to emerging market growth (Graph 1). The projections were made under the assumption that vaccine distribution would take place throughout the year. It is probable that recovery will be modest, unless policymakers act decisively to control the pandemic and implement reforms that increase investment.

On the capital markets, public debt bonds will increase in value more than other assets because the authorities have taken unprecedented measures to ensure liquidity and market access. Towards the end of the year, equities showed tentative signs of a shift from high technological growth shares towards more cyclical shares thanks to progress in the COVID-19 vaccine and the start of large scale inoculation in a number of countries.

Finally, the oil price stayed within investor expectations and demand projections in light of the pandemic. In spite of huge production cuts, the oil price recovery has stalled recently due to concerns about a resurgence of COVID-19 infections and its impact on oil consumption.

Graph 1. World Bank Economic Growth Forecast



Source: Global Economic Prospects – World Bank

# Local and International Macroeconomic Evolution

GRI: 103-2

## Local Macroeconomic Environment

In 2020, the world experienced the most profound and synchronised recession in modern history, and Colombia was not immune. Lockdowns and falling oil prices led to a huge fall in internal demand and profoundly affected the services sector and its important contribution to GDP. It is expected that Colombia's year-end growth rate will be -7.2%, with a 4.5% recovery in 2021 that is dependent on the gradual reactivation of all components of demand.

Analysts expect inflation to be below Banco de la República expectations at around 1.5% due to the strong fall in private consumption and lower household spending during lockdown, especially on clothes, entertainment and tourism. It is hoped that the 2021 interest rate will remain at 1.75% due to the economic recovery and financial stability strategies.

The abrupt fall in economic activity led to significant job losses; May was the worst month, with an unemployment rate of 21.4%. However, the job market showed gradual recovery and the unemployment rate in November was 13.31%, 4% more than the previous year but 8% lower than at the worst point of the crisis.

GRAPH 2. COLOMBIAN MARKET INDEXES



Tax receipts fell dramatically due to the government's tax relief initiatives for businesses during lockdown and the payment of subsidies to the most vulnerable members of the population. Fiscal rules were suspended in June to enable greater flexibility to deal with the crisis. It is estimated that total government spending will reach 24.1% of GDP, up from 18.6% in 2019.

Finally, the local foreign exchange and equity markets suffered unappreciated shocks. During the most critical global risk aversion episode in March and April, the COP-USD exchange rate reached a record high of COP 4,154 and COLCAP hit a record low of 894, a loss of 14% compared to 2019. The fixed-income market was least affected due to the government's monetary stimulus policies, bond purchases and liquidity support. It is estimated that in 2021 risk and volatility will increase, profitability will be limited and long-term bonds will be devalued. With regard to shares, it is estimated that the economic recovery and optimism around the vaccines will generate a tendency towards growth throughout the year.

# Issuer Services

## 7.3.1 IR Recognition

GRI 103-2 SASB FN-EX-410a.4

### IR Recognition



In its quest to position Colombia as a global reference country for information disclosure, bvc has been encouraging issuers to adopt best practice in information disclosure on 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 2020, 31 issuers successfully renewed their membership and 2 issuers obtained IR for the first time (Mineros and FDN). This year, the programme will be expanded to incorporate social and environmental criteria and complete the ESG trilogy. The new criteria are: Corporate Strategy, Human Capital Management, Social Management and Environmental Management.

#### NUMBER OF ISSUERS WITH IR RECOGNITION



Source: bvc.

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 highest general adoption of the standards

1. Grupo Nutresa
2. Bancolombia
3. GRUPO ARGOS
4. BBVA
5. Findeter

Source: bvc

### Number of Issuers



Source: bvc.

### Number of Issuers 2020

158  
issuers

In 2020, 32 issuers (the highest number since 2013) participated in 33 issuances that raised **COP 12.93 trillion** in fixed-income securities.

Seven new issuers decided to base their financing strategies on bvc products, among them FDN with an initial issuance of **COP 1 trillion** in ordinary bonds, Ictetex with social bonds, LatAm Logistic Properties with commercial papers in USD, Ingeurbe with credit securities, the Barranquilla local authority with internal public debt bonds, and Primax y Cif with ordinary bonds.

Three of our issuers reaffirmed their commitment to the country's economic and social progress by releasing sustainable financial instruments in 2020: ISA and Banco de Bogotá with green bonds, and Ictetex with social bonds.

The average Bid to Cover of issuances in 2020 was 1.88, evidencing the appetite of investors for this market.

2020 highlighted the market's capacity as a source of financing, with flexible terms, rates and conditions for securities that enabled issuers to obtain the best possible results and continue exceeding their business objectives. In 2021, we will work hand in hand with current and potential issuers as allies for reactivation.

### Issuer Committee

The Issuer Committee is comprised of the 14 most active issuers in the market, from different economic sectors, and is a formal discussion forum in which doubts, suggestions and other securities market topics are analysed. The committee serves to promote and drive regulatory modifications with the bvc and the authorities.

Throughout the difficult situation caused by the pandemic in 2020, the committee's working groups and the regulatory authorities worked on various legislative proposals designed to promote greater development in the public securities market. Important legislative changes were achieved that positively impacted the capital markets, including modifications to the figure of Bondholder Legal Representative, a broadening of Issuance and Collocation Programmes, the creation of a Stockbroker Guarantee Fund, changes to the Pension and Severance Fund Investment Regime, and clarification of some definitions, such as 'Professional Investor'.

### Satisfaction Survey

IPSOS conducted the 2020 Satisfaction Survey with issuers that participate in inscription processes and special operations, as well as depositor issuers, comprehensive issuers and supported issuers, and the result was 87.3 points. No elements required critical or immediate attention.

Clients identified the support provided by the Commercial and Special Operations teams as one of bvc's strengths. They also recognised that spaces such as the Issuer Committee and initiatives such as IR Recognition generate value and strengthen bvc's relationship with its clients. No high-impact improvement needs were identified, but there are opportunities for improvement in document collection, the signing of engagement contracts, special operation readiness, macro securities and the issuance prospectus. To this end, the exchange launched a platform to improve the stated improvement opportunities.

# Issuer Services

## 7.3.2 Special Operations GRI: 103-2

There was an important dynamic in fixed-income issuances in **2020**, that included 33 operations and the first debt swap process, together with 4 other operations, for a total of **COP 13.9 trillion** in 37 operations as follows:

TYPE OF OPERATION	NUMBER OF OPERATIONS	AMOUNT (COP BILLION)	AMOUNT BILLED (COP MILLION)	NOTES
Fixed-income issuances	33	12,933.91	1,166.67	Includes cancellation and development fees.
Stock certificates	1	105.00	88.54	
Public tender offers	3	889.29	808.43	
<b>TOTAL</b>	<b>37</b>	<b>13,928.19</b>	<b>2,062.65</b>	

### Satisfaction Survey

Special operations scored 100 points in the 2020 satisfaction survey. Issuers highlighted the support, service quality and collaboration they received during operations. However, there is a small opportunity for improvement in ease of contacting the team.

### Primary Market Operations

In **2020**, 33 fixed-income issuances were carried out worth **COP 12.9 trillion**, and one stock issuance worth **COP 104.9 billion**.

\*COP trillion



### Secondary Market Operations

Three public tender offers were conducted in **2020** worth **COP 889.29 billion**.

\*COP trillion



Source: bvc

# Issuer Services

## 7.3.3 Issuance Depository

GRI: 103-2

The issuance depository service corresponds to dematerialised security issuances, inscription and administration. In 2020, issuance deposit balances fell due to the devaluation in the securities market and a reduction in dematerialised term deposits to **COP 527 trillion**, **COP 13 trillion** less than in 2019. However, bonds and stock certificates performed well, with an increase of **COP 9.1 trillion** or close to 10%, as shown below. Dematerialised issuances by class of security were as follows:

CLASS (COP TRILLION)	2016	2017	2018	2019	2020	VAR. \$ YEAR	VAR. % YEAR
Shares	241.8	266.0	238.6	307.7	294.0	-13.7	-4.5%
Term deposits	113.3	121.0	122.9	129.6	122.9	-6.7	-5.2%
Ordinary bonds	42.3	48.3	52.3	55.4	60.5	5.2	9.3%
Mortgage securities	3.1	3.7	3.5	4.2	3.5	-0.8	-18.1%
Public debt bonds	8.0	10.3	10.5	11.2	12.7	1.5	13.7%
Credit bonds	0.7	0.4	0.2	0.7	0.8	0.1	10.0%
Pension bonds	1.8	1.8	1.7	1.5	1.3	-0.2	-13.7%
Other securities	12.3	18.5	21.7	28.9	31.4	2.5	8.7%
Commercial papers	0.0	0.4	0.6	0.0	0.0	0.0	14.3%
TIDIS (tax refund certificates)	2.3	0.3	0.8	0.7	0.0	-0.7	-99.4%
Non-mortgage certificates	0.2	0.3	0.3	0.2	0.2	0.0	3.4%
<b>TOTAL</b>	<b>425.8</b>	<b>470.9</b>	<b>453.3</b>	<b>540.1</b>	<b>527.3</b>	<b>-12.8</b>	<b>-2.4%</b>
% dematerialisation	97%	97%	96%	96%	97%		

The client satisfaction score was 88 points, and in 2021 our objective is to maintain service quality, friendliness, knowledge, opportunity and ease of communications at the same level.

## Fixed-income Issuances

Equity issuances fell by 4% due to a devaluation of balances in circulation caused by the pandemic; the balance was **COP 294 trillion** with a penetration rate above 85%. Highlights were the dematerialisation of Grupo Bolívar and Administradora de Fondos de Pensiones Protección shares that reached 97%.

Other depository securities grew, principally stock certificates in mutual investment funds and private capital funds that grew by more than 9% to a value of **COP 2.5 trillion**.

CLASS (COP TRILLION)	MARKET DEC 20	DEPOSITOR AND CUSTODY DEC 2020	PENETRATION (%)
<b>Private debt market</b>			
Shares*	365.7	310.4	85%
Term deposits**	162.5	123.2	76%
Bonds	72.4	72.4	100%
Other securities	33.1	33.1	100%
Mortgage securities	3.5	3.5	100%
<b>Sub-total</b>	<b>636.8</b>	<b>542.6</b>	<b>85%</b>
<b>Public debt market</b>			
TES (treasury bonds)***	348.0	0.5	0%
Pension bonds	1.3	1.3	100%
TIDIS (tax refund certificates)	1.5	0.0	0%
Other DCV securities***	12.9	0.0	0%
Finagro bonds***	11.4	0.0	0%
<b>Sub-total</b>	<b>372.3</b>	<b>1.9</b>	<b>1%</b>
<b>Total domestic circulation</b>	<b>1,009.0</b>	<b>544.6</b>	<b>54%</b>
External debt securities****	104.0	0.8	1%
<b>Total circulation</b>	<b>1,113.0</b>	<b>545.4</b>	<b>49%</b>

Source: \*bvc. Market capitalisation December 2020. \*\*CFS. Distribution October 2020, \*\*\*DCV to 31 December 2020, \*\*\*\* IRC to 31 December 2020.

## Fixed-income Issuances



Bonds showed an interesting dynamic in spite of the pandemic. At year-end, they had contributed a gross issuance volume of **COP 12.8 trillion**. Highlights were green and social bonds (**COP 0.96 trillion**), six new bvc issuers, and Grupo Sura, FDN and Grupo Bolívar issuances of **COP 1 trillion** each.

At the end of December 2020, dematerialised term deposits had fallen by **\$123 trillion** or 5% compared to the previous year, with a penetration rate of 76%.

We started developing a new value added product offer in 2020 for issuers and depositors, focussed on retail services and strengthening the 100% digital assembly service we offer to issuers.

# Issuer Services

## 7.3.3 Issuance Depository

GRI: 103-2

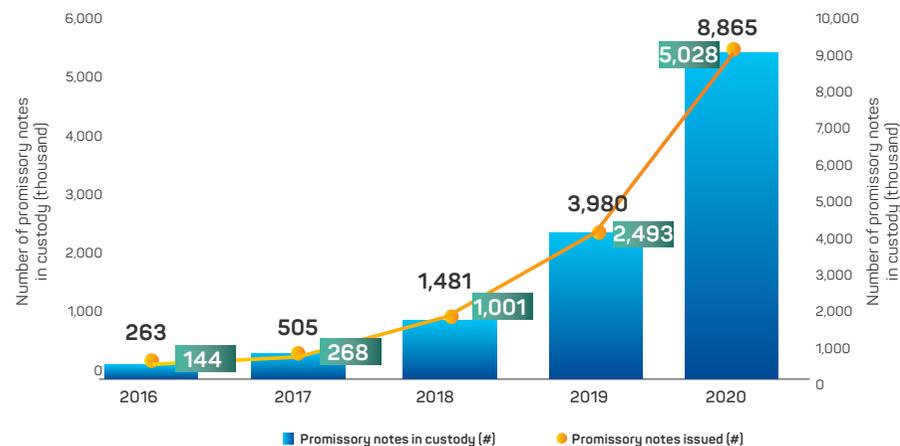
### Dematerialised and Immobilised Promissory Notes

The issuance and custody of dematerialised promissory notes continued to grow exponentially in 2020, supported by progressive issuance volumes and a greater number of active issuers (more than 180). More than 80 new clients were onboarded in 2020, including new credit and Fintech institutions, allowing us to reach an annual volume of more than **5.1 million promissory notes** (+101%) with **8.8 million promissory notes** in custody.

Highlights were the first issuance of **2.4 million** Executory Shares (promissory notes) to finance the Bogota Metro and the new promissory note repo service with Banco de la República.

#### Evolution of dematerialised promissory notes 2016 – 2020

Number of promissory notes in custody (thousand)



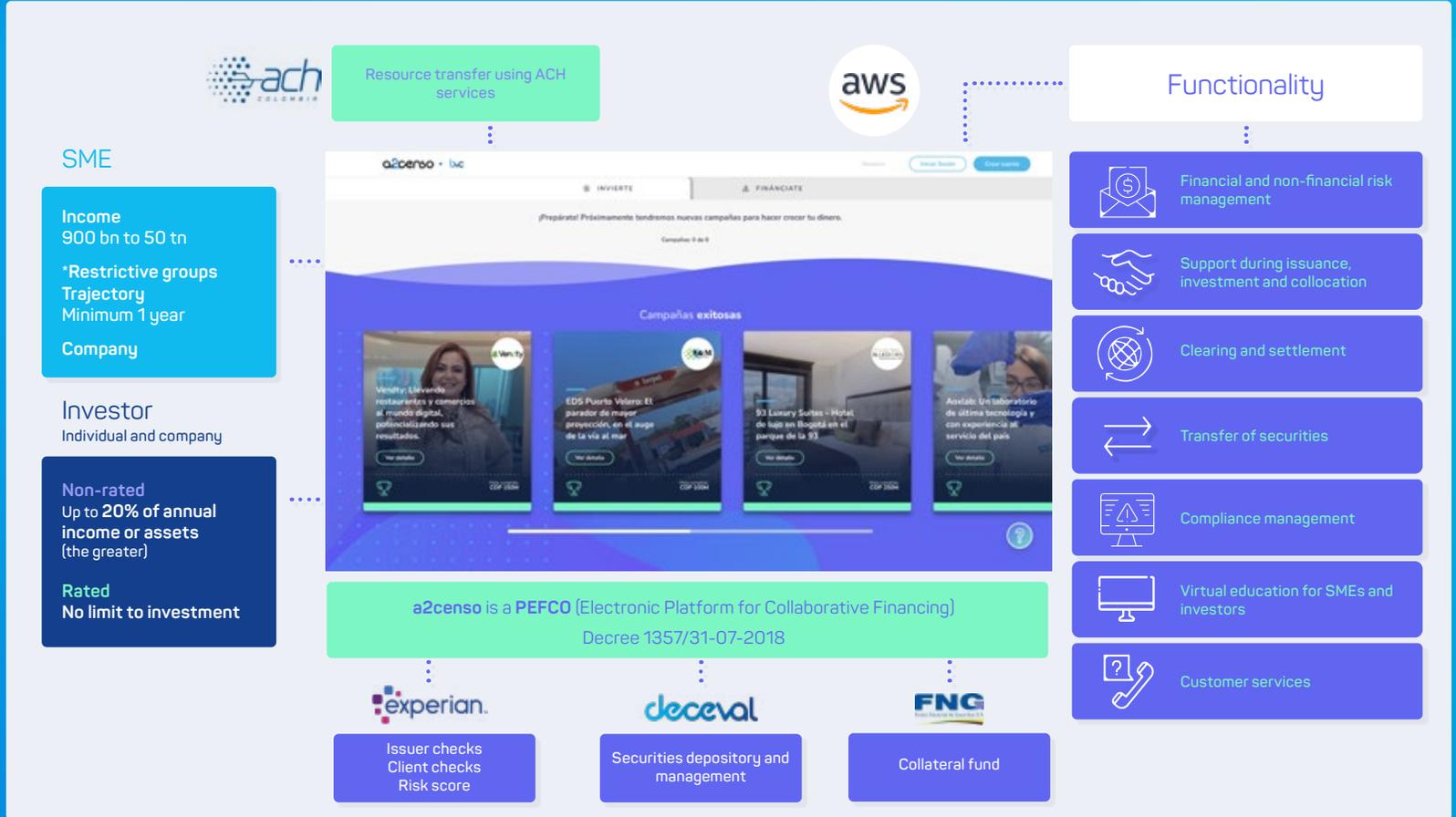
Our satisfaction survey score in 2020 was 74.1, a slight fall of 1.8 points compared to 2019. In 2021, we will continue to search for alternative mechanisms to improve pre-sales, sales and post-sales and take us above the 80 point threshold.

In 2021, our objective is to broaden our relationship with current clients, capture new clients, niches, segments and sectors in accordance with our commercial focus, and strengthen the current technology platform in accordance with new product and market realities. We will also continue to take the necessary measures to improve our products' value proposition and provide new functionality for the Temporary Liquidity Support service.

7.3.4 a2censo GRI 103-2

a2censo is a digital ecosystem that connects Colombian SMEs with potential investors to finance projects.

a2censo gives SMEs to access funding and gives Colombians investment options by building on the success of financial crowdfunding platforms around the world.



7.3.4 **a2censo** GRI 103-2**a2censo Debt: The First Financial Crowdfunding Platform in the Country**

**a2censo** has reached an important milestone: It is not just the country's first financial crowdfunding platform, but has consolidated itself as a financing option for SMEs and an investment opportunity for people who, with or without experience, want to bet on the country's growth while making their money grow with better profitability than other savings and investment products in the market. **a2censo** is a digital and evolutionary product, not just in terms of its technology platform but across the entire value proposition for clients; It tries to understand their needs and continuously improve. Version 1.0 was launched on 20 November 2019 and has subsequently evolved and improved its value proposition for clients. These are the principal achievements of its first year in operation:



Data to 31/12/2020

In spite of the difficulties of COVID-19 for society in general, **a2censo** rapidly evolved, refocused its commercial strategy, strengthened its digital marketing and rapidly evolved its technology platform to incorporate new developments and functionality that offer improved product clarity to users and an improved digital experience with greater process efficiency and efficacy. It has consolidated itself in the market and has mobilised private investor resources for the business sector, something that has been especially necessary during the current pandemic.

**a2censo** has become an effective alternative financing vehicle for SMEs; In spite of the situation, 84% of all resources generated on the platform were collected after lockdown began in March. The **a2censo.com** website received more than 1,320,000 visits and more than **COP 3 billion** in free press was generated for financial institutions on the platform. Finally, a rigorous evaluation process meant that at year-end, the non-performing portfolio was zero.

**a2censo** has given Colombian investors an opportunity to grow their money starting with very small amounts (**COP 200,000**). By the end of the year, the product had 2,300 investors and it continues to grow. The conversion rate is 18.68% (better than average for similar digital products) and the reinvestment rate is 46.67% suggesting high levels of product acceptance.



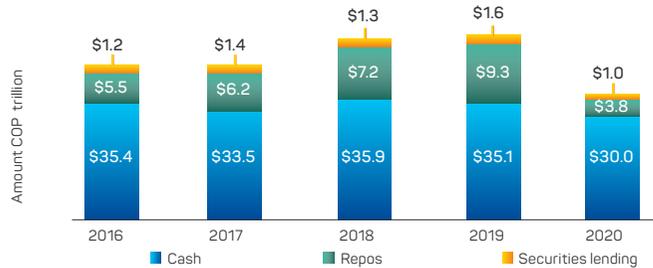
# Capital Market

## 7.4.1 Equities Market

GRI: 103-2

In 2020, **COP 34.8 trillion** was traded on the equity market in cash (**COP 30 trillion**), repos (**COP 3.8 trillion**), and securities lending (**COP 1 trillion**) - contractions of 14.7%, 59.3% and 36.1%, respectively, compared to 2019.

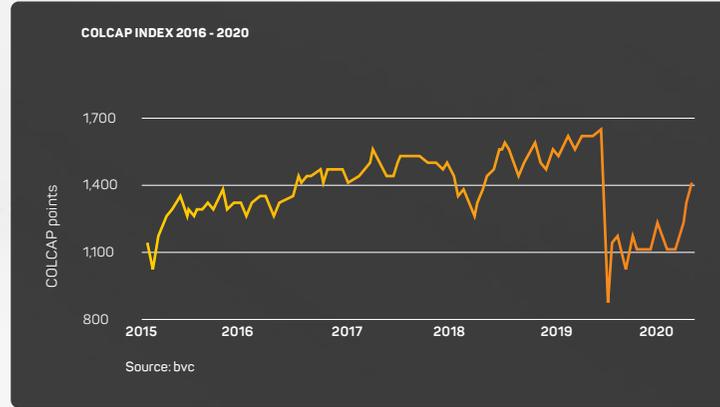
Equities Volume 2016 - 2020



COP trillion / Source: bvc

The uncertain global economic outlook in 2020 meant investors abandoned their positions in search of refuge investments, and market behaviour was influenced mainly by the pandemic, as well as geopolitical uncertainty in Europe and the Middle East. The global economy contracted and many central banks implemented expansionist monetary policies.

Exchanges experienced mixed behaviour as a result of high levels of uncertainty and low central bank interest rates. Due to the high participation of the US technology sector, the S&P 500 and Dow Jones increased by 16% and 7%, respectively. The Colombian economy was affected by the weakened regional and global economies, reduced productive activity dynamism, falling internal demand and low oil prices, amongst others, and the COLCAP index fell by 14%. Regional indexes showed mixed results: IPSA (-11%), MEXBOL (+1%), S&P/BVL Peru (+1%) and IBOVESPA (+3%).



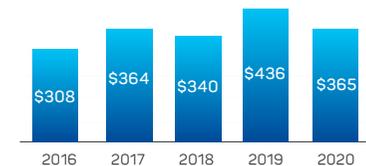
## Investors

Foreign investment represented 34% of the local market in 2020, followed by brokerage firms (20.6%), pension funds (16.1%), private individuals (14.9%), real sector (7.6%) and other investors (6.7%). The principal net purchasers during the year were pension funds with COP 3.6 trillion, and foreign investors ended the year with a net sales position of COP 3.4 trillion.

Total transactions increased by 62% from 555k in 2019 to 898k in 2020, and private individual operations grew by 95%.

Market capitalisation fell by 16.3% compared to 2019 and ended at COP 356 trillion.

MARKET CAPITALISATION



COP trillion / Source: bvc

# Capital Market

## 7.4.1 Equities Market GRI: 103-2

### Principal Initiatives and Products 2021

#### INET – Master Trader Project



The Exchange continues to work on its most important technology implementation in recent years: integrating fixed-income, equity, derivative and MILA markets into one trading screen.

On 9 November 2020, bvc updated the X-Stream INET equity and derivative trading platform to its latest version. The platform has a robust high-performance architecture that complies with world-class securities industry standards and optimises screen functionality.

On 13 November 2020, Master Trader certification tests were satisfactorily completed for the equity market (EQTY and MGC). During Q1 2021, bvc will migrate equity and derivative trading to Master Trader so affiliates can adopt new trading mechanisms that facilitate algorithmic trading.

#### Securities Lending



To stimulate growth in OTC securities lending and in view of national government Decree 1351/2019 authorising these operations, bvc successfully implemented the OTC securities lending operations Registry System in 2020.

We hope that this product will bring multiple benefits to the market and facilitate clearing and settlement mechanisms for transactions with a noncompliance risk, allow shorts to be hedged and multi-market strategies to be structured and, in general, increase asset rotation and liquidity.

#### Clearing and Settlement at the Cámara de Riesgo Central de Contraparte (CRCC)



On 18 August 2020, clearing and settlement for cash and securities lending equity operations moved to CRCC, mitigating trading and compliance risks for these operations and enabling efficient risk and guarantee management. In addition, the settlement terms were changed from T+3 to T+2 to generate compliance efficiencies in these operations.

Incorporating CRCC improves security and contributes to financial stability. Clearing and settlement and risk management is efficient and meets the highest international standards. In addition, these changes enable new foreign investment flows and market growth.

#### Colombian Global Market



In 2020, the Exchange entered into an alliance with Chile's Bolsa de Comercio de Santiago (BCS), with the objective of providing investors with opportunities to diversify their risk, improving access to global instruments and generating opportunities for arbitration strategies.

We worked on legislative and operational adjustments throughout the year, to allow listings on each country's foreign securities markets and trading of each market's principal shares. We also activated the ability to contract liquidity-maker programmes in foreign securities with a view to adding liquidity to this market.

#### Satisfaction Survey



Equity products scored 74 on the satisfaction survey in 2020, a fall of 9% compared to the previous year. There are opportunities for improvement in infrastructure development, liquidity, and supply. The fall in this indicator was principally influenced by difficulties related to the trading platform and the effect COVID-19 had on the market.

# Capital Market

## 74.2 Fixed-income Market

GRI: 103-2

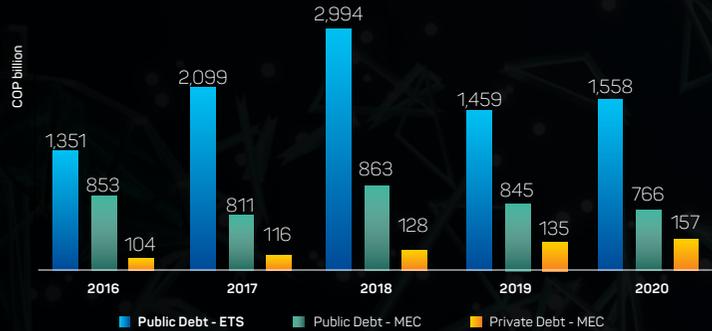
### Market Behaviour

The local fixed-income market experienced mixed results due to the immense challenges of 2020. Public debt bonds increased in value in spite of increased risk aversion, and exceeded the performance of other assets. This can be explained by the unprecedented measures taken by the monetary and fiscal authorities with regard to liquidity and prudential management.

Colombian interest rates fell to historic lows, and followed global central bank trends towards expansionist policies designed to address the effects of the pandemic. The central bank rate fell from 4.25% in March to 1.75% in September, a record low (225 basis points less). The rate has remained at this level since then, and is expected to stay there for at least the first quarter of 2021.

Cash trades in treasury bonds fell by 28% on both the ETS\* and MEC\*\*, but RRP operations rose by 23% and 21%, respectively. Private debt trading rose by 16%.

GRAPH 1: PUBLIC AND PRIVATE DEBT VOLUMES



### Private Debt Market

Private debt asset trading volumes saw an annual increase of 16%, reaching COP 157 trillion and making 2020 the most active year since 2012. This is principally explained by increased spot trading in term deposits, followed by bond trading that was inspired by value increases along the curve, the admission of corporate debt assets in transitory and definitive monetary expansion operations, and the corporate debt collocation dynamic on the primary market.

RRP trading with eligible corporate debt assets fell by 20% compared to 2019, to COP 18 trillion.

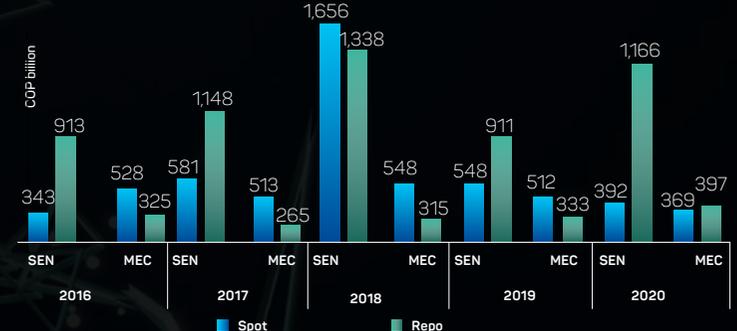
### Public Debt Market

Monetary policy actions brought much liquidity to the market and were key to correcting the initial devaluation in public debt bonds between March and April. The subsequent lowering of interest rates favoured debt refinancing with longer terms and the issuance of new references.

There was a lot of activity in the local treasury bond market, especially between August and October, due to the new financing structure and relative stability of the country's rating, together with increased interest from foreign investors following Colombia's incorporation into the Bloomberg Barclays debt indexes.

Monetary market trading volumes saw significant evolution. MEC trading in treasury bond RRP's cleared and settled by CRCC came to the forefront amid accelerated movements in the base rate, growing by 20% compared to the previous year.

GRAPH 2: PUBLIC DEBT TRADING VOLUME BY TYPE OF TRANSACTION



### New Initiatives

To strengthen liquidity in the transaction system, bvc launched the first treasury bond liquidity programme; Six agents participated in Q1, bettering expectations. This result laid the groundwork for new liquidity programmes for other fixed-income assets that will be activated in 2021.

To facilitate remote working operations, bvc implemented Master Trader in the cloud as an alternative connection mechanism to overcome the quality, speed and stability challenges of working from home. The cloud facilitated experimentation with large scale loading templates and algorithmic quotes to improve trading and registry, and simplify interaction with Microsoft Office tools.

The satisfaction survey returned positive results for fixed-income products for the second consecutive year with a score of 83.9, an improvement of 0.6 points that places us at the top of the capital market segment. Users highlighted Master Trader evolution, infrastructure capacity, and bvc's ability to listen to and implement recommendations.

# Capital Market

## 7.4.3. Derivative Market

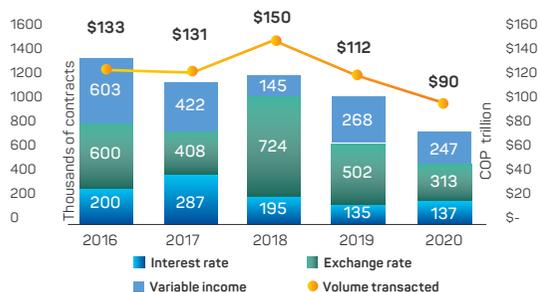
GRI: 103-2

### Derivative Market

Derivative market performance in 2020 reflected the huge challenges of the COVID-19 pandemic and also showed the importance of having financial instruments that enable risk transfer and the support of various market participants. Although TES and COLCAP futures grew by 2% and 9% respectively, the fall in FX futures that make up 61% of the market meant that the year ended with 697,000 contracts, a reduction of 23% compared to 2019. In addition, transactions fell by 12% to \$1,722.

Increased volatility on the international markets, the reduced central bank base rate and the commitment of liquidity providers were factors that positively stimulated the performance of TES futures. However, Banco de la República support for dollar liquidity with intermediaries reduced the importance of hedging products like FX futures. In the second half of the year, expectations of an economic recovery attracted the attention of COLCAP futures market investors and generated volume growth of 28% in third-party positions compared to the previous year.

#### Derivative Volume by Component



COP trillion / Source: bvc

### Liquidity Providers

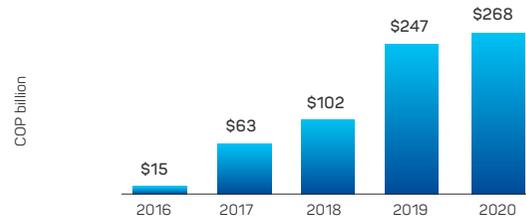
The treasury bond futures Liquidity Provider Programme continued to consolidate itself in 2020. The programme's flexibility in times of stress enabled the rapid reactivation of participants' obligations and ensured that quality did not suffer. In addition, eight members were reactivated in the TES futures market.

#### DEPTH AND SPREAD - TES FUTURES



The fact that COLCAP Index futures have a liquidity provider programme and offer diversified market access, combined with the appetite of investors, meant that the growth observed since 2016 continued.

#### VOLUME EVOLUTION - COLCAP INDEX FUTURES



Data to 31/12/2020

### New Initiatives and Products

In spite of the new working dynamic at all organisations due to the pandemic, bvc continued to strengthen its relationship with market institutions in 2020. Updates to the bvc tools provided to derivative operators continued to reduce the operations necessary to conduct trades.

We continued to guarantee the implementation of strategies across the entire fixed-rate treasury bond curve, by listing futures on bonds maturing in 2027 and 2050. We offered investors lower risk alternatives to counteract market volatility by opening trading on the two closest monthly contracts, as well as the four quarterly contracts already available for COLCAP Index futures.

### Satisfaction Survey

The Derivatives Market scored 80.8 points on the 2020 Satisfaction Survey, 1.5 points higher than the previous year.

Although directors' perception of the derivative market was better than that of operators, the latter's perception improved considerably compared to the previous year. None of the operator attributes scored low, and they posted a general increase of 3.7 points compared to 2019.

Comments highlighted bvc's ability to respond to market situations and needs, and its ability to listen to suggestions.

Suggested improvements were continued improvement's to the trading platform and facilitating access for new investors.

# Post-trade Services

## 7.5.1 CRCC Clearing and Settlement

GRI: 103-2

### 2020 Performance

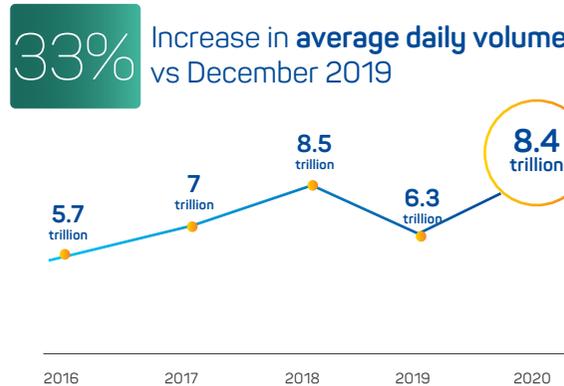
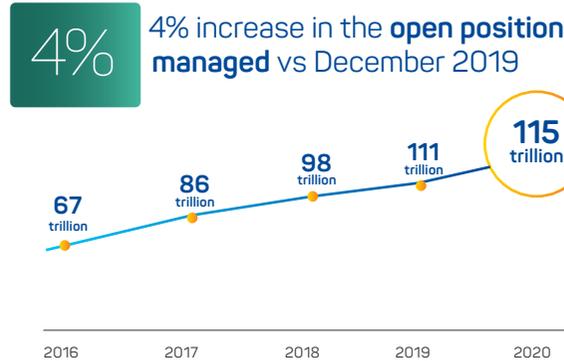


The Cámara de Riesgo Central de Contraparte (CRCC) is now a bvc subsidiary. In 2020 it successfully navigated the impact of price volatility in the cleared and settled assets it managed due to COVID-19 lockdowns and the falling oil price.

Although the year was witness to worsening macroeconomic indicators as a result of the pandemic, the clearing house continued to consolidate itself as the principal risk manager for Colombian markets in its role as a central counterparty institution operating with integrity, security and transparency.

In August it launched the central counterparty clearing and settlement service for equity cash and securities lending operations. It implemented unwinding for swaps and in December it completed its merger with the Cámara de Compensación de Divisas de Colombia.

It also enrolled two new swap members, taking it from a volume of COP 318 million to COP 2.5 trillion, and worked on digital transformation and business intelligence aspects that improved efficiency indicators and access to risk management information analysis.



### Open Position

At year-end, the open position managed by the clearing house reached a record of **COP 115 trillion**, an increase of 4% compared to 2019.

### Average Daily Volume

The average daily volume accepted for clearing and settlement rose to **COP 8.4 trillion** in 2020, 33% higher than the previous year. The volume of standardised derivative financial instruments fell by 12%, derivative financial instruments grew by 44% and RRP operations fell by 67%.

From 14 December, the clearing house received an average of **USD\$1.2 billion** per day for clearing and settlement without a central counterparty.

### Satisfaction Survey

The result of the 2020 Satisfaction Survey was 84.3 points. Main improvements are to be found in information availability, a better collateral liberation process, improved collateral calculation, and a better response time. Action plans were established that led to a number of projects to automate information using fix 4.4 and web services, training and risk model calculators, and other automation related to the collateral liberation process that enabled us to comply with our SLA of liberation within the hour.

# Post-trade Services

## 75.2 Clearing, Settlement and Custody GRI: 103-2

### Custody

This service corresponds to the safeguarding of physical or electronic securities for market participants (direct depositors). At 2020 year-end, the value of certificates in custody was COP 545 trillion. The reduction of COP 15 trillion compared to 2019 was principally due to devaluations in equity assets due to the pandemic. However, bonds and other securities grew by more than 10%. At 2020 year-end, shares made up 57% of certificates in custody, term deposits 23%, bonds 13% and other securities 7%. The depository is 1.5x larger than the Banco de la Republica Central Securities Depository in terms of the total balance in custody.

In 2021, we will continue our commercial and product efforts designed to attract a greater volume of more diverse certificates to the depository.

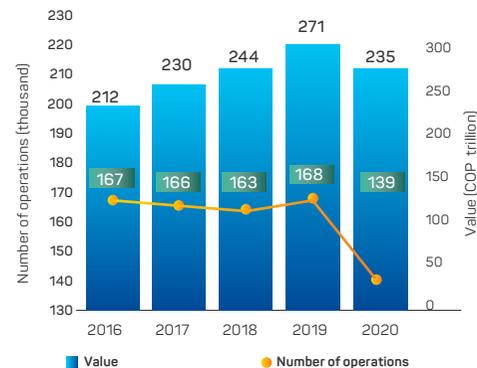
#### CUSTODY BY TYPE (COP TRILLION)

	2016	2017	2018	2019	2020	VAR. 19.20 (\$)	VAR. 19.20 (%)
Shares	255.8	281.2	254.8	327.1	310.4	-16.7	-5.1%
Term deposits	113.4	121.3	123.1	129.8	123.2	-6.6	-5.1%
Ordinary bonds	50.3	58.7	63.0	66.6	73.2	6.7	10.0%
Other deuceval securities	12.9	18.8	23.1	30.3	33.1	2.8	9.3%
Mortgage securities	3.1	4.0	3.5	4.2	3.5	-0.8	-18.1%
Pension bonds	1.8	1.8	1.7	1.5	1.3	-0.2	-12.3%
TES (treasury bonds)	0.4	0.5	0.4	0.3	0.6	0.2	71.4%
TIDIS (Tax refund certificates)	2.3	0.3	0.8	0.7	0.0	-0.7	-99.4%
<b>TOTAL</b>	<b>439.9</b>	<b>486.6</b>	<b>470.5</b>	<b>560.6</b>	<b>545.4</b>	<b>-15.2</b>	<b>-2.7%</b>

### Clearing and Settlement

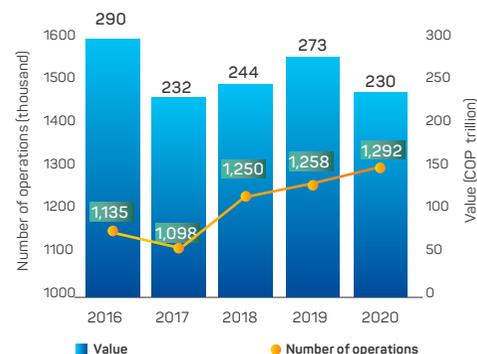
The clearing and settlement service corresponds to the registration of securities transfers, and the settlement of obligations transmitted by registration, trading and external clearing and settlement systems, in accordance with the instructions these systems transmit at their own responsibility to the depository. Instructions may be FOP (only securities) or DVP (money and securities).

#### DVP Evolution 2016 - 2020



In 2020, clearing and settlement transaction volumes grew to 1,431,571 (1,292,222 FOP and 139,349 DVP). In value terms, FOP operations were worth COP 243 trillion and DVP COP 235 trillion. Consolidated financial assets under management were worth COP 464.4 trillion, a fall of 14.5% compared to 2019. These values are close to 50% of projected Colombian GDP for 2020.

#### FOP Evolution 2016 - 2020



Highlights were the implementation of a clearing and settlement model using CRCC for cash and securities lending operations on the equities market using ISA (Individual Segregated Account) and OSA (Omnibus Segregated Account) models. This model simultaneously processes the delivery of securities and the payment of funds using settlement model 3 for securities and cash to ensure the availability of the assets. Rollout was in August 2020. We also implemented OTC securities lending operation clearing and settlement according to plan in April 2020, and the initial implementation of some robotised processes.

In 2021, we hope to implement clearing and settlement for mutual fund bonds traded as equities, and will implement value added services that make the Colombian market ever more dynamic and fluid. Our clients and intermediaries gave us a score of 80 points in the satisfaction survey.

# Post-trade Services

## 7.5.3 Securities Management

This corresponds to the asset rights issuers have on securities (yield, dividends, etc.), and payments to the investor through their depository. In 2020, this reached **COP 143.6 trillion** (2.9% more than 2019 and a record for the service), made up mainly of maturing term deposits and bonds, and due to the positive dynamic of dividend payments during the year. Client satisfaction was above 80, with opportunities for improvement in timely foreign payments and the correct calculation of corresponding taxes. In the future we hope to develop ways to optimise payments and make them cost efficient.



# Information Services

## 7.6.1 Information Services and Electronic Media

GRI 103-2 SASB: FN-EX-410a.2

### Information

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

The good performance of information products is principally due to the excellent performance of COLCAP Index licencing due to a 12% increase in ETF ICOLCAP assets under management from COP 6.28 trillion in 2019 to COP 7.05 trillion in 2020, a historic high.

GRAPH 1. ETF ICOLCAP  
ASSETS UNDER MANAGEMENT



Source: Colombian Financial Superintendence

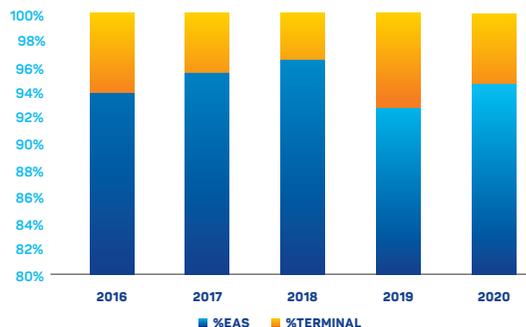
### Electronic Media

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

Results in 2020 were stable compared to 2019 and reinforce the need for the industry to implement automatic digital processes that allow market access.

In 2020, we improved the X-Stream INET trading engine and the Master Trader trading screen to provide clients with improved response times, a better user experience and adequate market integration.

GRAPH 2. EVOLUTION OF ORDER ROUTING



Source: bvc

bvc has two ways of entering orders: i) exchange terminals, and ii) fix 4.4. SAE. As can be seen above, EAS makes no distinction of the type of business entering orders (algorithms, DMA, e-trading or traditional external terminals).



### Satisfaction Survey 2020

Information products and external media scored 82.5, slightly down on last year's score of 83.2 but still high. Clients most valued the trustworthiness and availability of market indexes, but identified room for improvement in electronic access services focussed on back office.



### Main Challenges 2021

The main challenges next year are around guaranteeing permanent value creation by creating new and improved solutions that facilitate access to the exchange using multimarket tools, attracting new clients and improving operational efficiency.



### bvc - MSCI Alliance

Strengthen Colombia's market position abroad via the strategic alliance with MSCI for managing the MSCI COLCAP Index.



### Phase 2 INET - Master Trader Project

Enable equity and derivative markets on the Master Trader terminal and achieve integration with the fixed-income market (already in production).



### Foreign access

Increase foreign participation by implementing international access channels with new allies that minimise friction when trading on local markets.



### Innovation

We aim to define a set of services for clients to access market and other relevant information that allows them to conduct analyses that lead to more efficient decision-making.

# Information Services

## 7.6.2 Valuation and Pricing - Precia GRI: 103-2

2020 was a strange year for the company. We achieved favourable financial results while we responded to the challenge of keeping operations working adequately and ensuring employee safety, and our remote operation functioned satisfactorily.

### Business Areas

Precia provides the following services:

- Pricing
- Corporate finances
- Calculation services
- Alliances

### Pricing

2020 was a year of generalised uncertainty and high levels of volatility in the market, especially in March and April. Our valuation methodology, especially for local fixed-income, adequately reflected market conditions and allowed clients to precisely value their positions.

EVOLUTION OF TREASURY BONDS MATURING IN 2024

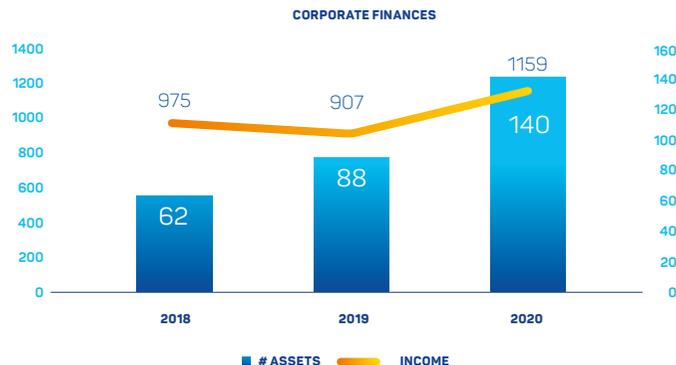


In June we started publishing the vectors necessary to incorporate SOFR rates into derivative instrument valuation as a replacement for LIBOR rates. This process was completed in October with the publication of vectors for discount flows.

We continued to develop new vectors and methodologies in 2020 designed to meet the needs of the market. These include: American Options, adjustments to Banco de la República options, adjustments to CPI Swap curves and vectors for El Salvadorian government bonds.

### Corporate Finances:

This area enjoyed very favourable results in 2020, and achieved greater diversification of income streams by incorporating new clients. We started valuing a number of private capital funds including: FCP Cartama, managed by Fiduciaria Bancolombia; FCP Avanti and FCP PEF 2, managed by Fiduciaria Corficolombiana; and FCP Aqua 2, managed by Fiduciaria Renta 4 Global. We also received requests for asset balance valuation from Coltefinanciera, Bancoldex and BMI. These new clients have been added to the recurring valuation exercises that are periodically conducted.



### Alliances:

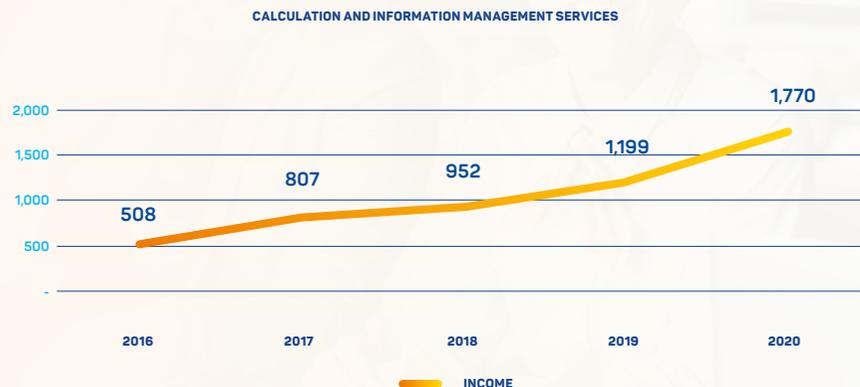
In 2020, we completed implementation of the first Mitra platform client in Colombia. This product is the result of a strategic alliance with the Brazilian firm Luz soluções Financeiras, and is an application for managing portfolio investments that comprehensively meets the needs of portfolio managers, risk areas and back office, and is based on Precia's knowledge of the Colombian market. The most valuable parts of this implementation were the fall in operational load of the client entity and the reduction in errors.

# Information Services

## 7.6.2 Valuation and Pricing - Precia GRI 103-2

### Calculation Services:

This business line facilitates process management for clients. The most important product is end-of-day derivative instrument portfolio valuation and adjustment calculations for credit risk (XVA). This product grew by 150% in 2020, in part due to the exchange rate. Two new value propositions were developed, the first with regard to calculating asset volatility for risk management, and the second is a platform that consolidates domestic mutual fund information. These products will provide income for this line of business in coming years.



### Corporate Strategy Update

The **Precia** team, board of directors and other stakeholders worked together to update corporate strategy. Three pillars were identified that focus the company's efforts on improving its client relationships. In coming years, we will continue to update the technology platform, develop new distribution channels, and develop new value propositions that support client strategy. We hope to continue our solid and sustainable growth by diversifying our income streams.

### Legislative Change

The Colombian Financial Superintendence issued External Circular 024/2020 in which it laid out new requirements for providing price valuation, and the company made the changes required by the new requirements and guaranteed legislative compliance.

# Internationalisation

## 7.7.1 International Commercial Management

GRI: 103-2

Colombia was dragged through a situation it could not control

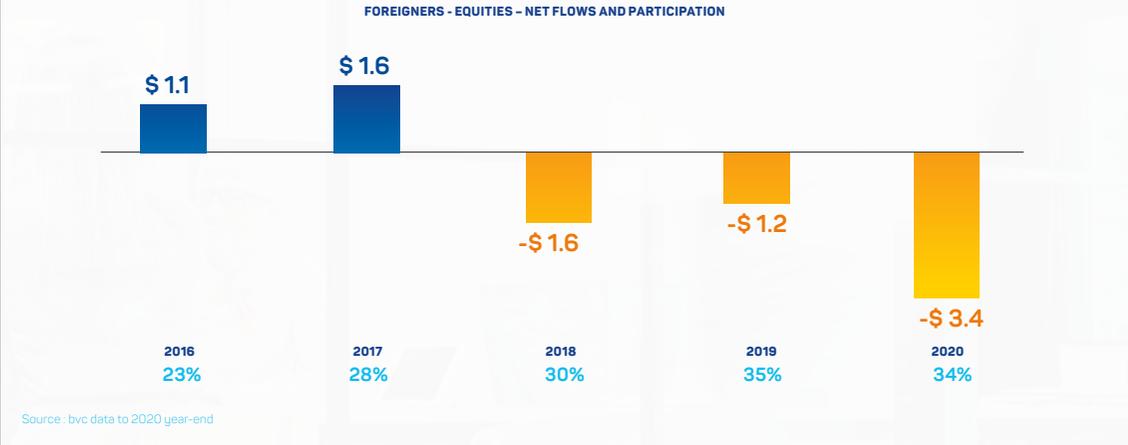
International trade is always subject to external factors and this was especially true in 2020. The Colombian markets were a secondary spectacle when compared to the global economy, and although Asia was able to recover early from the COVID crisis, Latin America has experienced difficulties that have affected the investment outlook.

### Markets

- COP 3.4 billion in equities left the country, a more dramatic result than 2019. However, 34% of volume was maintained and there were signs of inflows from November.
- There was a global reduction of 10.66% in fixed-income and foreigners fell by 9.24%. The OTC market clearly has greater volume, but it is hard to speculate on foreign participation, and there was a COP 10.9 trillion positive flow (Banco de la República).
- Although the derivative market has many products, foreigners are absent. Still just 1 out of 4 local custodians provide services to foreigners, and we are actively working with custodians and local brokers to change the situation.

### Results

- Contrary to expectations, international funds and intermediaries adapted to CRCC and T+2 changes with very few issues.
- We have completed all legal and operational processes to enable Chilean issuers to list on the Colombian Global Market and Colombian issuers to list on the Santiago Foreign Exchange Market. We are in conversations with a number of brokers about listing issuers and ETFs.
- For the first time, bvc coordinated online conferences for local issuers that were focussed on international funds. We also offered a space for Chilean companies to introduce themselves to Colombian investors.



### In development

- At the end of 2020, the Itaú custodian decided to revise Decree 119/2017, that states that foreign investors in equities, fixed-income or derivatives can use a local custodian for settlement that is different to their legal representative. Definitive details have yet to be published, but this will facilitate access to foreign funds.
- The Fixed-income and Information and Electronic Media teams worked intensely in 2020 to finalise foreign DMA. Due to the pandemic, Bloomberg changed its business model in Q4 and withdrew its offer. We have identified two other providers and are working on a solution for Q1 2021.
- Equity securities lending is an area that still lacks foreign participation. Although in May they became an OTC baseline, a lack of support from local custodians is hampering progress.
- Broker Activity Screen development was finished in 2020 and is in the final testing phase with Bloomberg. This will significantly increase the visibility of share trading and will help funds more easily identify trading opportunities.

# Internationalisation

## 7.7.2 Colombian Capital Market Promotion Event GRI: 103-2



In 2020 we faced the challenge of hosting the 9th edition of Inside Out online with Citi. This event is about promoting internationalisation in the Colombian capital market and attracting foreign investment.

The event was held from 16-18 June 2020, and Citi arranged 2 days of 1:1 meetings between issuers and foreign investors.

84 1:1 meetings

14 Listed company CEOs and IR teams:



Cesar Arias, Director of Public Debt at the Ministry of Finance, gave the closing presentation on the macroeconomic challenges for Colombia of the pandemic. And the agenda continued with a panel on challenges for the oil and gas industry in a post-COVID world, with the CEOs of Ecopetrol, Canacol Energy, Promigas and Geo Park. The event ended with a panel on green recovery prospects in the country, with Corficolombiana, Grupo Argos and ISA.

### Colombia Virtual Forum

In April and May 2020, we promoted Colombian capital markets to foreign investors at the Colombia Virtual Forum in conjunction with Scotiabank. This new format involved companies giving a general presentation, followed by a Q&A for investors. We were successful in getting investors and issuers to participate.



In October 2020, we were principal sponsors with Scotiabank of ProColombia's Colombia Investment Summit. This online event was attended by President Iván Duque and a number of government ministers. The bvc CEO moderated a panel on green recovery that included CEOs from Grupo Argos, Ecopetrol and ISA. The results of this event were also very good.

201 Investors

359 Attendees at presentations

15 Investors

9 Issuers

84 1:1 meetings

# Regulatory Agenda 2020

GRI: 103-1, 103-2

## Legislative Modifications

Important capital market legislative changes were implemented in 2020 that were designed to promote development and growth in the market.

The principal changes were:

### 1. Securities Market Rules

**Decree 1235/2020:** (modifying Decree 1555/2010): Applicable rules for the securities market and collaborative financing activities.

### 4. Stock Valuation

**External Circular 004/2020, Colombian Financial Superintendence:** Instructions for trading and valuing stock titles issued by closed mutual funds, private capital funds, trust funds and/or during securitisation, listed on the National Registry of Securities and Issuers, the securities exchange and/or securities trading systems.

### 2. FOGACOL

**Decree 1235/2020:** Modifies the FOGACOL regime to allow resources placed in the fund by brokerage firms to be used as operational collateral, if incorporated into FOGACOL regulations.

### 5. Pension Fund Investment

**Decree 1393/2020:** Updates the investment regime for obligatory pension funds to optimise investments and grow the market.

### 3. Simplified Joint Stock Company Debt Securities Issuance

**Decree-Law 817/2020:** Authorises simplified joint stock companies to issue debt securities on the secondary market, that can be guaranteed by the National Guarantee Fund.

**Decree 1235/2020:** Establishes corporate governance requirements that simplified joint stock companies must follow to be able to issue debt securities on the secondary market.

**External Legislative Circular 050/2020, National Guarantee Fund:** Creates the guarantee programme for simplified joint stock company debt securities issuances.

### 6. Financial System Public Policy Document

In this document, the government set public policy directives for the financial system in line with Capital Market Mission recommendations.

## Rule Changes

### bvc General Rules



- Liquidity-makers.
- OTC securities lending registration system.
- Special faculties for the Exchange to carry out adjudication processes.
- Market information disclosure.
- Registration on the Exchange of brokerage firm employees.
- Inclusion of securities market infrastructure provider disaster and contingency protocols.
- Share buyback.

### MEC Rules



- Correction of foreign investor operations in the system.
- Registration on the Exchange of affiliates' employees.
- Inclusion of securities market infrastructure provider disaster and contingency protocols.

### Derivative Rules



- Liquidity-maker programmes.
- Assignment of access codes and passwords for members to access the system using automatic value added systems or mechanisms.
- Registration on the Exchange of members' employees.
- Inclusion of securities market infrastructure provider disaster and contingency protocols.

# Regulatory Agenda 2020

GRI: 103-1, 103-2

## Capital Market Mission

In 2020, the government published a document on financial system development, that was produced by the Colombian Financial Superintendence and Financial Regulation Unit



### WHAT IS IT?

An action plan to modify the financial system in line with Capital Market Mission recommendations.

It has five specific objectives spread over 11 work fronts and 31 concrete actions.



### WHAT IS IT FOR?

To create a more dynamic, competitive, resilient and inclusive system.



### HOW IS IT ACHIEVED?

Payment system and capital market bill on action plan development.

Regulatory and supervisory powers for the Financial Regulation Unit and Colombian Financial Superintendence by decree and circular.

## Strategic Objectives – Work Fronts

### 1 Efficient transformation of savings and investments

- Financial architecture
- Capital market growth
- Market completion

### 2 Encourage financial inclusion

- Promote digital financial inclusion

### 3 Consolidate security and financial stability

- Strengthen corporate governance and environmental and social criteria
- Convergence with international standards
- New risk approaches

### 4 Promote payment system access

- Inclusive, efficient and secure payment system

### 5 Strengthen institutional framework

- Financial Regulation Unit
- Colombian Financial Superintendence
- Securities Market Self-regulator

# Regulatory Agenda 2020

GRI: 103-1, 103-2

## Strategic Policy Objectives



Strengthen institutional frameworks



Efficient transformation of savings and investments



Financial inclusion



Security and financial stability



Payment system access



## Informing the Board of Directors

The Financial Regulation Unit presented the public policy document to the bvc board of directors during its 28 October 2020 session.

The document proposes 74 actions of which 50 correspond to Capital Market Mission recommendations made in 2019.

The document's objectives, work fronts and actions are grouped into 3 work fronts i) Laws, ii) Decrees and iii) Other instruments.

# Operational Development and Evolution

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

## Structure

The structure and strategy of the Operations area is based on opportunely meeting client's needs and using our expert knowledge to generate confidence in the organisation and the market, technical credibility, robust processes, and controls that are effective at managing risk. Our purpose is to use our specialised employees, efficient processes and client obsession to help people achieve their dreams and business to achieve their objectives, within a framework of digital transformation.

### Chief Operating Officer (COO)



In 2020, Operations consolidated its structure to bring efficient, secure and trustworthy processes to the Colombian capital market that benefit our clients.



### Our objectives are:

- 1 Provide trading and registration systems for bvc markets and monitor them in accordance with current legislation.
- 2 Structure and execute operations that do not use ordinary trading mechanisms, such as fixed-income and share issuances, public tender offers, auctions, public tender and sale for the special conditions sector, share buybacks and other similar operations.
- 3 Manage clearing and settlement, international custody operations, proprietary right payment compliance, and the administration of guarantees.
- 4 Comprehensively manage the issuance of securities in custody.
- 5 Issue stock certificates on the dematerialised promissory note system and manage the promissory note life cycle.
- 6 Deliver trade and post-trade information to bvc markets that is opportune, trustworthy and secure using various bvc channels and electronic media in a way that satisfies clients.
- 7 Manage client, user and stakeholder complaints to a high degree of satisfaction.

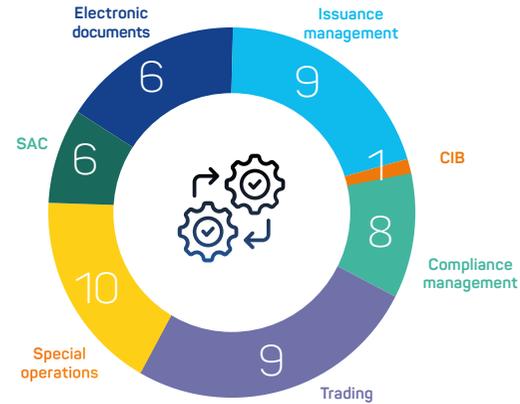
# Operational Development and Evolution

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

## Strategy



## Improvements Delivered



### 52 processes

- 22 Implemented
- 5 in RPA
- 3 in phase II
- 22 in progress

## Materialised Benefits



In 2020, we created a 2021 - 2025 strategy that is designed to strengthen operational excellence and guarantee business continuity.

# Operational Development and Evolution

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

## Improvements Delivered

In 2020, the excellence committee prioritised and implemented improvements to various processes, including:

	IMPROVED SERVICE EXPERIENCE	EXECUTION TIME REDUCTION PER MONTH	ERO MIGRATION (REF 2019)
Embargo and desembargo	Reduced response time	46.5 hours	6
Physical certificate reception	77% fewer returns	14.4 hours	
Reports: Issuers and statistics	+information-reports	104 hours	
Tax rebates (invoice)		4 hours	
Issuer and depositor billing		3.5 hours	2
Promissory note billing		18 hours	2
Shareholder virtual office	Reduced response time	46.5 hours	6
Conciliation of document managers		24 hours	
Rate and currency updates		100 hours	2
Dividend information		2 hours	1
Taxation		4 hours	2
Primary impact mails		24 hours	
Amortisation of stock certificates		4 hours	4
Futures valuation		5 hours	1

## Project Participation

We participated in various bvc strategic projects in 2020:



INET + Master Trader phase 2



Executory Share issuance - Bogota Metro  
Promissory notes in the cloud



Clearing and settlement of cash and securities lending equity operations by CRCC



Cloud migration



a2censo



Digital platform

# Operational Development and Evolution

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

## Service Model

### Milestones

We implemented 100% of the service model, and the new telephone system reached the following milestones in 2020:



**Client voice measurement:** The start of transactional measurement to identify online alerts with regard to daily perception of service - **705 transactional surveys** were completed.



**Consolidated database:** The repository was consolidated into a **unique client and contact database**.



**Telephone menu change:** Reduced from 2 trees with 15 options to 1 tree with **9 options that prioritise client attention**.



**Call classification:** Improved from 45.2% in 2019 to **75.3% in 2020**.

### 2020 Context

In 2020 we **consolidated the service model** by implementing the Genesys contact management system that allowed us to transition telephone service to home working from 24 March (start of lockdown), adjusted processes and protocols to ensure business continuity **and positively affect the client experience**, and implemented a **virtual office** with shareholder attention and online chat, and personalised investor support channels.

Enquiries were as follows:



We saw a shift from **telephone to email**, and a 44% fall in monthly interactions between April and June.



**Promissory note complaints** grew from 10,500 in 2019 to 36,100 in 2020 **(+240%)** due to signature processing failures and an increased number of signature processes that required data updates.



The customer service area **supported** the rollout of the **Clearing House, Master trader, a2censo and promissory note in the cloud** projects.



# Development, Technological Evolution and Innovation

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

## Summary

The contingency caused by the global pandemic accelerated transformation in everyday activities and the development of business processes. IT was fundamental to overcoming these challenges and bvc implemented various strategies to deal with the accelerated and obligatory change.

The IT Directorate supported the organisation in adapting to these new conditions, while focussing on employee's health and supporting a response framework that guaranteed business continuity and high quality services for clients. We achieved this objective by adapting our processes and helping employees work from home without impacting the services we provide to clients.

In addition, we moved forward with our strategic plan of continual improvement, and accelerated digital transformation and compliance with the organisation's strategic objectives.

## Strategic Transformation and IT Plan

bvc's Strategic Transformation and IT Plan helped face the challenges of 2020, and bvc Group's strategic vision allowed us to continue to mature and improve IT processes focussed on generating value for clients. Our capacity for digital transformation and our corporate architecture general diagram helped us achieve our objectives and adapt to the changes.



# Development, Technological Evolution and Innovation

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

## Digital Transformation and Value Generation Capacity



### INTELLIGENT

New ways of thinking

- Culture, talent and ability
- Open innovation, data and analysis driven decision-making



### AUTOMATED

New ways of processing

- Process optimisation, traceability and speed
- Improved execution quality and lower risk of human error



### AGILE

New ways of working and delivering value

- Prioritise client value, deliver fast and continuously
- Lean thinking and acting, increased productivity and better focus

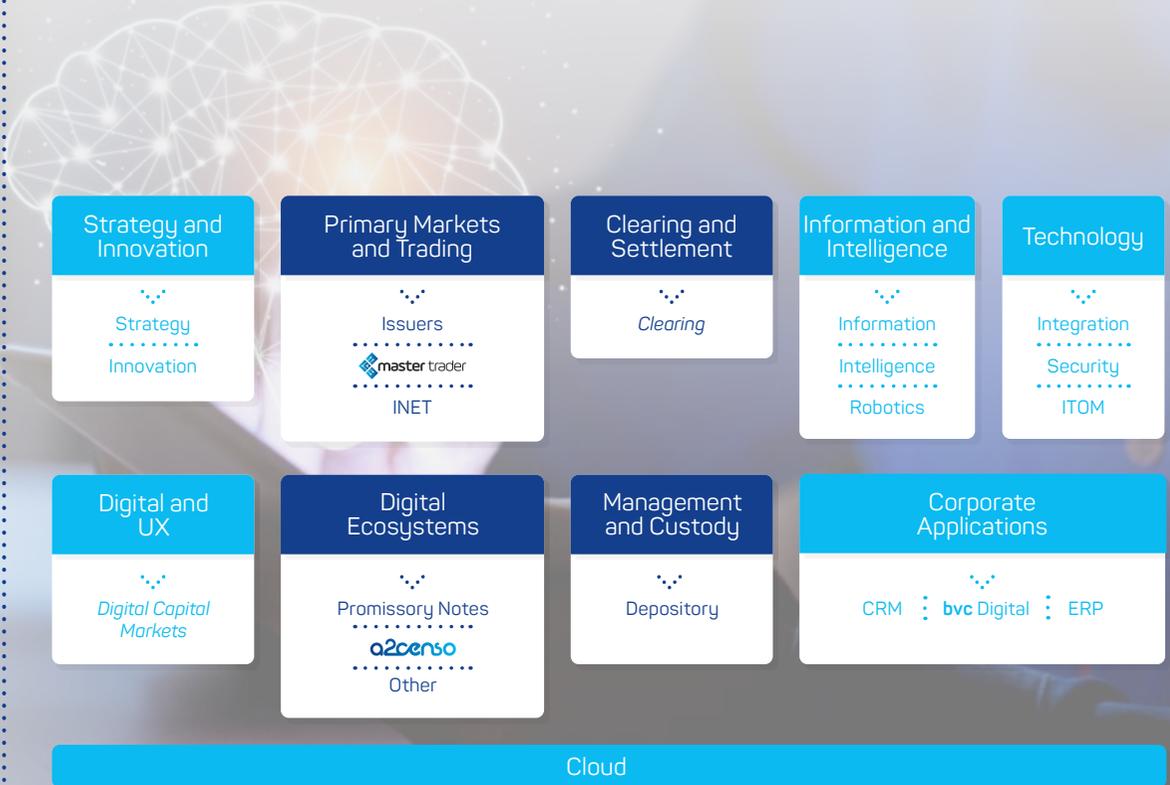


### CLOUD

New ways of solving and provisioning

- Standardised architecture and security
- Elasticity, use-based variable cost, less idle infrastructure
- Innovation enabler

## Corporate Architecture General Diagram



# Development, Technological Evolution and Innovation

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

## Value for Clients

In 2020, we implemented the following projects that delivered value to bvc clients:

### INET

New versions of the trading platform were delivered between January and July that included new functionalities requested by our affiliates. In September the Derivex section was enabled for block trade energy futures, concentrating operations on the platform.

### Promissory Notes

In July, the technology solution was optimised to receive 2,366,248 promissory notes from the Bogota Metro and sign them according to the established terms. In November, promissory notes in the cloud was rolled out to improve the user experience in simulated temporary liquidity support, optimise the signature process and achieve operational resilience, as well as delivering iterative functionalities.

### a2censo

The a2censo crowdfunding platform continued to evolve in 2020 and delivered iterative improvements to clients that focussed on improving the payment gateway, changes to the home screen, host to host connections with allies and implementing a new SME module.

### SIGA

In Q1 we implemented the first version of our comprehensive assembly management system and optimised the product's capacity and scalability.

### OTC securities lending

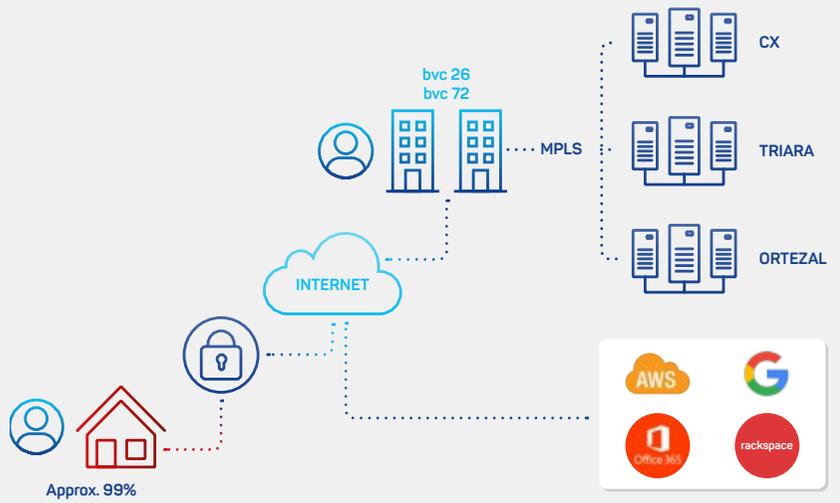
In April, we implemented the OTC securities lending technological solution and adopted international standards and create a broad equities infrastructure: of transactional securities lending and OTC securities lending for our clients.

### Equity Clearing by CRCC

In September 2020 we implemented a technology solution for cash and securities lending clearing and settlement by CRCC. This enabled clearing and settlement for repo, equity cash and securities lending operations using a central clearing house, and allowed us to adopt international standards and offer a higher quality and more attractive market.

### Transformation Initiatives

When the COVID-19 pandemic forced us to work from home, bvc's IT team provided fast and secure access to our systems and implemented teleworking in less than a week.



# Development, Technological Evolution and Innovation

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

### Cybersecurity

The increased use of technology due to the pandemic and the rising number of cyber attacks at a global level meant we had to develop a wide range capabilities to protect our digital environment.



**BLUE TEAM**

Defensive Security

Continuous vigilance, pattern and unusual behaviour analysis.

**RED TEAM**

Offensive Security

Simulated attacks.

IT has also focussed on improving digital transformation capacity, and optimising a broad range of platforms and services based on the four pillars of our Strategic Transformation and IT Plan.

## Intelligent

### IT Operating Model (ITOM)

In 2020, new best-practices were incorporated to improve the client, provider and employee experience and relationship. In 2021, IT will continue to implement the ITOM as a strategic ally for the business and its clients that disrupts culture and delivers value.

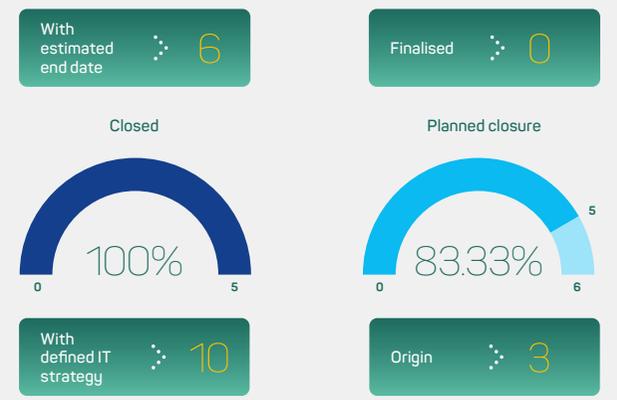
### Innovation

In 2020 we supported innovation and developed **10 Portfolio Opportunities:**

- Three in open innovation**
  - Fintech
- Four that are maturing**
  - Descuenta
  - Juntos
  - Glía
  - Bolsa inmobiliaria
- Four that are experimental**
  - SMC:** Functional prototype – Amazon Alexa for bvc derivative markets
  - True:** POC – bvc certificates with Blockchain RSK
  - Eficiente:** Mutual fund investment model
  - Vinculación Emisores:** Digitalised issuance process

### Intelligent IT Management

We developed a strategic indicator dashboard to ensure that IT strategy is focussed on opportune and efficient decision-making and predict and adapt our processes to change, thus minimising the impact on clients.



# Development, Technological Evolution and Innovation

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

## Automation

We continued to optimise, improve and automate processes, make them traceable and fast, and reducing operational and human error risk through two principal initiatives:

(i) IT Transformation and (ii) RPA.

### IT Transformation

This initiative is focussed on improving the client experience and generating trust by:

- Automating the technology process.
- Using AI to monitor and optimise application performance, IT infrastructure and the user experience and allow us to work proactively to anticipate incidents.

We classified these two initiatives as AIOps, and in 2020 achieved the following:

- Business case, provider selection and ITPA tool acquisition, initial automation flow for Depository contingency activation.
- RPA seed creation, five UiPath certified developers.
- PoCs with Centerity and Dynatrace for intelligent monitoring.

### Robotic Process Automation

Following the excellent results of virtual assistants rolled out in 2019, in 2020 we continued to create value for internal processes by developing seven new assistants:

- Flash – Dividend trading.
- Roco – Password management.
- Futval – Futures valuation.
- Timón – Post-trade loading to SIIDJ of rates and currencies.
- Artif – Automated reading of notices and forms.
- Gema – Automated embargo and desembargo on SIIDJ.
- Valery – Automated management and pre-validation of physical securities on INET.

We began to develop Daisy, who will be in charge of purging securities from INET.

# Development, Technological Evolution and Innovation

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

## The Cloud

In 2020 we continued the cloud transformation process with **Amazon Web Services** and our partner **Rackspace**. We strengthened the cloud operating model (processes, policies, responsibilities and baseline) and implemented a **Journey to Cloud** (J2C) committee to ensure compliance with best practice, cloud technology adoption, and cost and TCO-optimised cloud infrastructure provisioning.



The committee also oversees cloud security hardening and **VPC** acquisition. We have supported special operations, SIGA and client onboarding as they complete their transformation to native cloud applications, provisioned the cloud with Master Trader screens, and facilitated client access to the new model of remote working.

In November 2020, we migrated to **promissory notes** in the cloud, a transformation that brought the following benefits: rapid scaling of technology infrastructure, B2B response times of less than 1 second for 98% of services, an 80% reduction in temporary liquidity support simulation preparation time and the capacity to use in the simulation promissory notes in production at T-1, visibility on daily operations, and the identification of inappropriate events and incorrect use of services by clients.

### Principal J2C Achievements

- a2censo, promissory notes, special operations, SIGA, RPA, client onboarding and 100% cloud products.
- 21 cost-efficient test environments in the cloud.
- VPC and ARMOR implementation for cloud security.
- Cloud governance model.
- Positioning the J2C committee as the principal operating model lead for sharing product and initiative optimisation and learning.

# Development, Technological Evolution and Innovation

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

## Agile

In 2020, our goal was to implement agile best-practice including **Design Thinking, Design Sprint, kanban, Scrum and Lean Startup** to deliver continuous improvement for clients. Principal changes in 2020 were linked to our organisational structure and the creation of cells, definition of roles and responsibilities, prioritising backlogs, and user stories. We measured success by client satisfaction, time to value delivery, and delivery quality.

Our strategic initiatives included:

- Promissory notes.
- Promissory notes in the cloud.
- Promissory note client onboarding.
- Promissory note client management platform.
- The Somosbvc platform.
- Digital platform.



Our best-practice did not just support the execution of initiatives, but also supported a number of **IT Directorate processes** including tier-three support and IT Directorate team sessions.

Another important achievement was the incorporation of environments into our initiative management tool, that enable the use of agile artefacts to support the adoption and appropriation of this new way of working, including a **kanban board, user stories, project backlog, sprints and a burndown chart**.

# VDO Project Development and Evolution 2020

GRI 103-2, 203-1



In 2020, the Project Office began to implement Agile methodologies for strategic initiatives and entered a transformation stage focussed on delivering value to internal and external clients, that began by changing our name to Value Delivery Office (VDO).

Principal achievements by project in **2020** were:

## INET + Master Trader Project



In 2020 we implemented a series of functional improvements to the INET platform that optimised the user experience, enabled Derivex block auctions and rolled out automatic billing for backup users.

In 2021, we will implement a new version of Master Trader that includes the derivative and equity markets - allowing access to all markets from just one screen - and implement multimarket/product strategies.

## CRCC Post-trade Project



In 2020, we implemented OTC securities lending equity operations clearing and settlement by CRCC. This helped optimise risk management and represents a more efficient and robust collateral system that offers greater confidence to domestic and foreign investors. We also implemented the international standard of T+2 clearing for equity cash operations on the Colombian market.

In 2021 we will continue to evolve and optimise the product according to the needs of the market.

## a2censo Project



In 2020, the a2censo team focussed on developing and evolving the product with 22 rollouts that improved the user experience. We successfully closed 39 campaigns and generated **COP 8.2 billion** in financing for Colombian SMEs.

In 2021, we will implement a new business line and continue to evolve the platform to strengthen growth, improve operational process automation, and become more efficient every day.

## amarú Project



In 2020, we decided to suspend implementation of the BaNCs platform and re-evaluate the best way to create post-trade value for our clients.

In 2021, we will continue to work on modernising securities' clearing and settlement processes on the Colombian securities market for the benefit of all participants. We will renovate important components of our depository core technology infrastructure to improve performance.

We will make new connection frameworks available to the market using web services and SFTP files that clients can access on demand.

# VDO Project Development and Evolution 2020

GRI 103-2, 203-1

## Promissory Note Project



**Bogota Metro:** The first issuance of Executory Shares for the Bogota Metro with 2.4 million promissory notes, a significant milestone in financing frameworks for domestic companies.

**Promissory notes in the cloud:** We started digitalising the product in 2020 by migrating its infrastructure to the cloud. This allows us to opportunistically respond to demand spikes and make operations more efficient. The products' signature framework was also changed to achieve a faster response time and we optimised information request processing time by modifying the data storage framework.

In 2021, we will focus on increasing confidence in and availability of the platform by improving the user experience and modifying authentication mechanisms using Softoken.

## OTC Securities Lending Project



In 2020 we implemented a mechanism to lend equity securities on the OTC market, bringing important benefits to the Colombian market. Principal benefits include: adoption of international standards, last-resort operational efficiencies, increased portfolio profitability, custodian participation as lending agents, and multi-market/product strategy execution. The OTC securities lending implementation facilitated liquidity-maker activities and promoted growth in the market.

## RPA Project



Six virtual assistants (bots) were developed in 2020 to automate processes, eliminate manual work, generate efficiencies and mitigate operational risk.

The bots were implemented in the following processes: dividend trading, user password administration, trade and post-trade rates and currencies, securities deputation, futures valuation, automatic ingress of physical securities, and embargo management.

## VDO 2021

### Operational Efficiency

- We will focus on raising confidence in our systems by implementing a technology updating and modernisation plan that optimises some of our platforms, including Back Office, BUS and BDU. A new operational monitoring and analysis module will be implemented that enables predictive monitoring.

### Digital Platform Project

- This project will integrate all bvc digital assets and information sources into one web platform that will become bvc's connection hub for clients and users.

### Digital Capital Market Project

- This initiative will enable a marketplace where clients can search for investment options, and includes a digital onboarding module for client registration. The first product on the platform will be "Eficiente", a mechanism for digitally investing in mutual funds.

### Hana Project

- This project will update and unify **bvc** and **deceval** accounting and financial processes into just one ERP, that will be migrated to a new version of SAP to enable digital transformation, consolidate information sources, and standardise methodologies and policies to increase process efficiency.

# bvc Employees

# Strategic Capital 2020

GRI 402-1, 103-1

In 2020, HR continued to consolidate the **Somosbvc** (we are **bvc**) strategy across its four fronts, and focussed on **digital transformation**, agility and client obsession.

During the pandemic we created the **Human Resources Closer to You** strategy, in which the HR team helped our remote teams to ensure capital market continuity. Our high level of commitment helped **bvc** continue to connect people's dreams with the growth objectives of businesses.

We achieved **milestones** on each of our strategic fronts.



# Strategic Capital 2020

GRI 402-1, 103-1

## gente bvc

somos nuestra mejor versión  
*bvc people - we are the best version of ourselves*

- We developed the somosbvc platform and app with automated HR processes.
- We certified bvc as a family-friendly company.
- We designed a benefit statement in which we quantify investments made by the organisation.
- We managed organisational culture through actions that significantly increased our GPTW score.
- We converted our welfare programme to virtual activities.
- We measured adoption of bvc culture.

## estilo bvc

somos marca con propósito  
*bvc style - a brand with a purpose*

- We defined our employer brand plan.
- We developed a strategy to attract interns.
- We communicated that we are a Great Place to Work.
- We launched a disruptive automated recruitment platform and process.

HR Closer to You



## acción bvc

somos de alto desempeño  
*bvc action - we are high performance*

- We consolidated the bvc leadership style through the Leadership Committee, Leadership School, cross-company mentoring, etc.
- We supported teams to strengthen interdisciplinary networks.
- We improved knowledge through access to learning programmes.
- We redefined HR indicators and aligned them with global tendencies.
- We defined our succession management policy and implemented a pension policy.
- We designed career plans and paths based on pilot studies in the IT, Operations and Commercial areas.

## efecto bvc

somos transformación  
*bvc effect - we are transformation*

- We supported people to develop strategic projects.
- We managed change based on shared tools and cloud migration.
- We shared data on process optimisation and efficiency.
- We supported implementation of the new service model.

Strategy:

# somos bvc

we are bvc



# Strategic Capital 2020

## 8.1.1 Employment Rights GRI 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 generate increased employee wellbeing and promote an excellent work environment, **bvc** Group offers benefits that go beyond 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, **bvc** has the following employment committee:

EMPLOYEE REPRESENTATIVES	COMPANY REPRESENTATIVES
<b>Luz Dary Pacheco:</b> Post-trade Analyst	<b>Angela Sierra Sierra:</b> Human Resources Manager
<b>Paola Ramirez:</b> Securities Administration Specialist	<b>Alfonso Paries - Lizeth Rueda:</b> Process and Risk Manager
<b>David Fajardo:</b> Electronic Documentation Analyst	<b>Celso Guevara:</b> COO
<b>Sebastián Corredor:</b> Risk Coordinator	<b>Catalina Ruiz Vergara:</b> Human Resources Specialist

The relationship between **bvc** and its employees is aligned with current Colombian legislation, the Constitution, Labour Code, ILO agreements, and high court jurisprudence.

**bvc**'s legal and employee relations teams guarantee 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 employees' rights are protected through their employer's compliance with employment legislation.

Since 2018, **bvc** has been developing a Family-Friendly Company management model (efr **bvc**). In 2020 we obtained 1000-edición 4 certification of responsibility to and respect of personal, family and working life. We also promote equal opportunities and inclusion based on current legislation and collective bargaining.

### COMPLAINTS



In 2020, as in previous years, no complaints were received with regard to **bvc**'s relationship with its employees. During the pandemic, the company made no redundancies nor reduced salaries; our employees are our most important asset.

efr · bvc

# Strategic Capital 2020

## 8.1.2 Training GRI 103-2, 404-2

In 2020, we provided training to 3,886 participants in accordance with our Cultural Transformation and Human Resources Closer to You strategies, as follows:

### - bvc Classroom:

Synchronous training to develop skills that support company strategy such as Service Design, Big Data, Blockchain, etc.

### - OpenTalk and Connected:

Spaces for employees to share specialised knowledge on various topics such as: How to do business, Summer Camp in the Office, and Zero Waste – Life without waste.

### - Leadership School:

Training for bvc leaders to develop and consolidate the company's leadership style.

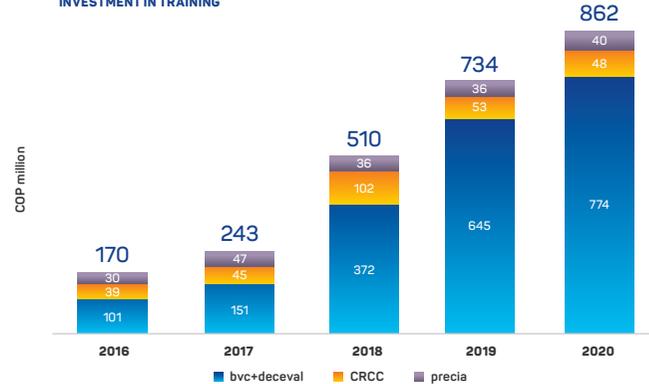
### - Core Business School:

Training that supports inter-departmental knowledge sharing on core business skills, bvc products, legislation and the securities life-cycle.

### - Closing Gaps:

Skills development to close gaps related to role and profile.

### INVESTMENT IN TRAINING



### - precia Training

precia's 2020 training plan was based on understanding the business and improving technical competence with regard to agile and efficient tools to deliver information to clients. Leaders were trained in SMART methodology to help them evaluate compliance with organisational objectives and define specific objectives for teams.

### - CRCC Training

In 2020, the CRCC team participated in more congresses and seminars, and we participated in teambuilding and individual coaching processes that represented greater value than in previous years.

### - Specialised Training Abroad

Since 2017, bvc employees have been able to apply for educational grants for specialised training abroad, based on their career path, performance and potential in the organisation. The following chart shows the employees that have benefitted from the programme since 2017.



# Strategic Capital 2020

## 8.1.2 Training

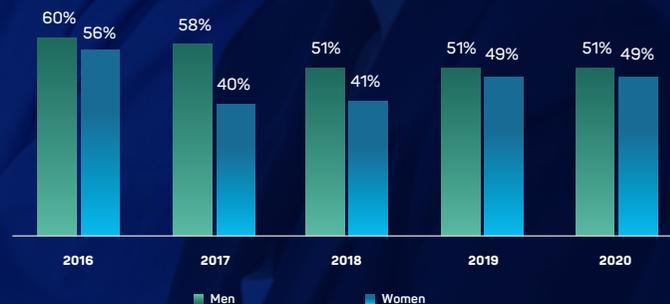
YEAR	EMPLOYEE	POSITION	COURSE	INSTITUTION	DURATION (YEARS)
2017	Lissa Lorena Parra Alarcón	Legal Director Vp. Legal	Master of laws in securities and financial regulation	Georgetown University	1
2018	Cristian Camilo Vargas Cruz	Customer Service Analyst Vp. Operations	Master in Consumption and Commerce	Universidad Complutense de Madrid	0.8
2018	Felipe Naranjo Ortega	Jr KAM Vp. Commercial	MBA (Master Business Administration)	ESADE Business School	1.5
2019	Catalina Naranjo Romero	IT Specialist Vp. Technology	Master in Business Analytics and Big Data	Instituto de empresa (IE)	0.8
2020	Alejandra Rivera	Sr Education Analyst Vp. Product	Master en Dirección y Gestión Financiera	EAE Business School Madrid	1
2020	Cristian González	Fixed-income Director Vp. Product	Master/MBA	MIT Management Sloan School	1

The previous table shows employees who have benefitted from the specialised training abroad programme run since 2017 by the Training Committee.

### Performance Evaluations

As can be seen in the graph below, men and women completed their performance evaluations equally. All employees have an individual development plan that is designed to strengthen their skills and close any identified gaps. This plan is part of the Comprehensive System for Performance Management, and is monitored quarterly.

#### PERCENTAGE OF EMPLOYEES WITH A PERFORMANCE EVALUATION



During the COVID-19 health emergency, HR helped leaders develop new skills to manage remote teams, including collaborative working tools and support for agile methodologies.

## Strategic Capital 2020

### 8.1.3 Occupational Health Management

GRI 103-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

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.

During 2020's COVID-19 health emergency, bvc used technology to run 125 activities that strengthened management system efficiency and efficacy. These included activities designed to promote a healthy lifestyle, prevent muscular and skeletal disorders, protect hearing and prevent COVID-19. We also ran a virtual health month during which we focussed on caring for our employees and third parties as they work from home.

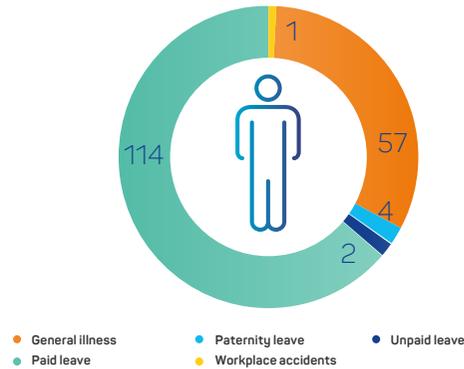
Our Health Committee met 12 times over the year to monitor the work plan and promote health and safety at all levels of the organisation, and comply with COVID-19 prevention legislation. The committee motivated employees to acquire safe habits and work hand in hand with their managers and those responsible for workplace health and safety.

We have an emergency brigade of 30 employees who received virtual training in emergency measures for home working and supported the company's emergency and business continuity plans, without creating dependencies.

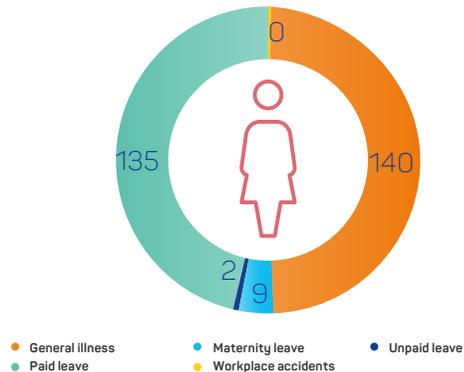
In addition to the Human Resources Closer to You strategy, we closely monitored COVID-19 cases. Thanks to the health insurance we provide to bvc employees, they received quality healthcare. We also signed an agreement with a provider of fast PCR tests.

In contrast to previous years, there was a significant fall in absences for illness in 2020. Among women, sick days fell from 1,046 to 140, and among men from 525 to 57 days. Absences due to workplace accidents also fell significantly, from 85 days to 1 among men.

MALE ABSENCES (NUMBER OF DAYS)

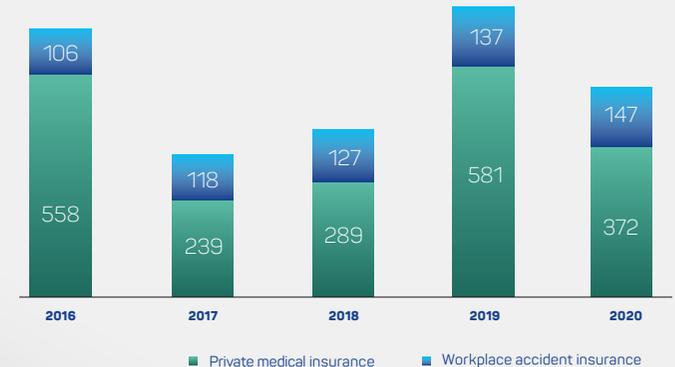


FEMALE ABSENCES (NUMBER OF DAYS)



Best practice and a culture of care at bvc mean that in recent years we have received no reports of workplace accidents, as validated by our ARL [workplace accident insurance provider], and our health and safety management system has resulted in no employees reporting workplace related illness.

INVESTMENT IN OCCUPATIONAL HEALTH (COP\$ MILLION)



# Strategic Capital 2020

## 8.1.4 Welfare Management GRI 401-2, 103-2

bvc is characterised by its connections with people, and this was a huge challenge during the COVID-19 health emergency. It was a challenge for HR to be close to our people and let them know we were genuinely concerned about them and their families when physical proximity was not possible. So we developed the **Human Resources Closer to You** strategy that was designed to cover all aspects of employees' professional, personal and family lives.

The strategy includes:

### Benefits:

#### A la carte wellbeing:



- Employees were given the option to equip their homes with elements from the office.
- Fonbolsa mutual fund with a special line of credit.

#### Recreation and sports:



- Bowling tournaments, parks, FIFA football, Uno, Mario Kart.
- Rumba, traditional dance and boxing classes.
- Cookery classes.
- Holiday activities for the little ones.

#### Care:



- Emotional management in times of crisis.
- Mindfulness and yoga.
- Personal care workshops.

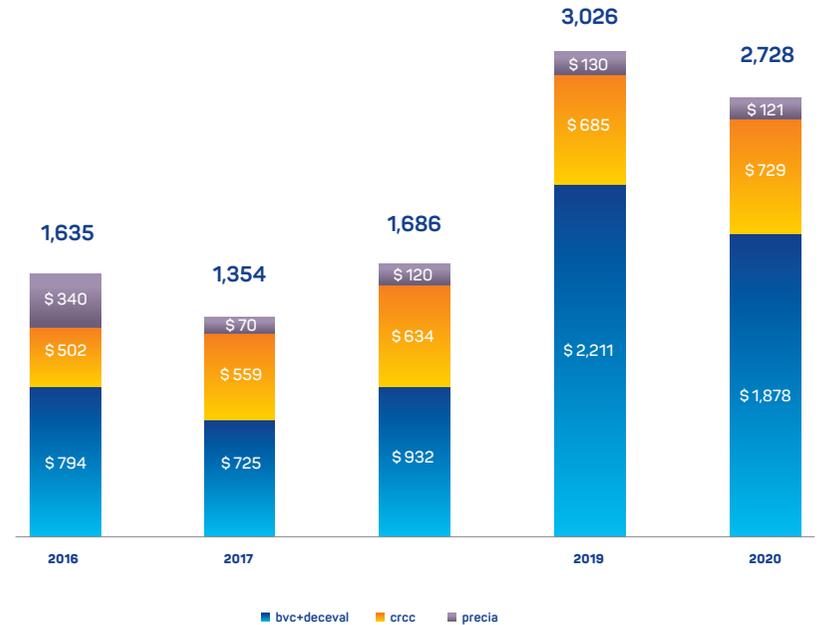
#### Celebrations:



- Mother's day and father's day.
- Children's day.
- Families' day.
- Anniversaries.
- Christmas for children.

These actions were responsible and social distancing was enforced to avoid contagion. In addition, all welfare activities were virtual. Among the most valued actions were those designed to support employees living alone.

### EMPLOYEE BENEFITS



# Strategic Capital 2020

## 8.1.4 Welfare Management GRI 401-2, 103-2

Human Resources strengthened its channels of communication. Employees are now able to manage their own requests for leave, benefits, employment certificates, changes and more using the Somos **bvc** platform. In 2020, we launched a mobile app to make access even easier for the entire **bvc** team.



The platform has a 24/7 chat function for employees to resolve doubts and receive any psychological support they may need. There is also a suggestion box for employees to leave their ideas that has generated collaborative participation and construction during this special time.



2020 was a disruptive year for **precia's** welfare plans, and we focussed all our efforts on supporting our employees and their families virtually, through fun activities that generated emotional, physical and mental wellbeing. We involved our employees' families in activities that included music, gastronomy and games to strengthen community bonds between employees and the company in spite of the physical separation.

We created new ways of economically supporting our employees to adapt their homes to remote working by using the A La Carte Wellbeing initiative.

### Family-Friendly Certification

In 2020, **bvc** and **deceval** obtained 1000-edición 4 family-friendly company certification and are the first exchange in the world to do so.

A family-friendly company aims to balance personal, family and corporate life. **bvc** believes that it is fundamental to have a relationship with our employees that is more than just transactional.

By understanding the point in life that our employees find themselves at, we are able to offer them benefits that meet their needs. This generates higher levels of commitment, productivity and happiness.

We began the certification process in 2018 with a survey of current benefits and their perceived value. In 2019, the benefits were relaunched with the objective of increasing their take-up and the Somos**bvc** platform was created. Since 2020, the platform can be accessed using a mobile app.

We formed a family-friendly company committee to oversee the management model and maintain a conciliatory relationship between the company and its employees.

By obtaining this certification, **bvc** ratified that it is a company that takes care of its people by implementing best-practice in stability and welfare. By being a family-friendly company, **bvc** is an example to follow with regard to the employee-family-employer relationship.



# Remuneration Model

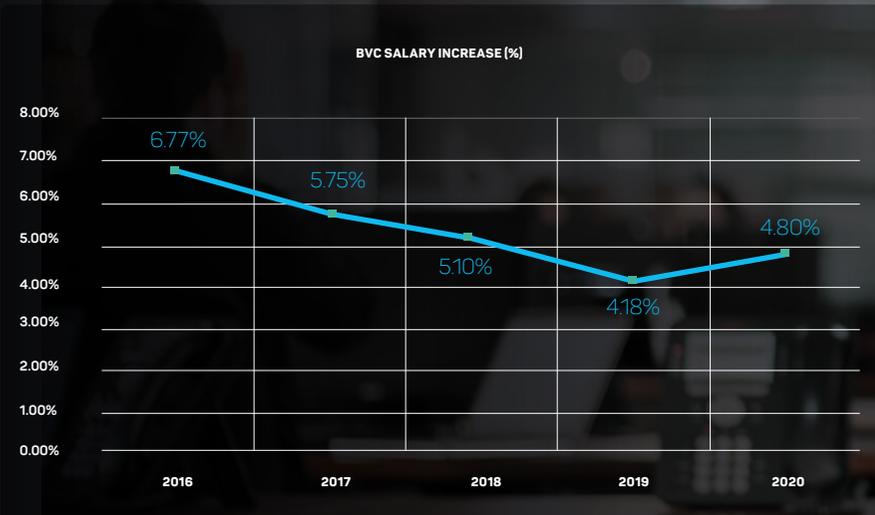
GRI 102-38, 102-39, 103-2

Total remuneration is comprised of salary, benefits and bonuses, and 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.



We implemented a commercial incentive model in 2020 to reward bvc commercial results. This motivated the Commercial and Product Departments to sustainably increase income, and provide the best possible service and added value to bvc's new and existing clients.

The commercial incentive model is linked to the performance management system for some pertinent employees in the Commercial and Product Departments.

## Employees

GRI 102-8, 103-2, 401-1

bvc employees are passionate, empowered and innovative, and strive to achieve each one of their goals. We identify ourselves as focussing on human qualities and creativity and we trust our employees. We are also authentic.

Values-based management strengthens organisational culture, productivity and commitment. bvc leaders inspire, recognise, and connect people to achieve results and strengthen teams.

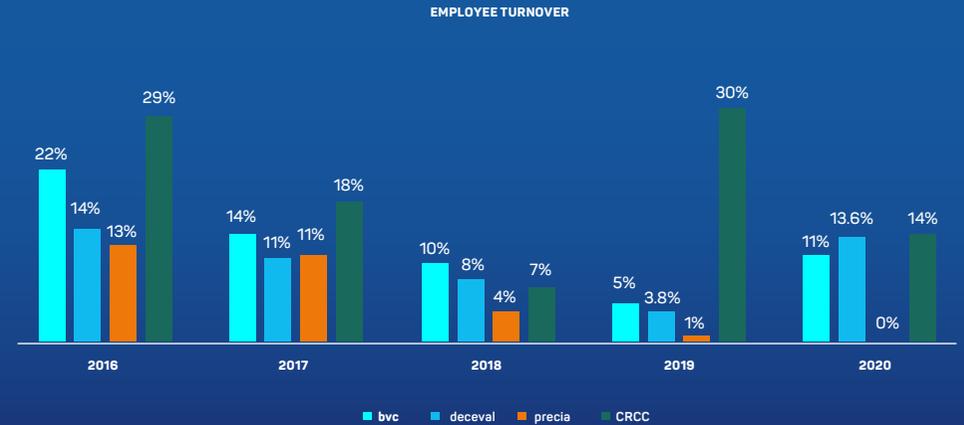
The following table shows bvc employees by subsidiary, type of contract and gender. The tendency is to offer indefinite (open-ended) contracts that generate stability, confidence and commitment.

TYPE OF CONTRACT		BVC + DECEVAL	CRCC	PRECIA	BVC GROUP	
2019	Indefinite	Men	50%	68%	61%	60%
		Woman	48%	30%	38%	39%
	Fixed-term	Men	1%	0%	0%	0%
		Woman	2%	2%	1%	2%
2020	Indefinite	Men	50%	68%	61%	60%
		Woman	48%	30%	38%	39%
	Fixed-term	Men	1%	0%	0%	0%
		Woman	1%	2%	1%	1%



### Employee Turnover

Our hiring process is 100% digital and is transparent and traceable, as much for candidates as for our leaders, who can check the status of a vacancy in real time. By digitalising the process we have been able to reduce recruitment time by an estimated 7 days, and have also significantly reduced employee turnover from 21.36% in 2019 to 12.65% in 2020.



In 2020 turnover at precia was stable. Seven employees resigned and 12 were engaged and turnover was 2%.

# Employees

We created a disruptive process by integrating technology to conduct asynchronous interviews and eliminate the use of paper, and used other communications systems that make recruitment an end-to-end digital process.

## Recruitment



Extensive documentation



No real-time tracking



Operational risk of manual execution



12 recruitment processes per month

### Reduced process time

●●●●●●●●●●  
10 days per process  
●●●  
3 days per process



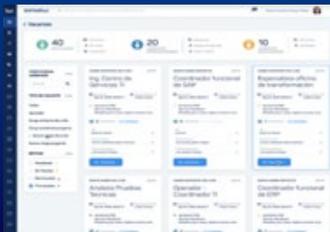
Focussed on the user experience



Transparency and traceability

### Functionalities

- Question bank
- Questionnaires
- Vacancy dashboard
- Candidate classification
- Psychotechnical testing
- Transcribed video interview
- Offer letter, medical exam and security study



The following table shows bvc and subsidiary employees by hierarchy. The proportion of roles is determined by the organisation's remuneration policy

ROLE	BVC + DECEVAL	PRECIA	CRCC	BVC GROUP
President	1	0	0	1
Vice President	5	0	0	5
Manager	18	1	1	20
Deputy Manager	0	0	5	5
Director	48	6	4	58
Coordinator	31	4	7	42
Specialist	75	5	0	80
Senior Analyst	83	7	11	101
Analyst	101	7	19	127
Junior Analyst	16	9	2	27
Assistant	8	1	1	10
Other roles	22	2	3	27
<b>Total</b>	<b>408</b>	<b>42</b>	<b>53</b>	<b>503</b>

# Integrated Management Report

# Stakeholders

GRI 102-40, 102-42, 201-1

At **bvc**, stakeholders are classified by the type of relationship they members have with the organisation. With reference to the public interest nature of securities trading, we consider the following to be key stakeholders:



In view of the importance of each of these stakeholders to **bvc**'s continued existence and development, we recognise and adopt the following principles:

Respect stakeholder's rights and our legal and contractual duties.

View information disclosure as a fundamental element of Exchange – stakeholder relationships, and guarantee access to information and communications mechanisms as specified in the **bvc** Good Governance Code.

Recognise that stakeholder relationships should be periodically evaluated to identify areas where benefits could be better leveraged, both by **bvc** and the stakeholders.

# Stakeholder Engagement

GRI: 102-43, 102-44, 102-47, 102-48, 102-49, 103-1, 103-2, 103-3



On the following pages we detail our 2020 results.



In 2020, **bvc** continued to actively communicate with stakeholders, especially clients, who may also be shareholders, issuers, intermediaries or investors. This active communication has contributed to strengthen long-term relationships with our stakeholders.

We continued to measure the client experience to understand first-hand our clients' opinions, suggestions, and expectations with regard to the value proposition of exchange and depository services. We surveyed issuers, and promissory note and education clients on product, commercial management, operations and technology. Although 2020 was a difficult year due to the pandemic, we managed to achieve the same score as the previous year.

For the fifth year running, **bvc**'s media and corporate reputation team evaluated its reputation and perception among financial journalists.

Employees are among **bvc**'s most important stakeholders, and we measure our performance in this area using *Great Place to Work* methodology that evaluates the following four indexes: Transactional (benefits, remuneration, development), commitment, bond and environment.

# Commitment to Stakeholders

## 9.2.1 Client Experience Survey Results 2020

GRI 102-3, 103-3

### Methodology

To understand the client experience, we conducted a quantitative survey with clients between 21 September and 21 November 2020.

586 **bvc** clients were surveyed



A specific questionnaire was used for each segment that evaluated general aspects of their experience, such as:

- a) Satisfaction
- b) Effort
- c) Recommendation
- d) Perceived value offer

We also evaluated specific product and process attributes to give us greater insight into clients' responses.

The client sample was random and homogeneous, without bias towards any specific segment, in accordance with the following income considerations:



Data analysis used the 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 used the following ranges to determine client satisfaction:



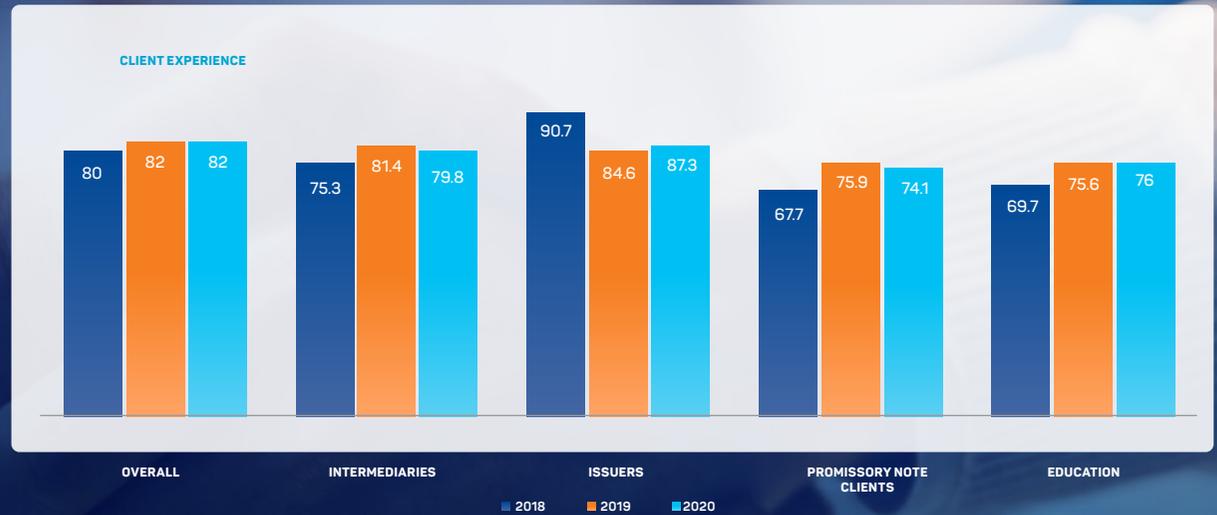
# Commitment to Stakeholders

## 9.2.1 Client Experience Survey Results 2020 GRI: 102-3, 103-3

### Results



The organisation's overall client satisfaction score was 82 points, the same level as 2019 in spite of the COVID-19 pandemic.



With regard to the ranges mentioned previously, the bvc client experience is at optimal levels and only requires optimisation actions and continuous improvement. In general, although there is room for optimisation in all segments, the experience we offer is at an intermediate level, with some cases such as issuers being highly satisfactory.

The general client experience indicator is positive. This reflects the work done by commercial management, operations and customer services, and in product improvement, to overcome the negative events associated with market volatility in such a difficult year.

Although there was no great improvement in processes and services, we found that a large part of the negative impact on client experience was in the intermediaries segment due to trading platform unavailability issues and rollouts that could have been better managed. There was greater demand for promissory notes, and unavailable functions and bottlenecks during rollouts affected the level of service provided to clients.

# Commitment to Stakeholders

## 9.2.1 Client Experience Survey Results 2020 GRI: 102-3, 103-3

### Conclusions

The results show that our maturing commercial model, as well as improved exchange products such as Master Trader and promissory notes in the cloud, have had a positive impact on client satisfaction.

There are clear lessons to be learnt with regard to improving operational excellence and market and platform availability, with ever better client service and support, especially related to technology.

	PRODUCT	COMMERCIAL MANAGEMENT	OPERATIONS AND CLIENT SERVICE	TECHNOLOGY
Intermediaries	82.0	87.8	86.3	83.4
Issuers	90.3	89.5	89.2	90.5
Promissory notes	83.5	81.4	78.4	77.5
Education	85.0	89.8	83.8	

To continue our process of becoming **100% client focussed**, the company has implemented a **2021-2025** general strategy with **five principal pillars**:

1.

Focus efforts on the **core business**.

2.

Operational excellence and **business continuity**.

3.

Consolidate capital market **digital transformation**.

4.

Be at the centre of the **capital market ecosystem** and connect all stakeholders.

5.

Continue strengthening **market access** and massification.

The client experience management office has already implemented real-time feedback mechanisms that allow us to promptly manage the client experience, as well as efficiently designing tactical and strategic action plans that have a direct impact on the medium and long-term operational excellence and value delivery that our clients demand.

# Commitment to Stakeholders

## 9.2.1 Client Experience Survey Results 2020

GRI 102-3, 103-3



### Intermediaries

Intermediary clients such as ebrokers, traders, backoffice and project teams gave us a score of **79.8 points** (-1.6 points compared to 2019 ). Highlights were the strengthened commercial model, our ability to listen, our dynamism, technology platforms such as **Master Trader**, and in general the fixed-income market results.

Areas for improvement include platform uptime, market infrastructure capacity, and compliance with international standards. We also need to improve support and service during project implementation to reduce negative impact, and improve general client support and service.



### Fixed-income

Fixed-income scored **83.9 points** in 2020 (+0.6 compared to 2019), and client satisfaction is at an intermediate level.

The poorest scoring attributes were compliance with international standards (82.0) and the level of dynamism and adaptation to the needs of intermediaries (82.4). Among our strengths are our capacity to listen to suggestions (85.1), the clarity of our fees (88.1) and satisfaction with our terminals (85.9).



### Equities

Equities scored **74.4 points** in 2020 (-9.4 compared to 2019), and client satisfaction is at an intermediate level.

Priority improvements include equity market infrastructure capacity, the level of dynamism and adaptation to market situations, and compliance with international standards. Strengths include equity products' ease of use - currently at an intermediate level of satisfaction, but very close to being optimal among intermediary clients.



### Derivatives

Derivatives scored **80.8** in 2020 (+1.5 compared to 2019), and client satisfaction is at an intermediate level.

Strengths are a) bvc's capacity to listen to suggestions (83.7) and b) our response to market situations (82.3). The poorest scoring attributes were derivative market infrastructure capacity (77.7) and the level of dynamism and adaptation to the needs of intermediaries (77.7).

# Commitment to Stakeholders

## 9.2.1 Client Experience Survey Results 2020



GRI: 102-3, 103-3

### Information and Electronic Media

Information and electronic media scored **82.5** in 2020 (-0.7 compared to 2019), and client satisfaction is at an intermediate level.

Areas to improve include compliance with service expectations for electronic access to closing (82.8) and electronic access to trading, market data and backoffice (83.7). Strengths include bvc indexes (86.3).

### Issuers

Issuers gave us a score of **87.3** puntos in 2020 (+2.7 compared to 2019). This is a highly satisfactory result and we need to focus on maintaining this level and strengthening areas of friction or erosion in value delivery. Strengths include the high level of commercial support, especially the commercial team's knowledge, management capacity and support; the primary market as a financing option with benefits being the price obtained for securities issued on the primary market; and the visibility and reputation that comes from being a bvc issuer.

Although there are no critical improvements necessary, there is room for improvement in special operations' inscription and readiness, and post-issuance efforts to improve securities prices.

### Promissory notes

Promissory notes scored **74.1** in 2020 (-1.8 compared to 2019), and client satisfaction is at an intermediate level.

Strengths include functionality, product value added and commercial support. Improvements are necessary in the onboarding process and customer services, and these should be a strategic priority in 2021.

### Education

Education scored **76.0** (+0.4 compared to 2019), and client satisfaction is at an intermediate level.

Positively evaluated aspects include course enrolment and payment, and information screens for universities.

Areas to improve include support for university management teams in designing innovative products that meet their needs, and support for managers at bvc drop-in sites in designing, implementing and promoting academic programmes.

# Bolsa de Valores de Colombia

## 9.2.2. Media Survey GRI: 103-3

The general score in **2020** was **4.23/5** (0.26 lower than last year). The greatest impact came from system service and uptime (3.80/5).

**Integrity and transparency (4.47)** and **image and recognition (4.67)** scored highest and, thanks to 2020's strategy, **education and training** improved by **0.09 points** and **internationalisation** by **0.12 points**.

It is worth highlighting that this is the second consecutive year that the **media** and **thought leaders** gave us a score of more than **4/5** - a reflection of our high reputational status.

AREAS EVALUATED	2018	2019	2020
1. Integrity and transparency	4.3	4.68	4.47
2. Leadership	3.8	4.6	4.21
3. Vision	3.8	4.6	4.26
4. Image and recognition	4.03	4.65	4.65
5. Sustained and diversified performance and growth	3.8	4.36	4.26
6. Education and training	3.9	4.31	4.4
7. Internationalisation	3.8	4.28	4.4
8. System service and uptime	4	4.44	3.8
9. Good corporate governance practice	4.1	4.55	4.34
10. Legal compliance and an organised, transparent and honest market	4.03	4.65	4.43
11. Transactional security	4.2	4.65	4.34
12. Transactional transparency	4.2	4.68	4.39
13. Product and service management	4.13	4.5	4.26
14. Client service	4.03	4.5	4.17
<b>Average</b>	<b>4.01</b>	<b>4.53</b>	<b>4.27</b>

### Challenges for 2021

Our goal this year is to improve areas that have been affected by the current situation, and focus our media and public relations strategy on the core business, sustainability, and better positioning bvc among diverse stakeholders.

It is important that we have an institutional presence at virtual forums and congresses, so we can highlight situational reasons that position bvc in the industry and public opinion.

# Bolsa de Valores de Colombia

## 9.2.3. Great Place to Work Survey GRI: 103-3



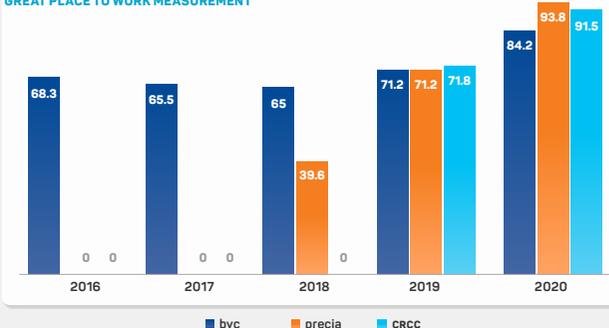
The results helped us preserve and strengthen the relevance of past routines and habits, but also collectively observe, listen and reflect across teams to better respond to the challenges of bvc's new reality.

### What did we achieve?

1. We showed employees that bvc is aware that a new world is emerging, with new realities and dynamics that cannot be ignored.
2. We conducted a comparative reading of results so we could understand which opinions were habitual and which were not.
3. We were able to identify employees' additional needs and expectations with regard to the emerging new reality.
4. We were able to identify how well leaders have adapted to the new contexts and dynamics.
5. We developed criteria to support the development of initiatives designed to strengthen employee wellbeing, and their commitment to the organisation.

We also measured general perception of the workplace environment at the exchange and depository, and obtained very favourable result with improvements in all five areas measured.

### GREAT PLACE TO WORK MEASUREMENT



Precia has been working to improve its workplace environment since 2018 by designing strategies to strengthen organisational processes, empower its leaders, and achieve effective communication and internal equality. A human resources department was created that works with bvc human resource management and other areas to develop work plans that address GPTW's five dimensions. Specific actions focus on employee needs, develop organisational capacity, and are designed to make the company's workplace environment a competitive advantage.

The hard and consistent work done by employees, leaders and senior management has generated improved results in the past two measurements. In 2020 we achieved a score of excellence that was higher than projected by the model.

We defined and declared our values by collaboratively constructing company culture, and creating bonds with and identity among our team.

At precia, trust is strengthened when employees perceive that their leaders practice what they preach, promote special organisational benefits and treat all employees well, regardless of their role in the company.

In 2020, the workplace environment was affected by the state of emergency, and in May we asked employees to complete the **GPTW New World Survey** to understand how the changes had affected them.



### Perception of Trust | Credibility, Respect and Impartiality

Perception of Trust   Credibility, Respect and Impartiality				
Dimension	Score			Tendency
	Previous	Current		
Credibility	Mid (+)	Very high		Very favourable
Respect	Mid (+)	Very high		Very favourable
Impartiality	Mid (+)	Very high		Very favourable
Trust	Mid (+)	Very high		Very favourable

At the Colombian Securities Exchange, trust is strengthened when employees perceive that their leaders **directly answer any reasonable question, recognise effort and extra work and strive to listen and treat people fairly**

# Bolsa de Valores de Colombia

## 9.2.4. Material Topics 2020 GRI 102-47, 103-1

MATERIAL TOPICS BY LEVEL OF IMPACT ON STAKEHOLDERS	STAKEHOLDERS						
	bvc						
	Employees	Issuers	Intermediaries	Investors	Media	Other organisations*	Students
<b>Securities Market</b>							
Product and Service Management	X	✓	✓	✓	✓	✓	✓
Legislative Compliance	X	X	X	X	✓	✓	✓
Securities Market Development	X	✓	✓	X	✓	✓	✓
Systems Uptime	X	✓	✓	X	✓	✓	✓
Technology Evolution and Updates	X	✓	✓	X	✓	✓	✓
Internationalisation	X	✓	✓	X	✓	✓	✓
Public Policy	X	X	X	X	✓	✓	✓
Operational Security	X	✓	✓	X	✓	✓	✓
<b>Company</b>							
Sustainable, Diversified Economic Performance and Growth	X	✓	✓	X	✓	✓	✓
Corporate Governance	X	✓	✓	X	✓	✓	✓
Image and Recognition	X	✓	✓	X	✓	✓	✓
Client Services	X	✓	✓	✓	✓	✓	✓
<b>Work Environment</b>							
Transactional (Benefits, Remuneration, Development)	✓	X	X	X	X	X	X
Commitment	✓	X	X	X	X	X	X
Bond	✓	X	X	X	X	X	X
Work Environment	✓	X	X	X	X	X	X

Score: ■ 4-5 ■ 3-4 ■ 0-3 ✓ Evaluated X Not evaluated

\* Other deceval promissory note clients in the financial and real sectors.

# 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 Report

bvc

### Scope 2020 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.

In 2020, **bvc** disinvested in Sophos, merged by absorption the CRCC with the CCDC and sold a 2.5% shareholding in Derivex.

#### Subsidiaries:


Depósito Centralizado de Valores S.A. – **deceval**


Cámara de Riesgo Central de Contraparte S.A. – CRCC



Precia S.A.



Invesbolsa S.A.S

#### Joint Ventures:



Set-Icap S.A.

#### Permanent Investments:



Derivex S.A.



XM Expertos en Mercados S.A.

Reporting Period	GRI 102-50	Calendar year from 1 January to 31 December 2020
Reporting Cycle	GRI 102-52	Annual
Accounting Standard	GRI 102-51	IFRS for individual (bvc only) and consolidated (bvc and subsidiaries) reports. IFRS financial reports contain previous year comparative data.
Previous Report	GRI 102-50	Published following approval at the General Assembly of Shareholders on 18 May 2019.



### Standards GRI 102-54

For the sixth consecutive year, **bvc's** integrated annual report is aligned to Global Reporting Initiative (GRI) standards and contents for 2020. This report is produced using the GRI Core option.

The report presents quantitative and qualitative corporate information, with sustainability and stakeholder relationship guidelines.

The 2020 report also uses the SASB Security & Commodity Exchanges Sustainability Accounting Standard's 11 disclosure criteria to present information.

### Stakeholders GRI 102-51

In 2020, we evaluated:

- Employees
- Issuers
- Intermediaries
- The Media
- Students

### Scope GRI 102-46

In 2020, **bvc** and market-defined material topics were evaluated using 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** and **deceval** employees.

With a view to broadening information on subsidiaries, in this 2020 report, **bvc** provides greater coverage and scope on some material topics compared to the 2019 report.

### Material Topics GRI 102-47

Material topics evaluated in 2020:

#### 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

# 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 selected at the General Assembly of Shareholders to independently audit the individual and consolidated financial statements for the period 1 January – 31 December 2020.

### 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.
4. Compliance with IP and copyright regulations.

## Defining Report Content and Topic Boundaries

GRI 102-56

### Identifying relevant content for stakeholders

- Identify Colombian regulatory requirements.
- Identify the contents required by the bvc Good Corporate Governance Code.
- 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 involved in the process.
- 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 at the bvc Shareholder Assembly.
- Report submission to the Colombian Financial Superintendence and publication on bvc's website.

## 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

- Intermediary management
- Issuer Management
- Derivatives Management
- Equities Management
- Fixed-income Management
- Information and Electronic Media Management
- deceval Product Management
- Marketing Management

#### VP Technology

#### VP Operations

#### PMO Management

### FOR MORE INFORMATION:

Contact: GRI 102-53



**Carlos Barrios**  
Director of Investor Relations and Sustainability

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## GRI Index

GRI 102:55



## Core Option GRI Index Contents, Bolsa de Valores de Colombia S.A. - bvc

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.

GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020
General Contents				
GRI 101: Foundation 2016				
<b>Organisational profile</b>				
102-1	Name of the organisation	20		4.1 Bolsa de Valores de Colombia
102-2	Activities, brands, products and services	20 21 22		4.1 Bolsa de Valores de Colombia 4.2 Principal Activities, Products and Services 4.3 bvc Brands
102-3	Location of headquarters	20		4.1 Bolsa de Valores de Colombia
102-4	Location of operations	21		4.2 Principal Activities, Products and Services
102-5	Ownership and legal form	20 23		4.1 Bolsa de Valores de Colombia 4.4 bvc Shareholders
102-6	Markets served	20 21		4.1 Bolsa de Valores de Colombia 4.2 Principal Activities, Products and Services
102-7	Scale of the organisation	24		4.5 bvc Scale
102-8	Information on employees and other workers	28 138 339		4.6 Employee Profile 8.3 Employees Footnote 44 - Events after the reporting period
102-9	Supply chain	29		4.7 Supply Chain
102-10	Significant changes to the organisation and its supply chain	29		4.7 Supply Chain
102-11	Precautionary principle or approach	31 42		4.8. Precautionary Principle 4.9 Audit Report
102-12	External initiatives	20		4.1 Bolsa de Valores de Colombia
102-13	Membership of associations	20		4.1 Bolsa de Valores de Colombia
<b>Strategy</b>				
102-14	Statement from senior decision-maker	3		1. Message from the CEO
102-15	Key impacts risks and opportunities	15 16 18		3.1 bvc Group Strategic Vision 3.2 Perspectives and Future Vision 3.3 Evaluation of 2020 Strategy Strategy
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behaviour	70		5.8.1 bvc Values, Principles, Standards and Rules
102-17	Mechanisms for advice and concerns about ethics	70 121		5.8.2 Anticorruption 6.1.1 Employment Rights
GRI 102: General Disclosures 2016				

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GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020	GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020
GRI 102: General Disclosures 2016	<b>Governance</b>				GRI 102: General Disclosures 2016	<b>Governance</b>			
	102-18	Governance structure	47			5.1.1. Board of Directors			
	102-19	Delegating authority	50			5.1.2. Board of Directors and Management Functions			
	102-20	Executive level responsibility for economic, environmental and social topics	58			5.1.6. Evaluation of the bvc President and Senior Management			
	102-21	Consulting stakeholders on economic, environmental and social topics	66 67			5.4 Shareholder Rights 5.5 Good Governance Code Reports			
	102-22	Composition of the highest governance body and its committees	52			5.1.3. Board of Directors and Committees			
	102-23	Chair of the highest governance body	47			5.1.1. Board of Directors			
	102-24	Nominating and selecting the highest governance body	52			5.1.3. Board of Directors and Committees			
	102-25	Conflicts of interest	55			5.1.4. Mechanisms for Administering and Managing Conflicts of Interest			
	102-26	Role of the highest governance body in setting purpose, values and strategy	50			5.1.2. Board of Directors and Management Functions			
	102-27	Collective knowledge of the highest governance body	60 60 61 341			5.2 Corporate Governance Practice 5.2.1 Principal Modifications to bvc Company Bylaws 5.2.2. Principal Modifications to the Good Governance Code 12 Implementation of Best Corporate Practice			
	102-28	Evaluating the highest governance body's performance	57 58			5.1.5. Board of Directors Self-evaluation 5.1.6. Evaluation of the bvc President and Senior Management			
	102-29	Identifying and managing economic, environmental and social impacts	62			5.3 Audit Committee's Annual Report to the Board			
	102-30	Effectiveness of risk management processes	62			5.3 Audit Committee's Annual Report to the Board			
	102-31	Review of economic, environmental and social topics	62			5.3 Audit Committee's Annual Report to the Board			
	102-32	Highest governance body's role in sustainability reporting	52			5.1.3. Board of Directors and Committees			
	102-33	Communicating critical concerns	66 67 68			5.4 Shareholder Rights 5.5 Good Governance Code Reports 5.6 Legislative Compliance			
	102-34	Nature and total number of critical concerns	66 67 68			5.4 Shareholder Rights 5.5 Good Governance Code Reports 5.6 Legislative Compliance			
	102-35	Remuneration policies	59			5.1.7. Board of Directors and Senior Management Remuneration Policy			
	102-36	Process for determining remuneration	59			5.1.7. Board of Directors and Senior Management Remuneration Policy			
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	102-40	List of stakeholders	141		9.1 Stakeholder Groups				
	102-41	Collective bargaining agreements	131		8.1.1 Employment Rights				
	102-42	Identifying and selecting stakeholders	141		9.1 Stakeholder Groups				
	102-43	Approach to stakeholder engagement	142		9.2 Stakeholder Engagement				
	102-44	Key topics and concerns raised	142		9.2 Stakeholder Engagement				
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	102-45	Entities included in the consolidated financial statements	151		9.3 Integrated Management Report				
	102-46	Defining report content and topic Boundaries	151		9.3 Integrated Management Report				
	102-47	List of material topics	142 150 151		9.2 Stakeholder Engagement 9.2.4. Material Topics 2020 9.3 Integrated Management Report				
	102-48	Restatements of information	142		9.2 Stakeholder Engagement				
	102-49	Changes in reporting	142		9.2 Stakeholder Engagement				
	102-50	Reporting period	151		9.3 Integrated Management Report				
	102-51	Date of most recent report	151		9.3 Integrated Management Report				
	102-52	Reporting cycle	151		9.3 Integrated Management Report				
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	102-54	Claims of reporting in accordance with GRI Standards	151		9.3 Integrated Management Report				
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<b>Material Topics</b>				
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GRI 103: Management approach 2016	103-1	Explanation of material topic and its Boundary	150 3 15	9.2.4. Material Topics 2020 1 Message from the CEO 3.1 Bvc Group Strategic Vision
	103-2	The management approach and its components	16 24 72	3.2 Perspectives and Future Vision 4.5 Bvc Scale 6.1 Sustainability
	103-3	Evaluation of management approach	18	3.3 Evaluation of 2020 Strategy
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	72	6.1 Sustainability
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85 126			6.4 Financial Education 7.11 VDD Project Development and Evolution 2020	
103-3	Evaluation of management approach	18	3.3 Evaluation of 2020 Strategy	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	115 119 126	7.9 Operational Development and Evolution 7.10 Development, Technological Evolution and Innovation 7.11 VDD Project Development and Evolution 2020
	203-2	Significant indirect economic impacts	77 85	6.2 Corporate Social Responsibility Programme 6.4 Financial Education
<b>Procurement Practices</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	150 3 15	9.2.4. Material Topics 2020 1 Message from the CEO 3.1 Bvc Group Strategic Vision
	103-2	The management approach and its components	16 24 29	3.2 Perspectives and Future Vision 4.5 Bvc Scale 4.7 Supply Chain
	103-3	Evaluation of management approach	18	3.3 Evaluation of 2020 Strategy Strategy
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local providers	29	4.7 Supply Chain

GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020
<b>Anticorruption</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	150 3 15	9.2.4. Material Topics 2020 1 Message from the CEO 3.1 Bvc Group Strategic Vision
	103-2	The management approach and its components	3	1 Message from the CEO
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GRI 205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	62 131	5.3 Audit Committee's Annual Report to the Board 8.1.1 Employment Rights
	205-2	Communication and training about anti-corruption policies and procedures	3 31 70 72	1 Message from the CEO 4.8 Precautionary Principle 5.8 Ethics and Integrity 6.1 Sustainability
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GRI 302: Energy 2016	302-1	Energy consumption within the organisation	82	6.3 Environmental Management

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	<b>Public Policy</b>					<b>Securities Market Development</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	150 112	9.2.4. Material Topics 2020 7.8 Regulatory Agenda 2020	103-1	Explanation of the material topic and its Boundary	150 3 15		9.2.4. Material Topics 2020 1 Message from the CEO 3.1 Bvc Group Strategic Vision
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			21 22 94	4.2 Principal Activities, Products and Services 4.3 Bvc Brands 7.3 Issuer Services	Self-disclosure	Strategy: Mission and vision	15		3.1 Bvc Group Strategic Vision
GRI 103: Management approach 2016	103-2	The management approach and its components	100 104 107 88	7.4 Capital Market 7.5 Post-trade Services 7.6 Information Services 7.1 Commercial Management		<b>Systems Uptime</b>			
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	103-2	The management approach and its components	119 126	7.10 Development, Technological Evolution and Innovation 7.11 VDO Project Development and Evolution 2020
	103-3	Evaluation of management approach	18	3.3 Evaluation of 2020 Strategy
Self-disclosure	Technology evolution and updates	119		7.10 Development, Technological Evolution and Innovation
GRI 103: Management approach 2016	<b>Internationalisation</b>			
	103-1	Explanation of the material topic and its Boundary	150 15	9.2.4. Material Topics 2020 3.1 Bvc Group Strategic Vision
	103-2	The management approach and its components	92	7.2 Local and International Macroeconomic Evolution
			100	7.4.1 Equities Market
102 110 111			7.4.2 Fixed-income Market 7.7.1 International Commercial Management 7.7.2 Colombian Capital Market Promotion Event	
103-3	Evaluation of management approach	15	3.1 Bvc Group Strategic Vision	
Self-disclosure	Strategy: Mission and vision	15		3.1 Bvc Group Strategic Vision

GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020
GRI 103: Management approach 2016	<b>Operational Security</b>			
	103-1	Explanation of the material topic and its Boundary	150 31	9.2.4. Material Topics 2020 4.8 Precautionary Principle
	103-2	The management approach and its components	31 62 115	4.8 Precautionary Principle 5.3 Audit Committee's Annual Report to the Board 7.9 Operational Development and Evolution
	103-3	Evaluation of management approach	18	3.3 Evaluation of 2020 Strategy
Self-disclosure	Precautionary principle	31 62 115		4.8 Precautionary Principle 5.3 Audit Committee's Annual Report to the Board 7.9 Operational Development and Evolution
GRI 103: Management approach 2016	<b>Corporate Governance</b>			
	103-1	Explanation of the material topic and its Boundary	150 47 60	9.2.4. Material Topics 2020 5.1 Governance Structure 5.2 Corporate Governance Practice
	103-2	The management approach and its components	47 60	5.1 Governance Structure 5.2 Corporate Governance Practice
	103-3	Evaluation of management approach	52 57 58 330	5.1.3. Board of Directors and Committees 5.1.5 Board of Directors Self-evaluation 5.1.6. Evaluation of the bvc President and Senior Management 12 Implementation of Best Corporate Practice
Self-disclosure	Governance structure	47		5.1 Governance Structure

## GRI Index

GRI 102-55

GRI STANDARD	INDICATOR	PAGE	OMISSIONS	BVC MANAGEMENT REPORT 2020
	<b>Image and Recognition</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and Boundary	150	9.2.4. Material Topics 2020
	103-2	The management approach and its components	3	1 Message from the CEO 3.1 Bvc Group Strategic Vision 3.2 Perspectives and Future Vision
			15 16	
103-3	Evaluation of management approach	18 142	3.3 Evaluation of 2020 Strategy 9.2 Stakeholder Engagement	
Self-disclosure	Strategic direction: Mission, vision, media survey	15		3.1 Bvc Group Strategic Vision
		148		9.2.2. Media Survey
	<b>Customer Services</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and Boundary	150	9.2.4. Material Topics 2020
	103-2	The management approach and its components	3	1 Message from the CEO 3.1 Bvc Group Strategic Vision 3.2 Perspectives and Future Vision 7.1 Commercial Management
			15 16 88	
103-3	Evaluation of management approach	18 143	3.3 Evaluation of 2020 Strategy 9.2.1 Client Experience Survey Results 2020	
Self-disclosure	Client experience survey	142		9.2.1 Client Experience Survey Results 2020

# Individual Financial Statements

# Statutory Auditor's Report

Dear Bolsa de Valores de Colombia S.A. shareholders,

## Report on the Audit of the Financial Statements

### Opinion

I have audited the Bolsa de Valores de Colombia S.A. (the Company) Individual Financial Statements, which include the individual financial position, and other comprehensive income, equity and cash flow statements to 31 December 2020, including their footnotes, significant accounting policies and other explanatory information.

In my opinion, the Individual Financial Statements were faithfully prepared using information from the books and fairly present all material aspects of the Company's financial position and cash flow at 31 December 2020, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia that were consistently applied during year.

### Basis for Opinion

I conducted my audit in accordance with the International Standards on Auditing (ISA) accepted in Colombia. My responsibilities under those standards are described later in this report. I work independently of the Company, in accordance with the IESBA Code of Ethics for Professional Accountants included in the Colombian Information Safeguarding Regulations, together with Colombian ethical requirements relevant to my audit of the Individual Financial Statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those that in my professional judgment are of the greatest importance to my audit of the Individual Financial Statements for the current period. Although these matters are addressed in the context of my audit as a whole and contribute to my opinion of the Individual Financial Statements, I do not provide a separate opinion on them.

#### Assessment of recognition of the purchase of a controlling interest in Camara de Riesgo Central de Contraparte S.A. (See Footnote 23 of the Individual Financial Statements)

Key Audit Matter	How it was addressed in the audit
<p>COP 18.6 billion in income measured at fair value was recognised on the Company's Individual Financial Statements for its Camara de Riesgo Central de Contraparte holding, following the acquisition of 8.96% of this company that increased the total stake to 41.59% at 31 December 2020.</p> <p>In accordance with the applicable accounting framework, the acquirer must remeasure its previously held stake at fair value on the date of the new acquisition, and recognise any resulting profit or loss in profit and loss for the period.</p> <p>This is a key audit matter due to:</p> <ol style="list-style-type: none"> <li>1) The materiality of the amount.</li> <li>2) The uncertainty inherent in applying judgments and complex estimates, and the degree of subjectivity in determining fair value.</li> <li>3) The significant judgment and audit work necessary to evaluate evidence of cash flow models, input data and assumptions, and the need to employ professionals with industry experience and expertise in valuation.</li> </ol>	<p>To evaluate recognition, I used the following audit procedures:</p> <ol style="list-style-type: none"> <li>1. An evaluation of the methodology used to determine the stake's fair value, in accordance with generally used methodologies and the provisions established in the applicable regulatory framework, supported by valuation professionals.</li> <li>2. An evaluation of the competence, objectivity and capacity of the external specialist that determined the fair value of acquiring the Company's new shares.</li> <li>3. An evaluation of the principal projected assumptions and fair value calculation, and a comparison with market data of the macroeconomic assumptions, price and discount rate, supported by valuation professionals.</li> <li>4. An evaluation of the fair value of assets and liabilities acquired in the transaction.</li> <li>5. A recalculation profit and loss, free cash flow, discount rate and net present value projections related to the acquired business and its intangibles, supported by valuation professionals.</li> <li>6. An evaluation of disclosures on the Individual Financial Statements related to the acquisition, in accordance with the applicable regulatory framework.</li> </ol>

# Statutory Auditor's Report

## Assessment of recognition of the sale of Sophos Solutions S.A.S. shares (See Footnote 22 of the Individual Financial Statements)

Key Audit Matter	How it was addressed in the audit
<p>CDP 86.9 billion in income was recognised on the Company's Individual Financial Statements from the sale of its investment in Sophos Solutions S.A.S.</p> <p>In accordance with the applicable financial reporting regulatory framework, <b>bvc</b> is required to recognize the fair value of this income.</p> <p>This is a key audit matter due to:</p> <ol style="list-style-type: none"> <li>1) The materiality of the amount.</li> <li>2) The fact that it is an unusual transaction that generates additional audit work.</li> </ol>	<p>To evaluate recognition, I used the following audit procedures:</p> <ol style="list-style-type: none"> <li>1. An evaluation of the share sale contract and evidence of fair value determination and payment of the agreed amount.</li> <li>2. A recalculation of income from the sale.</li> <li>3. An evaluation of disclosures related to the sale on the Individual Financial Statements, in accordance with the applicable regulatory framework.</li> </ol>

### Other matters

The Company's Individual Financial Statements at 31 December 2019 are included for comparative purposes; they were audited by me and I submitted my unqualified opinion on 26 February 2020.

### Management and Governance Responsibilities Relating to the Individual Financial Statements

Management is responsible for preparing and fairly presenting the Individual Financial Statements in accordance with accounting and financial reporting standards accepted in Colombia. This includes: designing, implementing and maintaining the necessary internal controls to ensure that the Individual Financial Statements do not contain material misstatements (whether due to fraud or error); selecting and applying appropriate accounting policies; and establishing fair accounting estimates according to the circumstances.

When preparing the Individual Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters that may affect this, and using the going concern basis of accounting unless it intends to liquidate the Company or cease operations, or there is no realistic alternative but to do so.

Those in charge of corporate governance are responsible for overseeing the Company's financial reporting process.

## Statutory Auditor's Responsibilities Relating to Auditing the Individual Financial Statements

My objectives are to obtain reasonable certainty that the Individual Financial Statements as a whole are free from material misstatements (whether due to fraud or error) and issue an audit report that includes my opinion. Reasonable certainty implies a high level of certainty, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if one exists. Misstatements can arise from fraud or error and are considered material if they may individually or collectively influence economic decisions made on the basis of the Individual Financial Statements.

When conducting an ISA-compliant audit, I exercise my professional judgment and maintain professional scepticism throughout. I also:

- Identify and assess the risk of material misstatement on the Individual Financial Statements (whether due to fraud or error), design and perform audit procedures in response to that risk, 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, and overriding or avoidance of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Judge how appropriately management uses going-concern accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may generate significant doubt regarding the Company's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my audit report to the relevant disclosures on the Individual Financial Statements. If these disclosures are inadequate I must modify my opinion. My conclusions are based on the audit evidence obtained prior to the date of the audit report. However, future events or conditions may cause the Company to cease operating as a going concern.
- Evaluate the overall presentation, structure and content of the Individual Financial Statements, including disclosures and whether the Individual Financial Statements fairly present the underlying transactions and events.

# Statutory Auditor's Report

I communicate to those in charge of corporate governance the planned scope and timing of the audit and the significant audit findings, including any significant internal control deficiencies identified. I also provide them with confirmation that I have complied with the relevant ethical requirement for independence and that I have communicated to them all relationships and other matters that may reasonably be considered to affect my independence, and related safeguards if applicable.

I then determine the key audit matters – those that are of the greatest importance – and describe them in my Statutory Auditor's report, unless regulations or the law prevent public disclosure of a matter or if extremely exceptional circumstances lead me to determine that a matter should not be reported because the adverse consequences of doing so would be measurably greater than the public interest benefits.

## Other Legal and Regulatory Requirements

1. Based on the audit, in my opinion during 2020:

- a) The Company's accounting records complied with legal regulations and accounting techniques.
- b) The transactions recorded in the books complied with the bylaws and shareholders' decisions.
- c) Correspondence, accounting vouchers, minutes and the stock register were properly kept and preserved.
- d) The Company complied with Colombian Financial Superintendence regulations and instructions with regard to the implementation and impact of risk management systems on the balance sheet and financial and other comprehensive income statement.
- e) The Individual Financial Statements and the Management Report are consistent with one another, and the latter includes a statement confirming the free circulation of vendor and supplier invoices.
- f) The information contained in social security system payment declarations, especially with regard to employees and the salaries used to calculate their contributions, was taken from accounting records and supporting documents. The Company's contributions to the social security system are not in arrears.

In accordance with Decree 2420/2015, articles 1.2.1.2 and 1.2.1.5, and in the exercise of the Statutory Auditor responsibilities specified in Commerce Code article 209 (evaluating whether management actions comply with the bylaws and shareholders' instructions, and whether the Company has and complies with adequate internal controls and preservation and custody measures for its own assets and those of third-parties in its custody), I issued an individual report on 24 February 2021.

2. I followed up on replies to my letters of recommendation to management, and there are no outstanding material issues that could affect my opinion.



**Gloria Margarita Mahecha García**  
 Statutory Auditor, Bolsa de Valores de Colombia S.A.  
 Licence: 45048 - T  
 Member of KPMG S.A.S.  
 24 February 2021

# Statutory Auditor's Report On Compliance With Commercial Code Article 209, Items 1 And 3

Dear Bolsa de Valores de Colombia S.A. shareholders,

## Principal Matter

As Statutory Auditor, and in compliance with Decree 2420/2015, articles 1.2.1.2 and 1.2.1.5, modified by Decree 2496/2015, articles 4 and 5, I must report on Bolsa de Valores de Colombia S.A. (the Company) compliance with Commercial Code article 209, items 1 and 3, and provide an independent and reasonably certain conclusion to 31 December 2020 on whether management actions related to all material matters have complied with the bylaws and shareholders' instructions, and whether the Company has adequate internal control measures, in accordance with the criteria indicated in this report:

- 1) Whether Company management's actions comply with the bylaws and shareholders' decisions and instructions, and 3) 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.
- 3) Whether the Company has adopted adequate internal control, preservation and custody measures for its own assets and those of third parties in its possession.

## Management Responsibilities

Management is responsible for complying with the bylaws and shareholders' decisions, and for designing, implementing and maintaining adequate internal control, preservation and custody measures for its own assets and those of third parties in its possession, in accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).

## Statutory Auditor's Responsibilities

My responsibility is to examine whether management actions are in accordance with the bylaws and shareholders' orders or instructions, and whether the Company has adopted adequate internal control, preservation and custody measures for its own assets and those of third parties in its possession and submit an independent and reasonably certain report based on the evidence obtained.

I carried out my procedures in accordance with the ISAE 3000 version accepted in Colombia (translated into Spanish and published by the International Auditing and Assurance Standards Board in April 2009). This standard requires that I plan and carry out the procedures I deem necessary to achieve reasonable certainty on whether management actions comply with the bylaws and shareholders' decisions, and whether the Company has and complies with adequate internal controls and preservation and custody measures for its own assets and those of third-parties in its possession, in

accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).

The accounting firm to which I belong appointed me as the Company's Statutory Auditor, and follows International Standard on Quality Control No. 1; it uses a comprehensive quality control system that includes documented compliance policies and procedures related to ethical requirements, and applicable professional, legal and regulatory standards.

I have complied with the IESBA Code of Ethics for Professional Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

I selected procedures based on my professional judgment. These include a risk assessment of management actions not complying with the bylaws and shareholders' decisions, and internal controls and preservation and custody measures for the Company's assets and those of third-parties in its possession not being properly designed and implemented, in accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).

To achieve reasonable certainty, I obtained evidence to 31 December 2020 using procedures that included:

- Obtaining written confirmation from management on compliance with the bylaws and shareholders' decisions, and whether the Company has and complies with adequate internal control, preservation and custody measures for its own assets and those of third-parties in its possession, in accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).
- Reading, and verifying compliance with, the Company's bylaws.
- Obtaining confirmation from management regarding shareholder meetings documented in the minutes.
- Reading shareholder meeting minutes and the bylaws and verifying whether management actions comply with them.
- Working with management to identify changes or amendments to the Company's bylaws during the period, and verifying their implementation.
- Evaluating the existence and suitability of internal control measures for the Company's own assets and those of third-parties in its possession, in accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV), including:

# Statutory Auditor's Report On Compliance With Commercial Code Article 209, Items 1 And 3

- Evaluating the design, implementation and operational efficacy of the Company's controls on internal financial reporting control components and elements such as: the control environment, risk management processes, information systems, and the control and monitoring of controls.
- Evaluating the design, implementation and operational efficacy of manual and automatic controls on key businesses processes related to significant financial statement accounts.
- Verifying appropriate compliance with standards and instructions related to the Company's risk management systems: AML/CFT (SIPLAFT) and Operational Risk Management System.
- Sending management and those responsible for corporate governance letters detailing my recommendations for insignificant internal control deficiencies identified during the statutory audit.
- Following-up on the letters I sent to management detailing my recommendations for insignificant internal control deficiencies.

## Inherent Limitations

Due to the inherent limitations of any internal control structure, controls that were effective when I examined them may not be effective in the future because my report is based on selective tests; internal control evaluations risk becoming inadequate if conditions change or if compliance with policies and procedures deteriorates. In addition, the inherent limitations of internal controls include human error, failures due to collusion between two or more people, and managers inappropriately circumventing controls.

## Criteria

The criteria used to evaluate the matters mentioned above are: a) the bylaws and shareholder meeting minutes, and b) the Company's internal control components – the control environment, risk assessment procedures, information and communications systems, and control monitoring by management and those responsible for corporate governance, etc. – based on Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).

## Conclusion

In view of the evidence obtained with regard to the matters described in this report, and notwithstanding the inherent limitations mentioned above, I am able to conclude with reasonable certainty that:

In my opinion, management actions have complied with the bylaws and shareholders' decisions, and internal control, preservation and custody measures for the Company's own assets and those of third parties in its possession are adequate, in accordance with Colombian Financial Superintendence requirements stated in Basic Legal Circular 029/2014 (Part I, Section I, Chapter IV).



**Gloria Margarita Mahecha Garcia**  
Statutory Auditor, Bolsa de Valores de Colombia S.A.  
Licence: 45048 - T  
Member of KPMG S.A.S.  
24 February 2021

# Individual financial statements

Data in thousands of Colombian pesos, unless stated otherwise

	FOOTNOTE	31 DECEMBER 2020	31 DECEMBER 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	120,252,561	11,888,133
Financial assets - investments	5	2,807,468	242,420
Accounts receivable from related parties	29	364,317	591,535
Dividends receivable	6	1,542,313	-
Net trade and other accounts receivable	7	5,973,531	7,012,848
Net current tax assets	15	-	7,168,017
Other non-financial assets	8	5,471,466	6,934
		<b>136,411,656</b>	<b>26,909,887</b>
<b>Noncurrent assets</b>			
Noncurrent financial assets - investments	5	2,455,487	2,625,868
Investments in associates and joint ventures	9	7,758,099	30,254,581
Investments in subsidiaries	10	464,761,924	443,397,196
Net property, plant and equipment, and right-of-use	11	19,561,273	218,433,633
Net intangible assets	12	35,017,772	27,560,118
Other non-financial assets	8	8,512,364	2,906,789
Accounts receivable from related parties	29	814,293	500,000
		<b>538,881,212</b>	<b>529,088,185</b>
<b>Total assets</b>		<b>675,292,868</b>	<b>555,998,072</b>



Diego Javier Fernández Perdomo  
Legal Representative (\*)



Nancy Fuquen Tocarruncho  
Accountant (\*)  
T.P. No. 75520 - T  
For: PricewaterhouseCoopers  
Asesores Gerenciales AG SAS



Gloria Margarita Mahecha García  
Statutory Auditor  
T.P. 45048 - T  
For: KPMG  
(Report dated 24 February 2021)

	FOOTNOTE	31 DECEMBER 2020	31 DECEMBER 2019
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities	13	6,745,054	9,458,614
Trade and other accounts payable	14	10,999,338	14,648,012
Accounts payable to related parties	29	90,258	595,339
Current tax liabilities	15	3,784,228	-
Employee benefits	16	1,652,190	3,994,224
Estimated liabilities and provisions	17	90,000	-
Prepaid income		2,598	125,920
		<b>23,363,666</b>	<b>28,822,109</b>
<b>Noncurrent liabilities</b>			
Financial liabilities	13	13,284,875	10,362,464
Estimated liabilities and provisions	17	112,977	596,737
Net deferred tax liabilities	24	2,300,499	4,911,264
Other liabilities	18	2,832,415	1,191,634
		<b>18,530,766</b>	<b>17,062,099</b>
<b>Total liabilities</b>		<b>41,894,432</b>	<b>45,884,208</b>
<b>SHAREHOLDER EQUITY</b>			
Capital and reserves attributable to shareholders	19		
Subscribed and paid-up capital		30,256,734	30,256,734
Share premium		298,397,252	298,397,252
Reserves		152,521,022	127,229,645
Net profit		150,337,344	50,586,007
Accumulated profit		(379,108)	114,923
Other comprehensive income		51,376	1,315,487
IFRS first time adoption		2,213,816	2,213,816
<b>Total shareholder equity</b>		<b>633,398,436</b>	<b>510,113,864</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER EQUITY</b>		<b>675,292,868</b>	<b>555,998,072</b>

(\*) 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

Data in thousands of Colombian pesos, except income per share

31 December

	Footnote	2020	2019
<b>Income</b>			
Operating income	20	63,501,486	68,348,643
Net investment income	21	723,116	673,003
Earnings and other income	24	3,318,773	2,166,921
<b>Total income</b>		<b>67,543,375</b>	<b>71,188,567</b>
<b>Expenses</b>			
Ordinary expenses	25	(29,264,928)	(28,657,756)
Employee benefits	25	(15,752,192)	(23,699,570)
Depreciation and amortisation	25	(7,913,829)	(7,003,692)
Other ordinary expenses	26	(1,164,849)	(1,164,667)
<b>Total expenses</b>		<b>(54,095,798)</b>	<b>(60,525,685)</b>
<b>Operating profit</b>		<b>13,447,577</b>	<b>10,662,882</b>
Equity method profits, subsidiaries	10	29,771,186	34,190,199
Equity method profits, associate companies and/or joint ventures	9	7,019,282	7,750,101
Income from the sale of equity – subsidiaries	22	86,883,018	-
Permanent investment value increase	23	10,781,055	-
CRCC investment value increase	23	19,008,558	-
Finance charges	27	(3,442,496)	(2,160,691)
<b>Pre-tax profit</b>		<b>163,468,180</b>	<b>50,442,491</b>
Income tax	30	(13,130,836)	143,516
<b>Net income</b>		<b>150,337,344</b>	<b>50,586,007</b>
<b>Other comprehensive income</b>		<b>150,337,344</b>	<b>50,586,007</b>
<b>Other comprehensive income components not report-ed in the period</b>			
Equity method – other comprehensive income		19,581	(396,130)
<b>Other comprehensive income components that will be reported after the period</b>			
Cash flow, company		22,232	(22,232)
Cash flow, sale of subsidiaries		(859,052)	41,013
Amount from business combinations		(444,648)	(19,582)
Other comprehensive income, associate investment share swaps		(2,224)	-
<b>Other comprehensive post-tax income</b>		<b>(1,264,111)</b>	<b>(396,931)</b>
<b>Final net income</b>		<b>149,073,233</b>	<b>50,189,076</b>
<b>Shares in circulation</b>		<b>60,513,469</b>	<b>60,513,469</b>
Basic earnings per share (COP)	28	2,484.36	835.95

The footnotes are an integral part of the financial statements.



Diego Javier Fernández Perdomo  
Legal Representative (\*)



Nancy Fuquen Tocarruncho  
Accountant (\*)

T.P. No. 75520 - T  
For: PricewaterhouseCoopers  
Asesores Gerenciales AG SAS



Gloria Margarita Mahecha Garcia  
Statutory Auditor

T.P. 45048 - T  
For: KPMG  
(Report dated 24 February 2021)

(\*) 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

Data in thousands of Colombian pesos, unless stated otherwise, except share dividends

December 2020 and 2019	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
<b>Balance 1 January 2019</b>	\$	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	-	-	-
Use of reserves	19	-	-	-	5,860,081	<b>5,860,081</b>	-	(5,860,081)	-	-	-
Act 33, 28 March 2019 – Dividend distribution of \$550 per share x 60,513,469	19	-	-	-	-	-	-	(33,282,407)	-	-	<b>(33,282,407)</b>
Net annual profit		-	-	-	-	-	50,586,007	-	-	-	<b>50,586,007</b>
Equity method other comprehensive income		-	-	-	-	-	-	-	(374,699)	-	<b>(374,699)</b>
Hedged derivatives		-	-	-	-	-	-	-	(22,232)	-	<b>(22,232)</b>
Extraordinary dividend tax		-	-	-	-	-	-	(368,951)	-	-	<b>(368,951)</b>
First time adoption adjustment	19	-	-	-	-	-	-	(2,524,780)	-	2,524,780	-
<b>Balance 31 December 2019</b>		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
Transfer of income		-	-	-	-	-	(50,586,007)	50,586,007	-	-	-
Appropriation of reserves	19	-	-	-	25,291,377	<b>25,291,377</b>	-	(25,291,377)	-	-	-
Act 34, 18 May 2020 – Dividend distribution of \$418 per share x 60,513,469	19	-	-	-	-	-	-	(25,294,630)	-	-	<b>(25,294,630)</b>
Net annual profit		-	-	-	-	-	150,337,344	-	-	-	<b>150,337,344</b>
Equity method other comprehensive income	19	-	-	-	-	-	-	-	19,581	-	<b>19,581</b>
Business combination other comprehensive income		-	-	-	-	-	-	-	(444,648)	-	<b>(444,648)</b>
Hedged derivatives	19	-	-	-	-	-	-	-	22,232	-	<b>22,232</b>
Sale of Sophos	19	-	-	-	-	-	-	-	(859,052)	-	<b>(859,052)</b>
CCRC/CCDC share swap	19	-	-	-	-	-	-	-	(2,224)	-	<b>(2,224)</b>
Extraordinary dividend tax		-	-	-	-	-	-	(494,031)	-	-	<b>(494,031)</b>
<b>Balance 31 December 2020</b>		30,256,734	298,397,252	19,657,411	132,863,611	152,521,022	150,337,344	(379,108)	51,376	2,213,816	633,398,436

The footnotes are an integral part of the financial statements.



Diego Javier Fernández Perdomo  
Legal Representative (\*)



Nancy Fuquen Tocarruncho  
Accountant (\*)  
T.P. No. 75520 - T  
For: PricewaterhouseCoopers  
Asesores Gerenciales AG SAS



Gloria Margarita Mahecha Garcia  
Statutory Auditor  
T.P. 45048 - T  
For: KPMG  
(Report dated 24 February 2021)

(\*) 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

Data in thousands of Colombian pesos, unless stated otherwise

Year ended 31 December

	Footnote	2020	2019
<b>Operational cash flow</b>			
<b>Operational charges</b>			
Services	\$	81,175,583	85,776,750
Other operational activities		10,238	198,405
<b>Operational expenses</b>			
(-) Goods and services		(37,818,790)	(38,732,873)
(-) Operational taxes		(21,878,932)	(22,259,271)
(-) Employees		(16,440,471)	(20,160,453)
(-) Other operational activities		(582,198)	(650,341)
(-) Interest on financial leases		(79,680)	(91,854)
Interest received from financial subleasing	29	17,767	16,299
Interest on financial performance		506,332	304,188
Other cash income and (expenses)		682,408	(627,298)
Other cash flow (government subsidies)	18 and 24	1,715,073	48,542
<b>Net operational cash flow</b>		<b>7,307,330</b>	<b>3,822,094</b>
<b>Investment cash flow</b>			
(-) Other company shareholding increase payments	23	(7,275,403)	-
(-) Other contingent consideration payments		-	(5,311,929)
(+) Other charges for sale of equity or other company's debt instruments	22	111,651,009	-
(-) Other payments for associate stock acquisition	9	(473,759)	-
(-) Property, plant and equipment purchases	11	(2,101,411)	(3,651,725)
(-) Intangible asset purchases	12	(8,480,941)	(766,264)
Dividends received	10	38,478,556	36,635,643
(-) Futures contract payments		201,664	(22,232)
(-) Subsidiary loan interest paid		-	(37,039)
Other cash income (portfolio)		(2,562,442)	2,275,396
(-) Hedge contract collateral		(52,800)	(4,800)
<b>Net investment cash flow</b>		<b>129,384,473</b>	<b>29,117,050</b>

Year ended 31 December

	Footnote	2020	2019
<b>Financing cash flow</b>			
(-) Other payments to acquire equity or debt instruments from other organizations	23	(3,566,829)	
Amounts from loans	13	11,207,500	5,000,000
Amounts from loans between related parties		-	1,490,000
(-) Payment of loans to related parties		-	(1,490,000)
(-) Payment of loans	13	(10,267,877)	(4,000,000)
(-) Financial lease liabilities		(531,746)	(500,050)
Income from financial subleases		66,889	53,798
(-) Dividend payments	19	(23,356,795)	(30,999,175)
(-) Interest payments		(1,818,356)	(1,122,111)
<b>Net financing cash flow</b>		<b>(28,267,214)</b>	<b>(31,567,538)</b>
<b>Net cash and cash equivalents increase, before effect of FX variation</b>		<b>108,424,589</b>	<b>1,371,606</b>
Effect of exchange rate variation on cash and cash equivalents		(60,161)	(175,546)
<b>Net cash and cash equivalent increase</b>		<b>108,364,428</b>	<b>1,196,060</b>
Cash and cash equivalents at start of year		<b>11,888,133</b>	<b>10,692,073</b>
<b>Cash and cash equivalents at year-end</b>		<b>120,252,561</b>	<b>11,888,133</b>

The footnotes are an integral part of the financial statements.



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# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 1 – Corporate Information

### Economic Organisation

Bolsa de Valores de Colombia S.A. was incorporated in public deed No.1234, 17 April 2001 (valid to 2051) at Notaría 4, Bogota D.C., under the corporate name Servicios Integrados Bursátiles S.A. On 27 June 2001, its name was changed in public deed No. 2697. Its business purpose is organising, regulating, managing 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 2020 and 2019 **bvc** had 143 and 235 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 an office in Medellín.

The company's incorporation is valid until 17 April 2051.

On 11 December 2006, shareholders authorised Bolsa de Valores de Colombia S.A. to list shares on the National Securities Registry and the Bolsa de Valores de Colombia S.A. (self-listing) from 22 June 2007; trading began on 28 June 2007.

**bvc** subsidiaries at 31 December 2020:

Name	Direct holding	Indirect holding
Invesbolsa S.A.	100.00%	0.00%
<b>bvc Plus S.A.S.</b>	100.00%	0.00%
<b>bvc Pro S.A.S.</b>	100.00%	0.00%
<b>Inverbvc S.A.S.</b>	100.00%	0.00%
deceval S.A.	94.96%	5.04%
precia S.A.	90.91%	9.09%
Cámara de Riesgo Central de Contraparte de Colombia S.A.	39.60%	14.70%

### Control of Bolsa de Valores de Colombia S.A. Group:

On 9 January 2018 in entry 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 entry 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 entry 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.

In 2020, the following changes occurred:

(i) On 20 February 2020 in entry 02555625, Book IX, Bogota Chamber of Commerce, Bolsa de Valores de Colombia S.A. control of Cámara de Riesgo Central de Contraparte de Colombia S.A. was registered. In addition, Bolsa de Valores de Colombia S.A. purchased shares on 14 December 2020 and configured the Cámara de Riesgo Central de Contraparte de Colombia S.A. merger.

In December 2020, Cámara de Riesgo Central de Contraparte S.A. (CRCC) and Cámara de Compensación de Divisas de Colombia (CCDC) merged following a share swap. CRCC issued 10,903,340,937 shares bringing the total number in circulation to 51,270,006,352 and diluting **bvc**'s holding.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The following table shows Cámara de Riesgo Central de Contraparte de Colombia S.A. share movements and holdings in 2020:

Concept	DIRECT - BVC		TOTAL SHAREHOLDING	
	No. of shares	Holding	No. of shares	Holding
<b>Initial holding</b>	<b>13,173,209,671</b>	<b>32.65%</b>	<b>19,166,250,910</b>	<b>47.30%</b>
February 2020	2,425,134,495	6.01%	3,433,464,596	8.71%
June 2020	344,831,414	0.86%	499,610,201	1.24%
August 2020	844,111,538	2.07%	1,222,993,955	3.01%
<b>Subtotal purchases</b>	<b>16,787,287,118</b>	<b>41.59%</b>	<b>24,322,319,662</b>	<b>60.26%</b>
Dilution following CRCC – CCDC merger (1)	3,514,189,201	-1.99%	3,514,189,201	-5.95%
<b>Total</b>	<b>20,301,476,319</b>	<b>39.60%</b>	<b>27,836,508,863</b>	<b>54.30%</b>

(ii) On 27 November 2020, Bolsa de Valores de Colombia S.A. signed the sales contract for Sophos Solutions S.A., and the transaction was executed on 1 December 2020. The company had been part of bvc Group since 2 July 2015.

These financial statements do not consolidate subsidiary operations. The consolidated bvc and subsidiary financial statements are presented separately.

## Footnote 2 – Summary of principal accounting policies:

### 2.1 Professional accounting standards

#### 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

Decreets 2496/2015, 2131/2016, 2170/2017, 2483/2018, and 2270/2019).

The NCIF applicable in 2020 are based on IFRS and IASB norms and interpretations published by IASB, and incorporate IFRS 16 – Leases: Rent concessions due to Covid-19, issued in 2020.

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 type of investment (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 subsidiary consolidated financial statements. In Colombia, the individual financial statements are considered to be the principal financial statements.

#### Non-effective issued standards

#### Standards and amendments applicable from 1 January 2020

There follows a list of amendments issued by IASB in 2019 and 2020. Some became internationally effective on 1 January 2020 and 2021, others will become effective on 1 January 2022 and 2023. None have yet been adopted in Colombia.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

FINANCIAL STANDARD	AMENDMENT	DETAIL
<p><b>IFRS 9</b> - Financial Instruments  <b>IAS 39</b> - Financial Instruments: Recognition and Measurement  <b>IFRS 7</b> - Financial Instruments: Disclosures</p>	<p>Interest Rate Benchmark Reform (Modification of IFRS 9, IAS 39 and IFRS 7)</p>	<ul style="list-style-type: none"> <li>Paragraphs 6.8.1 to 6.8.12 were added to IFRS 9, regarding temporary exceptions to applying hedge accounting requirements.</li> <li>Paragraphs 10.2A to 10.2N and 10.8G were added to IAS 39, regarding temporary exceptions to applying hedge accounting requirements.</li> <li>Paragraphs 24H regarding uncertainty around reforming the interest rate benchmark, 44DE and 44DF (validity and transition) were added.</li> <li>The amendment is effective from 1 January 2020 and may be implemented earlier (although we do not expect significant impact for Colombian companies). The requirements apply retroactively to hedge relationships that exist at the start of the first reporting period in which the company applies these requirements.</li> </ul>
<p><b>IFRS 9</b> - Financial Instruments  <b>IAS 39</b> - Financial Instruments: Recognition and Measurement  <b>IFRS 7</b> - Financial Instruments: Disclosures  <b>IFRS 16</b> - Leases</p>	<p>Interest Rate Benchmark Reform Phase 2</p>	<ul style="list-style-type: none"> <li>Paragraphs 5.4.5 to 5.4.9 were added, regarding changes to the benchmark to determine contractual cash flows resulting from the interest rate benchmark reform (measured at amortised cost), as well as paragraph 6.8.13 regarding ending the temporary exception on hedge accounting, paragraphs 6.9.1 to 6.9.13 regarding additional temporary exceptions, paragraph 7.1.10 regarding, and 7.2.43 to 7.2.46. Transición para la reforma de la tasa de interés de referencia Fase 2, de la NIIF 9.</li> <li>Transition for phase 2 of reforming the interest rate benchmark in IFRS 9.</li> <li>Paragraph 10.2M ending temporary exceptions for hedge accounting, and the following paragraphs were added: 10.20 to 10.2.23 regarding additional temporary exceptions due to reforming the interest rate benchmark, 10.8H to 10.8K regarding validity, and transition. New headings were added to IAS 39.</li> </ul>

		<ul style="list-style-type: none"> <li>Paragraphs 24I and 24J regarding disclosure, 44GG and 44HH regarding validity and transition, and new headers were added to IFRS 7.</li> <li>Paragraphs 20R y 20S regarding changes to the benchmark to determine contractual cash flows resulting from the interest rate benchmark reform, paragraphs 50 and 51 regarding validity and transition, and new headers were added to IFRS 4.</li> <li>IFRS 16 paragraphs 10.4 to 10.6 regarding temporary exceptions due to reforming the interest rate benchmark are modified and paragraphs C20C and C20D on phase 2 of the reform were added.</li> <li>The amendment was published in August 2020 and is effective from 1 January 2021. Early adoption is permitted.</li> </ul>
<b>IFRS 3</b> - Business Combinations	Modification of the conceptual framework.	<ul style="list-style-type: none"> <li>Modifications related to IASB's 2018 conceptual framework to ensure that identifiable acquired assets and liabilities in a business combination correspond to the definitions contained in the framework.</li> <li>Incorporation of paragraphs 21A, 21B and 21C related to recognition principles for contingent assets and liabilities as described in IAS 37 and IFRIC 21.</li> <li>Incorporation of paragraph 23A defining a contingent asset and stating that an acquirer does not recognise contingent assets acquired in a business combination on the date of acquisition.</li> <li>The amendment is effective from 1 January 2022. Early adoption is permitted. Any effect of its application will be prospectively applied.</li> </ul>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

FINANCIAL STANDARD	AMENDMENT	DETAIL
IAS 16 - Property, plant and equipment	Modification of proceeds obtained before intended use.	<ul style="list-style-type: none"> <li>The modification affects costs directly attributable to acquiring an asset (part of PPE) and refers to "the cost of ensuring an asset functions correctly (that is, whether its technical and physical performance are such that it may be used in production or to deliver goods or services, be leased to third-parties or for administrative purposes)".</li> <li>Paragraph 20A states that items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly). An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss in accordance with applicable Standards.</li> <li>The amendment is effective from 1 January 2022 and may be adopted early.</li> <li>Any effect of its application will be retroactively applied, but only on PPE in place and in operational condition, from the start of the first period presented in the financial statements in which the company applies the amendment for the first time. The accumulated effect of the initial application will be recognised as an adjustment to the accumulated earnings' opening balance (or another equity component) at the start of the first period presented.</li> </ul>
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of Fulfilling a Contract	<ul style="list-style-type: none"> <li>The cost of contract compliance is the cost directly related to the contract (direct person-hour and materials' costs, costs directly related to the contract).</li> <li>The amendment is effective from 1 January 2022 and may be adopted early.</li> <li>Comparative information shall not be re-expressed due to the effect of applying the amendment. The accumulated effect will be recognised as an adjustment to accumulated earnings' opening balance, or another equity component, on the date of initial application.</li> </ul>

FINANCIAL STANDARD	AMENDMENT	DETAIL
IFRS annual improvements 2018– 2020	Modification of IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments and IAS 41 Agriculture.	<ul style="list-style-type: none"> <li>Amendment of IFRS 1. Subsidiary as first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (also applies to associates and joint ventures).</li> <li>Amendment of IFRS 9. Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.</li> <li>Amendment of IAS 41. Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.</li> <li>The amendment is effective from 1 January 2022 and may be adopted early.</li> </ul>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## 2.2 Preparation Baselines

### 2.2.1 Relative Importance

An economic event is material when knowledge of its type or amount could fundamentally change accounting decisions.

### 2.2.2 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. 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 COP thousand, rounded to the closest unit.

### 2.2.3 Use of estimates

It is sometimes necessary for Bolsa de Valores de Colombia S.A. to use estimates and assumptions in these financial statements that could affect the recognised amounts and disclosures.

There follows a list of the principal areas where Bolsa de Valores de Colombia S.A. uses estimates:

- **Property, plant and equipment:** The lifetime of an asset during which it is depreciated is based on an estimate of future usage and performance. The residual value 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.
- **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.

## 2.3 Baseline

Individual financial statements are prepared based on historical cost, except derivatives, tradable investments and private capital funds, which are based on fair value.

### 2.3.1 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 assets and liabilities identified on the measurement date.

#### Level 2

Observable data different that 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 following chart 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
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

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Recurring bases 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 shows 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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Financial assets</b>				
Cash equivalents <sup>(1)</sup>	\$ 41,521,589	6,855,263	41,521,589	6,855,263
Tradable investments	2,807,468	242,420	2,807,468	242,420
Private capital funds <sup>(2)</sup>	2,439,802	2,610,183	2,439,802	2,610,183
<b>Total</b>	<b>\$ 46,768,859</b>	<b>9,707,866</b>	<b>46,768,859</b>	<b>9,707,866</b>

- (1) Short-term investment funds that are considered to be cash equivalents due to their level of liquidity..
- (2) Fondo Inversor valuation: Bolsa de Valores de Colombia S.A. is an investor in the Fondo Inversor private capital fund, with 227,828.50 units at 31 December 2020 and 245,494.59 at 31 December 2019. The unit value is calculated daily and corresponds to the pre-close fund value divided by the total number of units. Calculation is undertaken by Corredores Davivienda S.A. and divulged by monthly statement to Bolsa de Valores de Colombia S.A..

At 31 December 2020 and 2019, the following financial assets were classified as investments, measured at fair value, by hierarchical level:

	31 December 2020	
	Level 2	Total
Cash equivalents [FIC]	41,521,589	41,521,589
Securities guaranteed by financial sector organisations	2,807,468	2,807,468
Private capital funds	2,439,802	2,439,802
<b>Total</b>	<b>46,768,859</b>	<b>46,768,859</b>

	31 December 2019	
	Level 2	Total
Cash equivalents [FIC]	6,855,263	6,855,263
Private capital funds	2,610,183	2,610,183
Securities guaranteed by financial sector organisations	242,420	242,420
<b>Total</b>	<b>9,707,866</b>	<b>9,707,866</b>

It is not considered necessary to calculate the fair value of investments in associates and joint ventures as equity method assets because these organisations do not list shares on the 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 discounted by 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.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The following table discloses the fair value of level 2 financial obligations:

	31 December 2020		31 December 2019	
	Book value	Fair value estimate	Book value	Fair value estimate
<b>Financial liabilities</b>				
Short-term	6,241,500	6,241,500	9,000,000	9,000,000
Long-term	13,284,875	14,462,056	10,000,000	10,061,233
<b>Total</b>	<b>19,526,375</b>	<b>20,703,556</b>	<b>19,000,000</b>	<b>19,061,233</b>

At 31 December 2020 and 2019 none of the listed liabilities were reclassified by hierarchical level.

## 2.3.2 Transactions and balances

As a general rule, in the individual financial statements, assets, liabilities, income and expenses are not cleared, except where this be 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.

## 2.3.3 Classification of current and noncurrent balances

Bolsa de Valores de Colombia S.A. uses the following criteria to classify balances:

- Current assets have terms equal to or less than twelve months, or bvc intends to sell or realise them during normal operational activity and business cycles.
- Noncurrent assets have terms above twelve months.
- Current liabilities have terms equal to or less than twelve months, or bvc intends to liquidate them during normal operational activity and business cycles.
- Noncurrent liabilities have terms above twelve months.

## 2.3.4 Reporting period

1 January to 31 December 2020, compared to the same period in 2019.

## 2.4 Summary of accounting policies

Accounting policies and established baselines follow NCIF [Colombian Financial Reporting Standards, based on IFRS].

### 2.4.1 Foreign currency transactions and balances

Transactions in currencies other than Bolsa de Valores de Colombia S.A. functional currency are converted at the market exchange rate on the transaction date. At the close of each reporting period, assets and liabilities in other currencies are converted to COP using the market exchange rate at the close. Foreign currency profits and losses resulting from currency conversion and clearing are disclosed in the comprehensive income statement.

At 31 December 2020 and 2019 the COP-USD exchange rate was 3,432.50 and 3,277.14, respectively.

### 2.4.2 Cash and cash equivalents

Cash and cash equivalents are 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.

#### 2.4.2.1 Presenting cash and cash equivalents

Bolsa de Valores de Colombia S.A. presents cash and cash equivalents in descending order of liquidity on its balance sheet.

Cash flow does not include movement between cash and cash equivalents, nor investment of cash and cash equivalent remainders because these are part of Bolsa de Valores de Colombia S.A. cash management.

### 2.4.3 Financial assets – fixed-income investments

#### 2.4.3.1 Initial recognition

Investments are 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 is at fair value.

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## 2.4.3.2 Subsequent measurement

**Investments held for trading:** All investments held with the intention of obtaining benefit from changes in value are measured using fair value.

Bolsa de Valores de Colombia S.A. classifies fixed-income investments according to IFRS9, as follows:

**Fair value with profit and loss changes:** All investments held with the intention of obtaining benefit from changes in value. Document PC-GF-TP-0001 establishes bvc's specific guidelines for managing fixed-income investments.

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. uses 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.

Financial assets classified as investments and measured at fair value are valued using Colombian market prices, and foreign investments use market values from the assets' countries of origin.

In all cases, Bolsa de Valores de Colombia S.A. strives to use relevant observable data, and minimise the use of non-observable data in valuation processes.

## 2.4.4 Results-based asset investments

### 2.4.4.1 Initial recognition

Initial recognition is at cost, using the most trustworthy estimate.

### 2.4.4.2 Subsequent measurement

Subsequent annual measurement analyses 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 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.

### 2.4.4.3 Profit and loss

Bolsa de Valores de Colombia S.A. discloses net profit and loss by transaction groups, or derivative instruments held for trading. However, where a profit or loss has relative importance it is presented separately.

Profit and loss measured using fair value is disclosed on the balance sheet, unless 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, is 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.

## 2.4.5 Permanent investments in associates, joint ventures and subsidiaries

### 2.4.5.1 Equity method

Where Bolsa de Valores de Colombia S.A. 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.

### 2.4.5.2 Initial recognition

Initial recognition is at cost, using the most trustworthy estimate.

### 2.4.5.3 Subsequent measurement

Following acquisition, Bolsa de Valores de Colombia S.A. increases or reduces the book value to reflect its share of

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income each reporting period. Dividends received 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** are reflected in other comprehensive income.

When entering into equity participation, the latest financial statements are 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 is 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 must be the same from one period to the next. The organisations' financial statements are produced using uniform accounting policies for similar transactions and other events that have occurred under similar circumstances.

If objective evidence exists of impairment, it is reduced to recoverable value, this being the greater of the following values: fair value less the cost of sale (net sale price) and value in use (anticipated cash flow). To this end, the current value is estimated using anticipated dividends and the investment's final settlement value or participation in anticipated cash flow.

Bolsa de Valores de Colombia S.A. discloses in its financial statements, dividends from subsidiaries, joint ventures or associates once it has established its right to receive them.

## 2.4.5.4 Consolidation bases

### i. Acquisition of non-controlling stakes

In business combinations, **bvc** can choose to measure non-controlling stakes at:

- Fair value; or
- The proportional stake of the identifiable net assets acquired, generally at fair value.

No adjustment is made to capital gains nor is any profit or loss recognised.

Non-controlling stakes acquired prior to 1 January 2014 are recognised as the percentage stake of net equity on the first consolidation date.

### ii. Subsidiaries

Subsidiaries are companies controlled by **bvc** Group. Their financial statements are included in the consolidated financial statements from the date on which control commences until it ends. **bvc** Group controls a company when it is exposed or has a right to variable returns on its stake, and it has the power to influence these returns.

A structured company is designed such that voting rights are not the primary factor in determining who controls it, for example if voting rights refer exclusively to administrative tasks and the pertinent activities are subject to contract agreements.

Subsidiary financial statements used during consolidation correspond to the same period and presentation date used by the controlling company.

### iii. Impairment

**bvc** Group uses impairment criteria developed for financial instruments, and recognises and values them with the objective of determining whether it is necessary to register devaluation losses additional to the net investment or any other asset included when using the equity method.

Impairment is calculated by comparing book value with recoverable value – the greater of value-in-use and fair value less disposal costs. Value-in-use is **bvc**'s stake in the estimated ordinary activity cash flow and amounts resulting from final disposal.

The amount recoverable from an investment in an associate is calculated for each company, except where it is not a cash-generating unit.

Impairment losses are not assigned to capital gains nor other assets included in the investment under the equity method. In subsequent periods, value reversals are recognised in profit and loss if they are of recoverable value. Impairment losses are presented separately to **bvc**'s stake on the associates' profit and loss.

### iv. Eliminated transactions

Intercompany transactions and balances and any unrealised income or expenditure between **bvc** Group companies are eliminated when preparing the consolidated financial statements. Unearned income resulting from transactions with companies where investment is measured using the equity method are eliminated from the investment proportional to **bvc**'s stake. Losses not suffered are also eliminated, but only if there is no evidence of devaluation.

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## v. Loss of control

When control over a subsidiary is lost, its assets and liabilities are derecognised, as well as any non-controlling interest and other equity components. Any resulting profit or loss is recognised. If a stake is kept in the ex-subsidiary and measured using the equity method, any profit or loss is proportionally recognised at fair value. If the remaining stake is measured using IFRS 9, the proportional profit or loss is fully recognised.

## 2.4.7 Noncurrent assets for sale and discontinued operations

bvc classifies noncurrent assets (or a group of assets being disposed of) being for sale if their book amount will be fundamentally recovered through their sale rather than their continued use.

The asset or group must be available in its current conditions for immediate sale subject to the usual conditions, and its sale must be highly probable.

If a subsidiary is being sold and this will lead to a loss of control, all of its assets and liabilities are classified as being for sale, regardless of whether after the sale bvc will keep a non-controlling stake.

If circumstances beyond bvc's control extend the sale's process for more than a year and there is sufficient evidence to show that bvc remains committed to the sale, this does not prevent an asset or group of assets from being marked for sale.

Sales transactions include commercial swaps of noncurrent assets for other noncurrent assets.

If bvc acquires a noncurrent asset with the exclusive objective of selling it later, it is classified as for sale on its acquisition date only if it complies with the one-year requirement and it is highly probable that it will be sold soon after acquisition.

## 2.4.8 Investments in derivative futures

### 2.4.8.1 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
- b) Trading for profit

### 2.4.8.2 Risk mitigation

Bolsa de Valores de Colombia S.A. carries out derivative operations to cover primary positions and limit or control its financial risk, in accordance with hedge accounting policy.

### 2.4.8.3 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 B6.4.4);
  - 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).

### 2.4.8.4 Types of hedge accounting

bvc may, at its discretion, use hedge accounting to mitigate impact or significantly reduce exposure to change in a financial asset or liability.

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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 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 net investment in a foreign operation as defined in IAS 21.

## 2.4.8.5 Requirements for hedge accounting

bvc management must 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 fair 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.

## 2.4.8.6 Measuring hedge accounting

**Fair value hedges are measured as follows:**

- a) The profit or loss resulting from remeasuring a hedge instrument at fair value (if it is a derivative hedge instrument), or the FX component in accordance with IAS 21 (if it is a non-derivative hedge instrument) is

recognised in the period; and

- b) The profit or loss of the hedged value causes adjustment to its book value and is recognised in other comprehensive income. This is true even if the hedged value is measured at cost.

## 2.4.8.7 Cash flow hedges are measured as follows:

The profit or loss of the effective part of hedging instruments is recognised in other comprehensive income, and the ineffective part of profit or loss of hedging instruments is recognised in profit and loss for the period. 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 are 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 reclassifies the amount that is not expected to be recovered into profit and loss for the period as a reclassification adjustment.

## 2.4.8.8 Initial measurement

Initial recognition is 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.

## 2.4.8.9 Subsequent measurement

Subsequent adjustments to derivative contract fair value are 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.

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## 2.4.8.10 Discontinuation of hedge accounting

When Bolsa de Valores de Colombia S.A. discontinues a hedge, it does so prospectively from the date on which hedge accounting will be discontinued and this may affect:

- a) all of a hedging relationship; or
- b) part of a hedging relationship.

## 2.4.9 Derecognition of financial assets and liabilities

Bolsa de Valores de Colombia S.A. uses IFRS9 section 3.2 and 3.3 guidelines when derecognising assets or liabilities.

### 2.4.9.1 Accounts receivable

#### 2.4.9.2 Initial recognition

Initial recognition of trade and other accounts receivable only occurs 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.

#### 2.4.9.3 Subsequent measurement

In view of the classification and initial recognition of trade accounts receivable, the following guidelines are used for their subsequent measurement:

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.

#### 2.4.9.4 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.

The following rates are used to determine provisions for accounts receivable:

2020

Current	31 - 60 days	61 - 90 days	91 - 180 days	181 - 360 days	>360 days
0.1009%	0.5807%	0.7788%	0.9374%	1.2506%	100%

2019

Current	31 - 60 days	61 - 90 days	91 - 180 days	181 - 360 days	>360 days
0.0175%	0.3592%	0.5638%	0.6782%	0.999100%	100%

## 2.4.10 Leases

Bolsa de Valores de Colombia S.A., recognises 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 \$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. Un arrendamiento de un activo subyacente no cumple los requisitos de un arrendamiento de un activo de bajo valor si la naturaleza del activo es tal que, cuando es nuevo, el activo no es habitualmente de bajo valor.

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.

### 2.4.10.1 Initial right-of-use measurement

Bolsa de Valores de Colombia S.A. measures right-of-use assets at cost, as follows:

- The initial measured lease liability amount.

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- Lease payments made before or from the date of commencement, less any lease incentives received.
- Initial direct costs incurred.
- The estimated cost of dismantling and disposing of 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.

## 2.4.10.2. Initial lease liability measurement

Bolsa de Valores de Colombia S.A. measures lease liability using the current unpaid payment value, and discounts payments using the incremental loan rate applicable to the lease, based on its duration, type and value.

Bolsa de Valores de Colombia S.A. recognises lease payments included in the liability measurement that are comprised of the following 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 are initially measured using its 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.

## 2.4.10.3 Subsequent right-of-use measurement

Bolsa de Valores de Colombia S.A. measures right-of-use assets at cost, and applies accounting policy depreciation requirements for PPE when depreciating the asset.

If ownership of the underlying asset is transferred at the end of the lease, or if the cost of the right-of-use asset reflects the fact that Bolsa de Valores de Colombia S.A. will exercise a purchase option, it is depreciated from commencement until the end of its useful life. In other words, Bolsa de Valores de Colombia S.A. depreciates the right-of-use asset from commencement until the end of its useful life or the end of the lease, whichever comes first.

Bolsa de Valores de Colombia S.A. uses value impairment accounting policy to determine if the right-of-use asset is impaired and calculate the identified impaired value.

## 2.4.10.4 Subsequent lease liability measurement

Bolsa de Valores de Colombia S.A. measures lease liabilities and:

- Increases book values to reflect lease liability interest;
- Reduces book values to reflect lease payments made; and
- Remeasures book values to reflect the new measurements or amendments to the lease.

Lease liability interest for each period during the lease the amount produced by the rate of interest on the remaining lease liability. Following the date of commencement, unless costs are included, Bolsa de Valores de Colombia S.A. recognises in other asset book amounts:

- 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.

## Subleases

bvc and its subsidiaries may obtain economic benefits from directly or indirectly using an asset in many ways, such as using, maintaining or subleasing it.

## 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 is classified as an operational lease.
- Otherwise, the sublease is 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).

When classifying subleases, Bolsa de Valores de Colombia S.A. evaluates 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

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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. uses 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. applies 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. recognises 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 rate of interest.

**Gross lease investment:** The sum of:

- Lease payments receivable by the lessor for the financial lease; and
- Any non-guaranteed residual value corresponding to the lessor.

In compliance with IFRS 16 paragraphs 75 and 76, bvc Group recognises financial income during the lease term based on a regime that reflects the constant rate of return on the lessors net financial investment in the lease.

## 2.4.11 Property, plant and equipment

### 2.4.11.1 Initial measurement

Bolsa de Valores de Colombia S.A. measures its fixed assets using the cost model.

Fixed assets acquired are recognised using the cost model, in compliance with IAS 16 paragraph 30. The historic cost is incremented following any additions, improvements and repairs that increase an asset's useful life.

### 2.4.11.2 Subsequent measurement

Measurement is made using the cost model: 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 costs directly related to the asset's 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 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, are included in the asset's initial value 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 towards 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 are 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 greater of fair value less sale costs and value-in-use) is compared to the net accounting value. Any loss or revaluation resulting from this operation is registered as a charge or credit accordingly. Property, plant and equipment depreciation is calculated using the straight-line method based on estimated useful life.

### 2.4.11.3 Registering items as assets or expenses

Goods acquired by Bolsa de Valores de Colombia S.A. are classified before their registration as an asset or expense in the period, and include the materiality principal in their acquisition cost.

The following parameters are used to define whether a good is accounted for as an asset or expense:

a) Asset definition:

- Items not exceeding a value of 50 UVT (tax value units) (\$34,607 per unit in 2020 and \$34,270 per unit in 2019) are recognised as expenses.
- Goods costing less than 50 UVT, but whose relevance and use match the asset definition are treated as fixed assets.

b) UVT reference in the purchase or acquisition year:

- Property, plant and equipment are calculated using the straight-line method on their estimated useful lives. The minimum a fixed asset can be depreciated in different tax periods is 50 UVT. An asset purchased in a given year is depreciated that same year.

c) Useful life parameter:

- When an acquired good's useful life is equal to or less than one year, it is treated as an expense, and Bolsa de Valores de Colombia S.A. values it at cost.

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## 2.4.11.4 Asset group

Bolsa de Valores de Colombia S.A. classifies assets into six groups:

<b>Real estate</b>
Buildings and land
<b>Movable goods</b>
Furniture and fittings
Computing, communications and electronic equipment
Transport equipment
Improvements to leased property
Right-of-use

## 2.4.11.5 Determining which goods go into which groups

Bolsa de Valores de Colombia S.A. places its assets into the following 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

When damaged property, plant or equipment is repaired, the cost is registered as an increase in value of the fixed-asset concerned.

## 2.4.11.6 Maintenance and replacement

Replacements, improvements and enhancements of assets or their components following acquisition are 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 fairly measured.

If components are replaced, their book value is derecognised and substituted by the acquisition value of the new component.

Recurrent or periodic repair or maintenance outlays following acquisition are recognised as expenses.

## 2.4.11.7 Managing depreciation

Depreciation is 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 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, and has therefore already been partially or completely depreciated, Bolsa de Valores de Colombia S.A. depreciates 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 is 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.

## 2.4.11.8 Depreciation method

At the start of IFRS adoption, the useful life of existing assets and new assets subsequently acquired is revised and prospectively adjusted where necessary at each close of the financial statements.

The straight-line method is 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 is constant.

An asset's depreciable value is its cost less its residual or salvageable value.

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Useful life for Bolsa de Valores de Colombia S.A. assets is as follows:

Real estate	Useful life
Buildings and land	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

## 2.4.11.9 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 is 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.

## 2.4.11.10 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. evaluates whether any assets show evidence of impairment, and requests 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 are considered impaired and the impairment value is 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 is equal to the depreciation value. Some or all of the following indicators are

used to determine signs of impairment:

N°	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.

## 2.4.11.11 Identifying impaired assets

Bolsa de Valores de Colombia S.A. discloses 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.

## 2.4.12 Intangibles

### 2.4.12.1 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. evaluates 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.

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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.

## 2.4.12.2 Initial measurement

Acquired intangible assets are initially measured at cost.

Brands are not recognised as intangibles, nor are newspaper or magazine mastheads, editorial imprints or names, client lists or other similar items that have been internally generated.

## 2.4.12.3 Subsequent measurement

Bolsa de Valores de Colombia S.A. uses the cost method, and intangible assets are accounted for according to their cost less accumulated amortisation and impairment where this exists.

## 2.4.12.4 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 is adjusted to reflect this. If there is a change in anticipated future economic benefits, the amortisation method is changed to reflect this. These changes will be treated as accounting estimate changes.

## 2.4.12.5 Useful life

INTANGIBLE	USEFUL LIFE
Software licence	5 years
Insurance policy	Per contract term
Maintenance contract	Per contract term
Technical assistance	Per contract term
Internally developed	Asset's economically useful life

Intangible assets' useful lives are 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 is amortised until the end of its useful life, regardless of the amount.

Internally developed intangible assets are 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.

## 2.4.12.6 Intangible asset derecognition and disposal

An asset is 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 is recognised in the period it is disposed (unless IAS 17 establishes otherwise in the case of a sale/leaseback). Profits are not classified as ordinary income.

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## 2.4.13 Other non-financial assets

### 2.4.13.1 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.

### 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 are 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** are recognised as non-financial assets and straight-line amortised during the corresponding tax period.

Collateral on operational leases is recognised as other non-financial assets; **bvc** has the right to use these resources to offset future contractual effects.

Prepaid expense disbursements are only recognised if they will be recognised as expenses when the service is used.

Prepayment may be made on the following:

- 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.

### 2.4.13.2 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 is 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 will 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.

### 2.4.13.3 Subsequent measurement

Prepaid expenses are amortised using straight-line methodology on their full cost over the duration of the contract, or when right-of-use is exercised.

Amortisation is recognised in profit and loss in accordance with receipt of the contracted good or service. Straight-line methodology is 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.

### 2.4.13.4 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).

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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 legal term expiry.
- b) Loss of the right to future use.

## 2.4.14 Financial liabilities

### 2.4.14.1 Initial recognition

Financial liabilities are initially recognised at 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 are initially registered at their fair value less directly attributable transaction costs. Premiums or discounts applied at the start form part of fair value.

### 2.4.14.2 Classifying financial liabilities

Bolsa de Valores de Colombia S.A. classifies its financial liabilities by amortised cost using the effective interest method, except for:

- Financial liabilities that are accounted for at fair value with changes to profit and loss. These liabilities include derivative liabilities, and are subsequently measured at fair 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.

### 2.4.14.3 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

### 2.4.14.4 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. accounts 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 recognises 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 recognises 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.

### 2.4.14.5 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

### 2.4.14.6 Accounts payable

Bolsa de Valores de Colombia S.A. uses fair value for the initial recognition of accounts payable or financial liabilities; this is 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 are subsequently included in amortised costs over the useful life of the instrument.

## 2.4.15 Employee benefits

### 2.4.15.1 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.

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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.

## 2.4.15.2 Short-term employee benefits

When an employee has been engaged by Bolsa de Valores de Colombia S.A. for an accounting period, the company recognises the undiscounted value of the corresponding short-term expenses:

- 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 expense 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 expense obligations are measured without deducting the resulting amounts.

## 2.4.16 Other non-financial liabilities

### 2.4.16.1 Prepaid income

If a client makes payment, or an invoice is generated for a client before a good or service is transferred to them, **bvc** presents 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.

### 2.4.16.2 Initial measurement

Bolsa de Valores de Colombia S.A. recognises the liability as the initial received payment value or the payment due.

### 2.4.16.3 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.

## 2.4.17 Contingent liabilities and provisions

### 2.4.17.1 Recognising provisions

Bolsa de Valores de Colombia S.A. only recognises 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 is not recognised.

Bolsa de Valores de Colombia S.A. undertakes 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 is, therefore, 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. does 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. determines 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 is only recognised when it has been made or its reception is basically certain. The reimbursement is treated as a separate asset and its value may not exceed that of the provision.

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## 2.4.17.2 Legal proceedings

Legal and administrative proceedings are the responsibility of Vice Presidents, as follows:

Lead	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 only recognises 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. is represented at proceedings by external lawyers.

## 2.4.17.3 Initial measurement

Bolsa de Valores de Colombia S.A. recognises 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.

## 2.4.17.4 Subsequent measurement

Provisions are 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 is accounted for according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

## 2.4.17.5 Provisions for restructuring

Bolsa de Valores de Colombia S.A. recognises 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 does 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 is disclosed in the footnotes as an event occurring after the reporting period (IAS 10).

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## 2.4.18 Tax assets and liabilities

### 2.4.18.1 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.

### 2.4.18.2 Recognition

Current tax liabilities are 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 is recognised as an asset.

Current tax liabilities (assets), whether from the current or previous periods, are measured at the end of the reporting period by the amount payable to (recoverable from) the tax authorities using approved legislation and rates.

### 2.4.18.3 Recognition of deferred tax

Deferred tax assets and liabilities are measured using anticipated tax rates and legislation for the period in which they are recovered or paid.

Deferred tax assets and liabilities are 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 is always 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.

### 2.4.18.4 Initial measurement

Current tax liabilities (assets), from current or previous periods, are 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. measures 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.

### 2.4.18.5 Subsequent measurement

Bolsa de Valores de Colombia S.A. revises 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. measures 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.

### 2.4.18.6 Initial recognition of current and deferred taxes

Bolsa de Valores de Colombia S.A. recognises deferred and current taxes as income or expenses in profit and loss, except when 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.

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Current and deferred taxes are recognised outside earned income if related to recognised outside earned income entries from the same or a previous period.

## Ordinary contract income

Bolsa de Valores de Colombia S.A. recognises contracts with clients only if they meet the following criteria:

- The parties have approved the contract (in writing, verbally, or according to traditional business practices), and are committed to complying with their respective obligations;
- The organisation can identify each parties' rights with regard to the transferred goods or services;
- The organisation can identify the payment terms of the transferred goods or services;
- The contract has a commercial basis: the organisation's future cash flow risk, schedule and amount will change as result of the contract; and
- It is probable that the organisation will collect the remuneration it is entitled to in exchange for the goods or services transferred to the client. To determine if collection is possible, the organisation evaluates the client's capacity and intention to pay in accordance with the terms. If remuneration is variable, its amount may be lower than the price established in the contract if the organisation gave the client a discount.

Bolsa de Valores de Colombia S.A. is the leading infrastructure operator in the Colombian capital market, and is present throughout the value chain with 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 issuances, and facilitate public tender offer processes.
Knowledge and information	Investment valuations, complementary pricing services, company valuations, market information for vendors, and education services.

Bolsa de Valores de Colombia S.A. recognises income from ordinary activities when it satisfies an obligation to provide the services contracted by the client. Bolsa de Valores de Colombia S.A. performance and service does not include obligations that are not described in the contracts nor quantified within the income figures.

Category (IFRS 15.B88 (a))	Income disaggregation (IFRS 15.114)	Schedule (IFRS 15.119)	Transaction price assigned to performance obligations (IFRS 15.121)
Capital market	Fixed-income	Monthly	Services referenced in fee instructions are recognised as bvc income. If no obligations are described in a contract nor quantified within income, benefit transfer to clients is verified in accordance with IFRS 15 paragraph 22.
	Equities	Monthly	
	Derivatives	Monthly	
	Securities lending	Monthly	
Information	Terminals	Monthly	
	EAS connections	Monthly	
	Information publishing and subscriptions	Monthly	
	Master Trader	Monthly	
Issuers	Securities listing and maintenance	Monthly	
	Special operations	Monthly	
	A2censo	Monthly	
Other income	Education	Monthly	
	Other ordinary income	Monthly	

## Long-term performance obligations:

An organisation transfers control of a good or service over time, thus complying with a performance obligation, and recognises ordinary income over time if the following criteria are met:

- The client receives and simultaneously consumes the benefits provided by the organisation at the rate they are provided;
- The organisation's activities create or improve an asset belonging to the client; or
- The organisation's performance does not create an alternative-use asset, and it has an executable right to payment for its performance to date.

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## Performance obligations that are met at a given time:

If a performance objective is not met over time, it will be met at a given moment. The organisation has transfer indicators that determine exactly when the client gains control of the asset, and when the organisation meets its performance obligation, as follows:

- a) The organisation has a current right to payment for the asset
- b) The client has a legal right over the asset
- c) The organisation has transferred physical possession of the asset
- d) Owning the asset brings the client significant risk and reward
- e) The client has accepted the asset

### 2.4.18.7 Initial measurement

Income from ordinary activities is measured using the received or receivable payment value less any discount.

In most cases, payment is in cash and income is measured by the amount of cash received or receivable. When the cash inflow is deferred over time, fair value is 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 are treated as follows:

- Prepayment of services: Prepayments are recognised as income in the corresponding period.

Bolsa de Valores de Colombia S.A. annually revises valid contracts to ensure they comply with IFRS 15 guidelines and are properly recognised in income statements.

## 2.4.19 Expense policy

### 2.4.19.1 Recognition

Expenses are recognised on the income statement when a decrease in assets or an increase in liabilities has occurred, and the expense 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 are 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.

## 2.4.20 Government subsidies

### 2.4.20.1 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.

To 31 December 2020 and 2019, Bolsa de Valores de Colombia S.A. recognised \$1,715 and \$48,542 in subsidies.

### 2.4.20.2 Initial measurement

Monetary government subsidies shall be recognised as deferred income, 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.

## 2.4.21 Related-party operations

### 2.4.21.1 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.

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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. discloses relationships with its subsidiaries regardless of whether any transactions have occurred between them.

Bolsa de Valores de Colombia S.A. ensures 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:

- Identifying related-party relationships and transactions;
- Identifying remaining balances, including commitments, between Bolsa de Valores de Colombia S.A. and related-parties;
- Identifying circumstances that may require disclosure regarding subsections (a) and (b); and
- Determining disclosable information on the above.

Related-party transactions are conciliated and revised each quarter. Bolsa de Valores de Colombia S.A. discloses 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 its financial statements.

## Footnote 3 - Risk management

### 1. Internal control system

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

This system underpins the achievement of strategic objectives by ensuring operational efficiency and efficacy, adequate risk management, timely and trustworthy information, and compliance with applicable legislations.

The system has six areas – control activities, risk management, information and communication, monitoring, independent evaluation, and control environment – and provides a framework for action that is followed by the entire organisation.

An internal audit found that there is a good understanding of its components and that they are being adequately managed, that there is a process of continual improvement, and that there are various management systems that ensure this is the case.

The Internal Control System uses a three lines of defence policy for process and risk management, and independent evaluations. The entire organisation applies principles of self-control, self-management and self-regulation, and process leads are aware of their responsibilities regarding risks that they manage, and understand and respect the independence of risk management and audits.

In accordance with **bvc** Group policy, and to ensure procedures are aligned, our subsidiaries are given support with implementing risk management methodology changes.

### 2. Quality control system (not audited)

The main objectives of the Quality Control System are to maximise the efficiency and quality of **bvc** products and services, deliver value to clients, eliminate unnecessary steps, identify areas for improvement and reduce errors.

In 2020, we strengthened the management system as an effective process transformation tool, made compliance indicators more efficient and made changes to internal audit methodology. This led to a 60% reduction in process compliance findings during internal audits compared to 2019.

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In October, Bureau Veritas carried out the 2019-2021 multi company ISO 9001 audit, and found that the organisation has established and maintained its management system in accordance with requirements, and that the system has the capacity to comply with product and service needs and organisational policies and objectives. No findings were reported and the following strengths were identified, among others:

- A commitment to the management system.
- An organisational focus on client satisfaction.
- Employees' understanding and actions with regard to the management system's importance.

## 3. Risk management

bvc's comprehensive risk management includes the following risks: operational, market, liquidity, reputational, legal, information security, money laundering, financing of terrorism, financial. We have a robust governance structure that includes policies, procedures, methodologies and manuals that respond to the risk profile of the securities market.

Our risk management model identifies, measures, controls and monitors risk including fraud, money laundering and the financing of terrorism in the following areas: human resources, processes, technology, infrastructure, external events, legal, reputational, financial and behavioural.

Execution and compliance of the above is based on current norms, ISO 31000 and 27000, and AS/NZ 4360. The organisational structure is adequate, trained and independent and the risk event register system monitors risks until a definitive solution is found. We have the necessary technological infrastructure, have established the required evaluations, and have an employee training programme. Employees in charge of risk management have the skills and knowledge they need to do their jobs.

Reports are regularly sent to the Audit and Risk Committee and the Board of Directors, according to an annual schedule that includes different types of risk exposure and specific monitoring plans.

Risk management is grouped as follows:

### Operational risk management system (ORMS)

Risk management is aligned with 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. As ratified by internal and external audits, in 2020 bvc kept risk within tolerance thresholds.

A list follows of risks, processes, causes and controls:

Controls dynamically evolve and adapt to alongside risk evolution, projects, system and process change, and RPA implementation. There were 5,370 controls At 31 December 2020.

Risk management coverage and effectiveness was strengthened in excess of the organisation's operational risk indicator.

In 2020, net losses associated with risk events were:

31 December 2020	31 December 2019
\$ 17,295	\$ 14,560

The risk management team was present during strategic initiatives such as the migration of promissory notes to the cloud, INET and a2censo deployments, bvc digital platform rollout, the CRCC new equity model implementation, OTC securities lending register, core bvc process automation and efficacy and the new strategy regarding Amarú.

Connections were maintained with subsidiaries and partners (Precia, Sophos, Derivex) to ensure compliance with bvc Group risk management.

The risk culture plan included awareness and training programmes at all levels of the organisation, with providers and subsidiaries. This kept awareness high of the importance on internal controls and their effect on risk management, and contributed to the high level of risk prevention and opportune impact management.

Cloud migration processes were analysed to identify risk with regard to legislative compliance, governance, technological infrastructure, security, continuity, continuous improvement, software, applications and APIs.

### Business continuity plan

In 2020, we continued oversee bvc crisis and business continuity planning, and focussed our efforts on updating operational contingency strategies. We took action to strengthen the company's resilience to the COVID-19 health emergency and ensure service continuity, and we established short and medium-term action plans to deal with the contingency for an extended timeframe.

A total of 9 planned tests were carried out on exchange products, as follows:

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

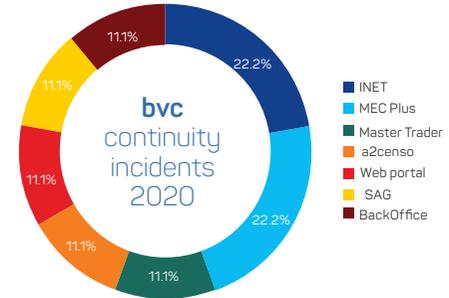
Test calendar 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DRP												
Fixed-income register contingency (including affiliates)		X										
Channel switching test, exchange product affiliate networks												
Comprehensive bvc test: Fixed-income (INET, Master Trader and MEC), MILA, Equities and Derivatives (INET and fix INET), and post-trade (BackOffice)										X		
Special operations												
a2censo contingency												
Operational continuity plan												
Derivatives register												
Fixed-income register MECPLUS REGISTER with affiliates		X										

Two complete contingency tests were carried out at **bvc** during non-business hours, that included fixed-income, equity and derivative services. One of the tests included clients.

Contingency tests were carried out on cloud hosted products, special operations and a2censo, and produced satisfactory results.

There were 16 contingency incidents in 2020 involving market-facing products, of which 9 exceeded the RT0\*, as detailed in the following chart:

None of the incidents in 2020 were caused by the COVID-19 health emergency nor the measures implemented to address it. The most relevant incidents were the INET platform in March that had a high impact on the equity market, and



a failure at the Colombia XV principal datacentre in October that affected normal opening of equity, fixed-income and derivative markets. These incidents were managed in accordance with established continuity strategies, and action plans have been implemented to improve them.

Throughout 2020, we participated in the Colombian Securities and FX Market Disaster Management Committee alongside other infrastructure providers (**bvc**, CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, Precia, Tradition, Enlace and GFI). We followed the work plan and executed activities to implement Colombian Financial Superintendence External Circular 12 that defines securities and FX market disaster management protocols for confronting disaster situations arising from global or local failures that exceed individual reaction capacity.

The protocol definitions were finalised in 2020, approved by the Colombian Securities and FX Market Disaster Management Committee, and then approved by Colombian Financial Superintendence Resolution 0674/2020 and incorporated into each infrastructure's operational rules.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The protocol definitions were finalised in 2020, approved by the Colombian Securities and FX Market Disaster Management Committee, and then approved by Colombian Financial Superintendence Resolution 0674/2020 and incorporated into each infrastructure's operational rules.

## Information Security and Cybersecurity Management System:

### ISO 27001 monitoring visit approval *bvc* (Not audited)

The Information Security and Cybersecurity Management System faced huge challenges in 2020 due to the health emergency. Information security and cybersecurity efforts focussed on continued process improvement and on keeping our security promise to clients for all services. To this end, *bvc* and *deceval* ratified the ISO 27001 certification on Information Security Management Systems for all services and branches, thus reinforcing our commitment to security in the Colombian securities market.

### Legislative compliance (Not audited)

Given that the entire world is working remotely, regulatory bodies are working on strategies to improve information security and cybersecurity, and the Financial Superintendence sent out the following obligatory surveys to identify the current state of cybersecurity in the sector: ***Cybersecurity GAP 2020 "Cybersecurity Risk Management Study" and PRCI V 1.0 "Profiling Cybernetic Risk"***.

### Health emergency

The health emergency meant offering virtual services to clients without compromising existing levels of security, and we implemented a number of strategies to do this, including: producing home working risk guidelines, strengthening monitoring processes with tools such as Dark Trace, CASB and Splunk, renovating and improving the antivirus product, preventing the use of weak passwords, training in technological hygiene and the cybersecurity effect of COVID-19, and implementing 2FA for Google Workspace.

### Managing information security and cybersecurity

We updated the following documents: Information Security Policy Manual to include the new Cloud Security policy, security standards for implementing cloud infrastructure, Information Asset Manual including the methodology for identifying implementation of controls, Vulnerability Management Manual, Information Asset Framework.

Communications, Marketing and Publicity helped us develop a culture plan for *bvc* employees that includes training on: social engineering, phishing, ransomware, BEC, information security policies, espionage, and cyberspace extortion.

A cybersecurity expert provided training on technological hygiene and personal cybersecurity.

We secured promissory note in the cloud infrastructure, and included Colombian Financial Superintendence Circular 005 recommendations.

We developed synergies with internal management systems (SGC, Audit, SGSST) and unified some activities while maintaining independence and impartiality, improving execution times and not duplicating systems findings.

The ISMS improved by 70% between 2019 and 2020 with regard to managing ISMS findings derived from revising compliance with ISO 27001.

### Security revisions

- We held a cybersecurity workshop with people from different areas where we simulated a cyberattack to promote proactivity during this type of event.
- We validated client security requirements for promissory notes in the cloud.
- We conducted two ethical hacking tests on company infrastructure.
- We conducted two vulnerability analyses on company infrastructure.
- We sponsored and participated in the Joint Cybernetic Command cybersecurity event in April.
- We continued to attend the cybersecurity round table with other entities in the securities market value chain.
- We complied with Information Security Management System objectives and ensure confidentiality, integrity, availability, efficiency and trustworthiness.
- We strengthened monitoring to prevent information leaks and new risks from remote working.

### Monitoring and prevention (Not audited)

In 2020, we carried out 607 activities on fraud prevention, personal data, physical risk, workplace risk and due diligence awareness and monitoring with employees, providers and third-parties.

We implemented a methodology to evaluate fraud, personal data, and workplace security and health risk controls, and found that they are adequate and that the identified risks are within the appetite for risk.

We carried out 46 walk-through tests to verify the efficacy of controls, and directly identify and verify the level of process execution risk. We identified the principal risks and the controls available to mitigate them, and we found that fraud, personal data protection, physical and workplace risk prevention controls are adequate.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## AML/CFT compliance management

In compliance with local legislation and international recommendations on preventing and controlling money laundering and the financing of terrorism, we implemented and strengthened measures within a continuous improvement framework.

Legislative reports were opportunely sent to the Financial Analysis and Information Unit (UIAF), and we complied with the requirements of AML/CFT compliance organisations.

We continued to strengthen client background checks, especially for the a2censo product with its 100% digital client enrolment and automatised client background checks, with a view to improving the client experience as well as digital enrolment security.

We reinforced AML/CFT policies and procedures among new **bvc** employees via a risk and process training plan, and encouraged an AML/CFT culture. We also provided subsidiaries with permanent AML/CFT support during project development.

We continued to support AML/CFT in project development.

With regard to compliance our activities included the following:

- Compliance with web-based information reporting requirements for equity, fixed-income, mutual fund, private capital fund and Colombian global markets, and for securities issuer IR recognition.
- Compliance with IR Recognition requirements for securities issuers.
- Renewing and managing fidelity, financial risk, director and manager public liability, and data loss public liability policies for **bvc** Group companies.
- We checked employees against control lists each quarter and managed market investment reports.
- We managed the audit and certification processes with other infrastructures, evaluators and clients.
- We carried out a self-evaluation of the internal control system.

## Financial risk management for products, issuers and affiliates

Financial risk management contributed to **bvc** strategic objectives throughout 2020 by managing risks in the Colombian financial market that could affect our reputation, and managing risks associated with the company's investment portfolio.

## Work fronts (Not audited)

**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, from March 2020 **bvc** started using the modified fixed-income risk model approved by the Colombian Financial Superintendence. The model eliminates price allocation whereby a security had to show a minimum operation of at least \$500 million in the previous quarter, making only A- securities other than TES eligible for RRP operations.

The modification was designed to generate the following benefits for clients and investors:

- Less volatility in the eligibility of non-TES fixed-income securities from one month to the next.
- Stronger medium and long-term funding strategies.
- An incentive to use private debt securities to fund extraordinary liquidity needs.
- The elimination of the incentive to carry out a \$500 million operation to guarantee the eligibility of securities.
- An increased percentage of eligible securities for RRP operations, from 67% on average in 2019 to 95% on average following the modification's rollout.

In addition, a modification was approved and executed related to using as collateral securities that are part of the operation, as long as they comply with price allocation criteria and have a rating of at least AA+. This will ensure that all securities used as collateral, whether part of the operation or the indicators mentioned in Article 2.4.2.2.1 of the **bvc** Colombian Electronic Market rules, fully comply with the minimum liquidity and credit risk mitigation conditions.

## 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 managing financial resources, and improve value generation capacity for shareholders.

The guidelines restrict exposure for four asset classes: (i) TES in COP, (ii) TES in UVR (Real Value Unit, a central bank

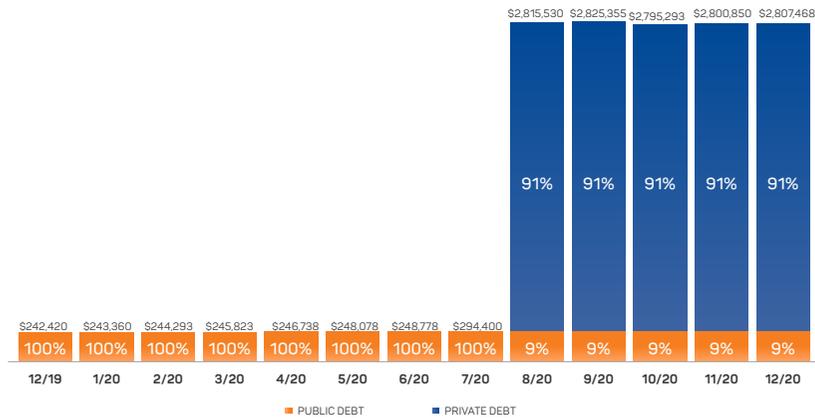
# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

accounting unit), (iii) Local private debt securities, (iv) Derivatives. This selection matches the nature of **bvc** liquidity requirements and investment risk appetite.

At 31 December 2020, the investment portfolio was valued at \$2,807,468. **bvc** investments in 2020 increased the portfolio by \$2,565,048 (1,058%) compared to December 2019. The following graph shows investment portfolio evolution in 2019 and 2020.

Bolsa de Valores de Colombia S.A. Investment Portfolio by Type of Asset  
(COP thousand)



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 and by reference rate is as follows:

Rate	Market value (COP thousand) 2020	% Part	Market value (COP thousand) 2019	% Part	Δ Market value
Fixed rate	\$ 2,807,468	100%	\$ 242,420	100%	2,565,048
FTD	–	0%	–	0%	–
CPI	–	0%	–	0%	–
IBR	–	0%	–	0%	–
<b>Total</b>	<b>\$ 2,807,468</b>	<b>100%</b>	<b>\$ 242,420</b>	<b>100%</b>	<b>2,565,048</b>

31 December 2020

31 December 2019

At 2020 year-end there continues to be a concentration of fixed-income securities. This concentration mitigates significant variations in portfolio value due to shifting market rates and has the objective of facilitating compliance with the company's 2020 cash flow.

### 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 0.48%. This estimate is the standard deviation of daily portfolio returns.

VaR evolution for 2019 and 2020 is shown in the following table, with a 99% level of confidence.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Portfolio - VaR

Date	bvc	Date	bvc
31/01/2019	NA	31/01/2020	0.15%
28/02/2019	NA	28/02/2020	0.15%
31/03/2019	NA	31/03/2020	0.40%
30/04/2019	NA	30/04/2020	0.42%
31/05/2019	NA	31/05/2020	0.42%
30/06/2019	0.19%	30/06/2020	0.44%
31/07/2019	0.19%	31/07/2020	0.44%
31/08/2019	NA	31/08/2020	0.51%
30/09/2019	NA	30/09/2020	0.52%
31/10/2019	NA	31/10/2020	0.88%
30/11/2019	0.21%	30/11/2020	0.88%
31/12/2019	0.16%	31/12/2020	0.88%

In 2019 and 2020 the established 2% limit was not exceeded.

The following table shows an analysis of **bvc** investment portfolio VaR sensitivity to possible variations in asset values due to changes in macroeconomic variables. Two stress scenarios were simulated in which the standard deviation of daily portfolio returns was taken to be 2-3x greater than that experienced in 2019 and 2020. A 99% level of confidence was assumed and **bvc** investment policy remained constant.

VaR Sensitivity Analysis

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%
31/01/2020	0.30%	31/01/2020	0.45%
28/02/2020	0.31%	28/02/2020	0.46%
31/03/2020	0.79%	31/03/2020	1.19%
30/04/2020	0.83%	30/04/2020	1.25%
31/05/2020	0.85%	31/05/2020	1.27%
30/06/2020	0.88%	30/06/2020	1.32%
31/07/2020	0.88%	31/07/2020	1.32%
31/08/2020	1.03%	31/08/2020	1.54%
30/09/2020	1.03%	30/09/2020	1.55%
31/10/2020	1.77%	31/10/2020	2.65%
30/11/2020	1.77%	30/11/2020	2.65%
31/12/2020	1.76%	31/12/2020	2.65%
<b>Average VaR 2019</b>	<b>0.38%</b>	<b>Average VaR 2019</b>	<b>0.57%</b>
<b>Average VaR 2020</b>	<b>1.32%</b>	<b>Average VaR 2020</b>	<b>1.99%</b>

Estimated VaR with 99% confidence. NA = months with no investment.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

As can be seen, with variations that double 2020's standard deviation, VaR does not exceed the 2% monthly limit, while variations that triple standard deviation generate an excess from October 2020. This was the result of placing volatility at a very high level to simulate the results of an adverse situation.

## Interest rate risk

In December 2020, the Bolsa de Valores de Colombia S.A. had two active loans:

Organisation	APR
Banco de Bogotá	CPI indexed
Bancolombia	IBR indexed

- The first loan's interest rate is linked to the CPI; The consumer price index measures average cost of a basket of goods and services representative of household consumption, expressed with regard to a baseline period or to raise funds on the money market.
- The second loan's interest rate is linked to the IBR; the interbank rate is the price at which banks offer or raise funds on the money market.

Having rates that are index-linked guarantees that they correct themselves to reflect market conditions and the risk is mitigated.

## Exchange rate risk

The finance directorate produces an annual projection by month for foreign exchange obligations, with the following considerations:

- The source for this projection is the Planning and Finance Directorate Budget, approved by the Board of Directors.
- The information is an approximation of future events, and effective hedges are subject to Finance Department decisions based on their reading of market conditions.

An item is considered to be hedged as long as it is below the rate projected in the budget.

bvc currently has two offshore accounts: one at Bancolombia Panamá and the other at Banco de Bogotá Miami. Resources are appropriated from these accounts in accordance with foreign exchange cashflow needs.

## Sensitivity analysis

bvc is not affected by shifting market variables. bvc hedges possible foreign exchange outflows using natural hedges (income billed in foreign exchange), signing derivative operation contracts or foreign exchange bank account balances.

It is important to note that foreign exchange income is not monetised and therefore is not subject to exchange rate risk.

There follows a hedge proposal based on the 2019 and 2020 budgets:

Operation	Date	Value	usdxcto	Contracts	Total USD	Value
Purchase	06/11/2019	3,346.30	50,000	7	350,000	- 1,171,205,000
Rollover 1	10/03/2020	37.00	50,000	7	350,000	- 12,950,000
Rollover 2	10/06/2020	33.20	50,000	7	350,000	- 11,620,000
Rollover 3	10/09/2020	31.00	50,000	7	350,000	- 10,850,000
Exchange rate profit at close	03/12/2020	3,593.33	50,000	7	350,000	1,257,665,500
Profit						51,040,500

Operation	Date	Value	usdxcto	Contracts	Total USD	Value
Purchase	19/12/2019	3,387.90	50,000	4	200,000	- 677,580,000
Rollover 1	10/09/2020	31.00	50,000	4	200,000	- 6,200,000
Exchange rate profit at close	03/12/2020	3,593.33	50,000	4	200,000	718,666,000
Profit						34,886,000

Operation	Date	Value	usdxcto	Contracts	Total USD	Value
Purchase	27/12/2019	3,359.00	50,000	5	250,000	- 839,750,000
Rollover 1	10/09/2020	31.00	50,000	5	250,000	- 7,750,000
Exchange rate profit at close	03/12/2020	3,593.33	50,000	5	250,000	898,332,500
Profit						50,832,500

## 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 the assets' market price.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## 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 that demonstrate high financial solidity. Foreign issuers must have a rating higher or equal to that of the Colombian nation.

	2020	2019
USD cash flow	090 USD million	078 USD million
USD income	344 USD million	207 USD million
Sale of information (Vendors)		
USD expenditure	384 USD million	261 USD million
Technology		
Recurring payments		
Projects	118 USD million	063 USD million
Derivatives	080 USD million	0 USD million
Final exposure	012 USD million	-039 USD million

## Portfolio distribution

In a worst-case scenario, credit risk implies full noncompliance of expected cashflows from issuers in the investment portfolio.

The following table shows exposure by issuer, their rating and the invested value according to the approved limit:

BOLSA DE VALORES DE COLOMBIA S.A.				
ISSUER	MARKET VALUE (\$ THOUSAND) 2020	PART %	MARKET VALUE (\$ THOUSAND) 2019	PART %
National Banks	2,047,920	73%	–	0%
Special Public Institutions	511,430	18%	–	0%
National government	248,118	9%	242,420	100%
Financing companies	–	0%	–	0%
<b>Total</b>	<b>2,807,468</b>	<b>100%</b>	<b>242,420</b>	<b>100%</b>

To 31 December 2020

To 31 December 2019

## 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.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The following table shows the maturity of **bvc** portfolio instruments:

TERM	MARKET VALUE (\$ THOUSAND) 2020	% PART	MARKET VALUE (\$ THOUSAND) 2019	% PART
<b>90 - 180 days</b>	\$ 2,807,468	100.0%	\$ -	0.0%
PRIVATE DEBT	2,559,350		-	
PUBLIC DEBT	248,118		-	
<b>181 - 360 days</b>	-	0.0%	242,420	100.0%
PRIVATE DEBT	-		-	
PUBLIC DEBT	-		242,420	
<b>Total</b>	<b>\$ 2,807,468</b>	<b>100%</b>	<b>\$ 242,420</b>	<b>100%</b>

To 31 December 2020

To 31 December 2019

From a liquidity perspective, **bvc** strives to maintain high liquidity assets that are easily realised, thus mitigating a significant impact on invested portfolio returns in the case of exceptional resource needs.

Diversifying the portfolio across various issuers and securities facilitates its management and liquidation in the event of an extraordinary liquidity need.

## Footnote 4 – Cash and cash equivalents

Cash and cash equivalents are as follows:

	RATING	31 December 2020	31 December 2019
Local currency banks <sup>(1)</sup>	AAA	\$ 67,772,807	2,040,380
Cash equivalent <sup>(2)</sup>		41,521,589	6,855,263
Foreign currency banks <sup>(3)</sup>	AAA	10,949,462	2,979,192
Petty cash		8,703	13,298
<b>Total</b>	<b>\$</b>	<b>120,252,561</b>	<b>11,888,133</b>

At 2020 and 2019 year-end, bank reconciliations were \$1,627 and \$1,504, respectively:

	31 December 2020				
	Number	< 30 days	Number	< 30 days	Total
Deposits pending identification	\$ -	-	3	1,427	1,427
Debt applications	1	200	-	-	200
	<b>\$ 1</b>	<b>200</b>	<b>3</b>	<b>1,427</b>	<b>1,627</b>

	31 December 2019				
	Number	< 30 days	Number	< 30 days	Total
Deposits pending identification	\$ -	-	4	1,443	1,443
Debt applications	1	61	-	-	61
	<b>\$ 1</b>	<b>61</b>	<b>4</b>	<b>1,443</b>	<b>1,504</b>

- (1) 31 December 2020, increase corresponds principally to sale of Sophos Solutions SAS.
- (2) Cash equivalent corresponds to demand deposits at the following funds, except **pagulatam** which is a **bvc** payment gateway that transfers funds to the organisation's savings accounts each two days.

	Rating	31 December 2020	31 December 2019
Fondo de Inversión Fonval 608 <sup>(2,1)</sup>	AAA	\$ 15,389,617	3,096,252
Fondo Abierto Alianza <sup>(2,1)</sup>	AAA	13,085,002	3,732,923
Fiducuenta Bancolombia <sup>(2,1)</sup>	AAA	13,039,904	12,508
Payulatam		7,066	13,580
	<b>\$</b>	<b>41,521,589</b>	<b>6,855,263</b>

- (2.1) Increase corresponds to transfer of resources from Sophos Solutions sale to these accounts. The objective of using mutual funds is to earn a higher return and keep these balances for large outflows such as tax and dividend payments.

Investment funds are easily converted to cash because there is no restriction on their use at any time, as stated in IAS 7.

At 31 December 2020 and 2019 there are no restrictions on cash or cash equivalents.

- (3) Increase corresponds to purchase of dollars in Q4 2020.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 5 – Financial investment assets

The following table shows current and noncurrent financial investment assets:

	31 December 2020	31 December 2019
<b>Negotiable current investments</b>		
TES	\$ 248,118	242,420
Term deposits	2,559,350	-
<b>Total current financial assets</b>	<b>\$ 2,807,468</b>	<b>242,420</b>
<b>Other equity instruments</b>		
Private capital fund	2,439,802	2,610,183
Other securities	15,685	15,685
<b>Total noncurrent financial assets</b>	<b>2,455,487</b>	<b>2,625,868</b>
<b>Total investment</b>	<b>\$ 5,262,955</b>	<b>2,868,288</b>

The following table shows credit quality as determined by independent rating agencies:

	31 December 2020	31 December 2019
<b>Rating</b>		
Investment grade	\$ 2,439,802	2,610,183
Issued and guaranteed by the nation and/or Banco de la República	248,118	242,420
Private sector issuance	2,559,350	-
Not rated	15,685	15,685
<b>Total</b>	<b>\$ 5,262,955</b>	<b>2,868,288</b>

There follows a summary of financial assets by term, at 31 December 2020 and 2019:

	31 December 2020		
	< 1 year	1-3 years	Total
<b>Tradable instruments and other equity</b>			
TES <sup>(1)</sup>	\$ 248,118	-	248,118
Term deposits	2,559,350	-	2,559,350
Other equity instruments	-	2,455,487	5,014,837
	<b>\$ 2,807,468</b>	<b>2,455,487</b>	<b>5,262,955</b>

	31 December 2019		
	< 1 year	1-3 years	Total
<b>Tradable instruments and other equity</b>			
TES <sup>(1)</sup>	\$ 242,420	-	242,420
Other equity instruments	-	2,625,868	2,625,868
	<b>\$ 242,420</b>	<b>2,625,868</b>	<b>2,868,288</b>

(1) At 31 December 2020 and 2019 there were no restrictions on negotiable investments, except TES that mature on 8 June 2021.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 6 - Dividends receivable

The following table details dividends receivable by Sophos Solutions S.A.S. that we expect to receive in Q1 2021:

31 December 2020	
Dividends receivable 2019	\$ 6,210,172
First payment	(1,063,927)
Second payment	(2,041,159)
Third payment	(1,562,773)
<b>Balance receivable</b>	<b>\$ 1,542,313</b>

## Footnote 7 - Net trade and other accounts receivable

Net trade and other accounts receivable are as follows:

	31 December 2020	31 December 2019
Clients	\$ 4,438,994	5,287,332
Bolsa de Valores de Colombia S.A. brokers	1,364,683	1,399,944
Share and security issuers	251,730	789,483
<b>Total client accounts receivable <sup>(1)</sup></b>	<b>6,055,407</b>	<b>7,476,759</b>
Employee accounts receivable	79,697	103,097
Other debtors	345,072	193,437
Prepayments to providers	4,213	16,072
Other accounts receivable	29,809	14,457
<b>Total other accounts receivable</b>	<b>458,791</b>	<b>327,063</b>
Impaired trade and other accounts receivable <sup>(1)</sup>	(540,667)	(790,974)
<b>Total trade and other accounts receivable</b>	<b>\$ 5,973,531</b>	<b>7,012,848</b>

(1) Trade debt by term:

31 December 2020							
	Not past due	31-60 days	61-90 days	91-180 days	181-360 days	> 360 days	Total
Trade debt	5,068,768	185,525	117,891	185,780	85,656	411,787	6,055,407
Impaired trade debt	(5,432)	(2,360)	(918)	(77,810)	(42,360)	(411,787)	(540,667)
<b>Net trade debt</b>	<b>5,063,336</b>	<b>183,165</b>	<b>116,973</b>	<b>107,970</b>	<b>43,296</b>	<b>-</b>	<b>5,514,740</b>

31 December 2019							
	Not past due	31-60 days	61-90 days	91-180 days	181-360 days	> 360 days	Total
Trade debt	5,279,175	607,776	296,184	214,386	292,300	786,938	7,476,759
Impaired trade debt	(685)	(200)	(519)	(470)	(2,162)	(786,938)	(790,974)
<b>Net trade debt</b>	<b>5,278,490</b>	<b>607,576</b>	<b>295,665</b>	<b>213,916</b>	<b>290,138</b>	<b>-</b>	<b>6,685,785</b>

The following table shows provisions for accounts receivable to 31 December 2020 and 2019:

Concept	31 December 2020	31 December 2019
Initial balance	\$ 790,974	501,436
Trade debt impairment in the period	190,936	312,597
Write-offs <sup>(1)</sup>	(292,498)	-
Recoveries	(148,745)	(23,059)
<b>Total</b>	<b>\$ 540,667</b>	<b>790,974</b>

(1) The write-offs were approved by board of directors Act No 280, 29 July 2020.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 8 – Other non-financial assets

Other non-financial assets At 31 December 2020 and 2019:

	31 December 2020	31 December 2019
<b>Current</b>		
ICA (commerce & industry tax) prepayment	\$ 6,001	6,354
Sales tax prepayment	452	580
Contract deposits <sup>(1)</sup>	5,465,013	-
<b>Total current</b>	<b>\$ 5,471,466</b>	<b>6,934</b>
<b>Noncurrent</b>		
Software maintenance services	\$ 2,082,745	2,171,361
Deposits received for sale of permanent investments <sup>(1)</sup>	5,484,792	4,800
Deposits received as collateral	29,579	29,582
Insurance and bonds <sup>(2)</sup>	602,205	323,640
Other assets	157,590	190,391
Social club rights and shares	100,000	100,000
Subscriptions	55,453	87,015
<b>Total noncurrent</b>	<b>8,512,364</b>	<b>2,906,789</b>
<b>Total other non-financial assets</b>	<b>\$ 13,983,830</b>	<b>2,913,723</b>

(1) The sale of Sophos Solutions S.A.S. included contractual commitments corresponding to monies payable to **bvc** to hedge any possible actions that may arise. The agreement signed between **bvc** and Sophos Solutions S.A. states that: "half the final **bvc** amount retained on the first anniversary of the closing date and if that date is not a business day on the very next business day after the closing date, less the amounts of any definitive claims and the amounts of pending claims that correspond to **bvc** on said date." The money that will be paid in December 2021 as stated in the contract, is presented in these financial statements and current, and the balance as noncurrent.

(2) At 31 December 2020 the following policies were active: Global banking, civil responsibility and fully comprehensive. Premiums rose this period due to market conditions.

## Footnote 9 – Investments in associates and joint ventures

Investments in associates and joint ventures:

	31 December 2020	31 December 2019
Cámara de Riesgo Central de Contraparte de Colombia S.A. (See footnote 23)	\$ -	20,727,847
Set Icap FX S.A.	6,580,065	5,358,056
Cámara de Compensación de Divisas S.A.(1)	-	2,769,599
Set Icap Securities S.A.	1,178,034	1,399,079
Derivex S.A (2)	-	-
<b>Total</b>	<b>\$ 7,758,099</b>	<b>30,254,581</b>

Share ownership in these companies is as follows:

Associates	Share ownership %	31 December 2019	Dividends	Additions (2)	Reclassifications	Equity method income	31 December 2020
Cámara de Riesgo Central de Contraparte de Colombia S.A. (See footnote 23)	32.63%	20,727,847	-	7,275,403	(28,231,121)	227,871	
Cámara Compensación de Divisas S.A. (1)	32.23%	2,769,599	(800,460)	473,759	(3,033,443)	590,545	-
		<b>23,497,446</b>	<b>(800,460)</b>	<b>7,749,162</b>	<b>(31,264,564)</b>	<b>818,416</b>	<b>-</b>
Joint ventures	Share ownership	31 December 2019	Dividends	Additions (2)	Reclassifications	Equity method income	31 December 2020
Set Icap FX S.A.	49.82%	5,358,056	(4,860,068)	-	-	6,082,077	<b>6,580,065</b>
Set Icap Securities S.A.	50.00%	1,399,079	(339,833)	-	-	118,788	<b>1,178,034</b>
		<b>6,757,135</b>	<b>(5,199,901)</b>	<b>-</b>	<b>-</b>	<b>6,200,865</b>	<b>7,758,099</b>
<b>Total</b>		<b>30,254,581</b>	<b>(6,000,361)</b>	<b>7,749,162</b>	<b>(31,264,564)</b>	<b>(7,019,282)</b>	<b>7,758,099</b>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Associates	Share ownership	31 December 2018	Dividends	Additions (2)	Reclassifications	Equity method income	31 December 2019
Cámara de Riesgo Central de Contraparte de Colombia S.A.	32.63%	19,919,650	(1,012,472)	-	-	1,820,669	<b>20,727,847</b>
Cámara Compensación de Divisas S.A.	30.79%	2,515,264	(584,953)	-	-	839,288	<b>2,769,599</b>
		<b>22,434,914</b>	<b>(1,597,425)</b>	-	-	<b>2,659,957</b>	<b>23,497,446</b>
Joint ventures	Share ownership	31 December 2018	Dividends	Additions (2)	Reclassifications	Equity method income	31 December 2019
Set Icap FX S.A.	49.82%	4,483,253	(3,985,265)	-	-	4,860,068	<b>5,358,056</b>
Derivex S.A. (2)	42.45%	75,01	-	-	-	(75,010)	-
Set Icap Securities S.A.	50.00%	1,309,706	(215,713)	-	-	305,086	<b>1,399,079</b>
		<b>5,867,969</b>	<b>(4,200,978)</b>	-	-	<b>5,090,144</b>	<b>6,757,135</b>
<b>Total</b>		<b>28,302,883</b>	<b>(5,798,403)</b>	-	-	<b>7,750,101</b>	<b>30,254,581</b>

- (1) In December 2020, Cámara de Riesgo Central de Contraparte de Colombia S.A and Cámara de Compensación de Divisas de Colombia S.A. merged by absorption, and bvc received shares in Cámara de Riesgo Central de Contraparte de Colombia S.A. in accordance with the share exchange ratio formalised on 14 December 2020, as follows:

Company	Equity valuation (\$ thousand)	Number of shares	Exchange value (COP)	Exchange ratio
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$ 160,488,273	40,366,665,415	\$ 3.98	\$ 3.92
Cámara Compensación de Divisas S.A.	\$ 43,348,859	2,781,464,526	\$ 15.58	

In filing 2020263833-005-000, 30 November 2020, the Colombian Financial Superintendence authorised bvc to purchase 40,149,057 ordinary shares in Cámara de Compensación de Divisas de Colombia, equivalent to 1.443% of its paid-up capital, for a total amount of \$473,759.

- (2) The equity method is not being recognised for Derivex because the loss exceeds equity, as mentioned in IAS 28 paragraph 38. Equity method recognition will recommence once profit equals the non-recognised loss.

## Footnote 10 – Investments in subsidiaries

Investment in subsidiaries is as follows:

	31 December 2020	31 December 2019
deceval S.A.	\$ 374,957,884	387,265,057
Sophos Solution S.A.S. (1)	-	32,462,350
Cámara de Riesgo Central de Contraparte de Colombia S.A. (2)	64,397,445	-
Invesbolsa S.A.S.	21,738,090	21,677,664
Precia S.A.	3,373,862	1,712,262
bvc Plus S.A.S.	98,214	93,287
bvc Pro S.A.S.	98,215	93,289
Inver bvc S.A.S.	98,214	93,287
<b>Total</b>	<b>\$ 464,761,924</b>	<b>443,397,196</b>

Share ownership in these companies is as follows:

Subsidiary	Share ownership	31 December 2019	Additions and adjustments	Dividends (3)	Equity method income (4)	Other comprehensive income	31 December 2020
deceval S.A.	94.96%	387,265,057		(27,512,001)	15,185,247	19,581	374,957,884
Sophos Solutions S.A.S.(1)	53.11%	32,462,350	(36,508,068)	(6,210,172)	10,304,893	(49,003)	-
Cámara de Riesgo Central de Contraparte de Colombia S.A.	32.60%	-	64,174,134	(970,130)	1,193,441	-	64,397,445
Invesbolsa S.A.S.	100%	21,677,664	-	(1,350,799)	1,411,225	-	21,738,090
Precia S.A.	90.91%	1,712,262	-	-	1,661,600	-	3,373,862
bvc Plus S.A.S.	100%	93,287	-	-	4,927	-	98,214
bvc Pro S.A.S.	100%	93,289	-	-	4,926	-	98,215
Inver bvc S.A.S.	100%	93,287	-	-	4,927	-	98,214
<b>Total</b>		<b>443,397,196</b>	<b>27,666,067</b>	<b>(36,043,102)</b>	<b>29,771,186</b>	<b>(29,423)</b>	<b>464,761,924</b>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Subsidiary	Share ownership	31 December 2018	Additions and adjustments	Dividends (3)	Equity method income (4)	Other comprehensive income	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.	0.5418	29,078,457	1,056,200	(4,818,845)	7,105,525	41,013	32,462,350
bvc Plus S.A.S.	100%	88,627	-	-	4,660	-	93,287
bvc Pro S.A.S.	100%	88,627	-	-	4,662	-	93,289
Inver bvc S.A.S.	100%	88,627	-	-	4,660	-	93,287
<b>Total</b>		<b>440,101,244</b>	<b>1,056,200</b>	<b>(31,575,748)</b>	<b>34,190,199</b>	<b>(374,699)</b>	<b>443,397,196</b>

- (1) On 27 November 2020 Bolsa de Valores de Colombia S.A. signed the Sophos Solutions S.A. sale contract, and the transaction took effect on 1 December 2020. Sophos had been part of bvc Group since 2 July 2015.

The investment was wound down as follows:

Concept	Value
Sophos Solutions S.A.S investment cost	\$ 29,216,438
Recognised Sophos Solutions S.A.S equity method	14,628,070
Intangible from the Sophos Solutions S.A.S acquisition	(7,336,440)
<b>Total noncurrent assets kept for sale</b>	<b>\$ 36,508,068</b>

- (2) In February 2020, Cámara de Riesgo Central de Contraparte de Colombia S.A. went from being an associate to a subsidiary following the purchase of shares, as follows:

Transaction date	Number of shares	% purchased	Accumulated direct or indirect shareholding
5/02/2020	2,425,134,495	38.64%	55.98%
5/06/2020	344,831,414	0.86%	57.22%
12/08/2020	844,111,538	2.09%	60.26%
<b>Total</b>	<b>3,614,077,447</b>	<b>41.59%</b>	

In addition, after merging CCDC and CRCC in December, bvc's shareholding in CRCC was 32.60% (see Footnote 1).

- (3) Subsidiary, associate and joint venture dividends correspond to each company's distribution project, and differ from the values disclosed in direct cash flow because the latter recognises values received, that at 31 December 2020 and 2019 were \$38,478,556 and \$36,635,643 respectively.
- (4) Equity method income calculations for associates, joint ventures and subsidiaries were made according to each company's financial statements to 31 December 2020 and 2019. None of the companies are listed so they do not have a published share value.

At 31 December 2020 and 2019, no investments in subsidiaries, associates nor joint ventures showed signs of impairment nor restrictions.

# Footnotes to the Individual Financial Statements

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## Footnote 11 – Net property, plant and equipment and right-of-use

Property plant and equipment and right of use is as follows:

	BUILDINGS AND LAND	COMPUTING AND COMMUNICATIONS EQUIPMENT	FURNITURE AND FITTINGS	IMPROVEMENTS TO LEASED PROPERTY	RIGHT-OF-USE (2)	TRANSPORT EQUIPMENT	TOTAL
<b>Acquisition cost</b>							
<b>1 January 2020</b>	\$ 15,153,616	20,624,257	1,513,532	647,960	1,021,554	209,812	39,170,731
Additions (1)	82,307	997,310	-	-	180,473	-	1,260,090
Disposal of depreciated assets (3)	-	(51,255)	(23,355)	-	-	-	(74,610)
<b>31 December 2020</b>	<b>15,235,923</b>	<b>21,570,312</b>	<b>1,490,177</b>	<b>647,960</b>	<b>1,202,027</b>	<b>209,812</b>	<b>40,356,211</b>
<b>Accumulated depreciation</b>							
<b>1 January 2020</b>	(1,997,964)	(13,141,175)	(1,164,073)	(439,544)	(471,267)	(111,899)	(17,325,922)
Depreciation charges	(259,575)	(2,582,763)	(66,173)	(109,732)	(467,579)	(41,963)	(3,527,785)
Disposal of depreciated assets (3)	-	42,572	17,228	-	-	-	59,800
<b>31 December 2020</b>	<b>(2,257,539)</b>	<b>(15,681,366)</b>	<b>(1,213,018)</b>	<b>(549,276)</b>	<b>(938,846)</b>	<b>(153,862)</b>	<b>(20,793,907)</b>
<b>Impairment</b>							
<b>1 January 2020</b>	-	(1,176)	-	-	-	-	(1,176)
Depreciation disposal adjustment	-	145	-	-	-	-	145
<b>31 December 2020</b>	-	<b>(1,031)</b>	-	-	-	-	<b>(1,031)</b>
<b>Net book amount 31 December 2020</b>	<b>\$ 12,978,384</b>	<b>5,887,915</b>	<b>277,159</b>	<b>98,684</b>	<b>263,181</b>	<b>55,950</b>	<b>19,561,273</b>
<b>Acquisition cost</b>							
<b>1 January 2019</b>	\$ 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 depreciated assets	-	(1,290,742)	(67,391)	-	-	-	(1,358,133)
<b>31 December 2019</b>	<b>15,153,616</b>	<b>20,624,257</b>	<b>1,513,532</b>	<b>647,960</b>	<b>1,021,554</b>	<b>209,812</b>	<b>39,170,731</b>
<b>Accumulated depreciation</b>							
<b>1 January 2019</b>	(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
<b>31 December 2019</b>	<b>(1,997,964)</b>	<b>(13,141,175)</b>	<b>(1,164,073)</b>	<b>(439,544)</b>	<b>(471,267)</b>	<b>(111,899)</b>	<b>(17,325,922)</b>
<b>Impairment</b>							
<b>1 January 2019</b>	-	(3,024)	-	-	-	-	(3,024)
Depreciation disposal adjustment	-	895	-	-	-	-	895
Asset disposal	-	953	-	-	-	-	953
<b>31 December 2019</b>	-	<b>(1,176)</b>	-	-	-	-	<b>(1,176)</b>
<b>Net book amount 31 December 2019</b>	<b>\$ 13,155,652</b>	<b>7,481,906</b>	<b>349,459</b>	<b>208,416</b>	<b>550,287</b>	<b>97,913</b>	<b>21,843,633</b>

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Property, plant and equipment additions are made according to the needs of the asset. This differs from direct method cash flow for disclosed fixed-asset purchase payments because only actual payments in the period are disclosed in cash flow. At 31 December 2020 and 2019 the value was \$2,101,411 and \$3,651,725 respectively.

- (1) In 2020, bvc recognised \$180,473 in financial leases with Promotora La Enseñanza, in accordance with IFRS 16 guidelines.
- (2) The \$14,810 difference between the cost and depreciation of derecognitions corresponds to the book balance of assets when they are derecognised. These assets were donated, sold or lost due to derecognition, as follows:

Concept	31 December 2020	31 December 2019
PPE derecognition	\$ 7,456	-
Donation	5,939	-
Sale	1,415	27,707
<b>Total</b>	<b>\$ 14,810</b>	<b>27,707</b>

At 31 December 2020 and 2019, property, plant and equipment and right-of-use had no restrictions and were correctly insured.

At 31 December 2020 and 2019, property, plant and equipment and right-of-use showed no signs of impairment; the values in the footnote correspond to impairment from previous periods.

## Footnote 12 – Net intangible assets

Intangible assets are as follows:

	Software and licences	Projects in development <sup>(2)</sup>	Internally developed applications	Total
<b>Acquisition cost</b>				
1 January 2020	\$ 15,942,730	2,111,248	32,638,540	50,692,518
Additions <sup>(1)</sup>	154,024	11,687,791	-	11,841,815
<b>31 December 2020</b>	<b>16,096,754</b>	<b>13,799,039</b>	<b>32,638,540</b>	<b>62,534,333</b>
<b>Accumulated amortisation</b>				
31 December 2020	(15,115,575)	-	(8,016,826)	(23,132,401)
Amortisation charges	(728,843)	-	(3,657,346)	(4,386,189)
Amortisation adjustment	-	-	2,029	2,029
<b>31 December 2020</b>	<b>(15,844,418)</b>	<b>-</b>	<b>(11,672,143)</b>	<b>(27,516,561)</b>
<b>Net book amount 31 December 2020</b>	<b>\$ 252,336</b>	<b>13,799,039</b>	<b>20,966,397</b>	<b>35,017,772</b>

	Software and licences	Projects in development	Internally developed applications	Total
<b>Acquisition cost</b>				
1 January 2019	\$ 15,066,672	1,190,114	24,302,048	40,558,834
Additions	876,059	9,257,626	8,336,492	18,470,177
Reductions or disposal	-	(8,336,492)	-	(8,336,492)
<b>31 December 2019</b>	<b>15,942,731</b>	<b>2,111,248</b>	<b>32,638,540</b>	<b>50,692,519</b>
<b>Accumulated amortisation</b>				
31 December 2019	(14,478,647)	-	(4,860,435)	(19,339,082)
Amortisation charges	(636,928)	-	(3,156,391)	(3,793,319)
<b>31 December 2019</b>	<b>(15,115,575)</b>	<b>-</b>	<b>(8,016,826)</b>	<b>(23,132,401)</b>
<b>Net book amount 31 December 2019</b>	<b>\$ 827,156</b>	<b>2,111,248</b>	<b>24,621,714</b>	<b>27,560,118</b>

- (1) This differs from direct method cash flow for intangible purchase payments because only actual payments in the period are disclosed in cash flow. At 31 December 2020 and 2019 values were \$8,480,941 and \$766,264 respectively.

# Footnotes to the Individual Financial Statements

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(2) Projects in development are as follows:

Project	31 December 2019	Additions	31 December 2020
RPA	3,600	83,522	87,122
a2censo (second phase)	599,270	2,775,557	3,374,827
Marketplace (second phase)	172,878	896,821	1,069,699
Master Trader (third phase)	650,535	4,982,744	5,633,279
X-Stream INET (third phase)	684,965	1,618,729	2,303,694
Digital platform	-	946,495	946,495
Other initiatives	-	383,923	383,923
<b>Total</b>	<b>\$ 2,111,248</b>	<b>11,687,791</b>	<b>13,799,039</b>

Project	31 December 2018	Additions	Disposals	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
<b>Total</b>	<b>1,190,114</b>	<b>9,257,626</b>	<b>(8,336,492)</b>	<b>2,111,248</b>

At 31 December 2020 and 31 December 2019 intangibles show no restrictions nor signs of impairment.

## Footnote 13 – Financial obligations

Current and noncurrent financial obligations are as follows:

	31 December 2020	31 December 2019
<b>Current</b>		
Financial obligations <sup>(1)</sup>	\$ 6,241,500	9,000,000
Financial leases <sup>(2)</sup>	362,464	351,272
Interest	141,090	107,342
<b>Total</b>	<b>6,745,054</b>	<b>9,458,614</b>
<b>Noncurrent</b>		
Financial obligations <sup>(1)</sup>	13,284,875	10,000,000
Financial leases <sup>(2)</sup>	-	362,464
<b>Total noncurrent</b>	<b>13,284,875</b>	<b>10,362,464</b>
<b>Total financial obligations</b>	<b>\$ 20,029,929</b>	<b>19,821,078</b>

(1) On 30 May 2018, Bolsa de Valores de Colombia S.A. acquired a financial obligation with Banco de Bogotá S.A. for \$20,000,000, payable over 5 years with quarterly payments. The loan is unrestricted and a promissory note was provided as collateral

(2) The five-month obligation acquired with Bancolombia S.A. in December 2019 for \$5,000,000 was paid in May 2020.

In February 2020, bvc took out a loan with Bancolombia S.A. for \$11,207,500, payable over 5 years with quarterly payments. The loan is unrestricted and a promissory note was provided as collateral.

In 2020 and 2019, capital payments of \$10,267,877 and \$4,000,000 and interest payments of \$1,818,356 and \$1,107,683 were made, respectively.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The organisation's financial obligations are as follows:

Entity	Rate	31 December 2020	31 December 2019	Due date
Banco de Bogotá	CPI + 3.5%	10,000,000	14,000,000	30/05/2023
Bancolombia S.A.	IBR + 1.6%	-	5,000,000	6/05/2020
Bancolombia S.A.	IBR + 2.5%	9,526,375	-	17/02/2025
<b>Total</b>		<b>19,526,375</b>	<b>19,000,000</b>	

The following table shows the financial obligation balance at 31 December 2020 and 2019 by timeframe:

31 December 2020						
Concept	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
Capital	6,241,500	6,241,500	4,241,500	2,241,500	560,375	19,526,375
Interest	141,090	-	-	-	-	141,090
<b>Total</b>	<b>6,382,590</b>	<b>6,241,500</b>	<b>4,241,500</b>	<b>2,241,500</b>	<b>560,375</b>	<b>19,667,465</b>

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
<b>Total</b>	<b>9,107,342</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>-</b>	<b>19,107,342</b>

- (2) In accordance with IFRS 16 financial lease implementation from 1 January 2019 for the Cr 7 # 71 -21 office 402, and Calle 72 ground floor premises:

Financial lease at 31 December 2020		Value
< 1 month	\$	31,280
1-3 months		31,604
3-12 months		299,580
<b>Total current</b>		<b>362,464</b>
1-5 years		-
<b>Total financial lease</b>	<b>\$</b>	<b>362,464</b>

Financial lease at 31 December 2019		Value
< 1 month	\$	27,642
1-3 months		56,147
3-12 months		267,483
<b>Total current</b>		<b>351,272</b>
1-5 years		362,464
<b>Total financial lease</b>	<b>\$</b>	<b>713,736</b>

At 31 December 2020 and 2019 direct method cash flow showed interest of \$79,680 and \$91,854 and lease payments of \$531,746 and \$500,050, respectively.

In 2020 and 2019 all financial obligation covenants were met.

## Footnote 14 – Trade and other account payable

Trade and other accounts payable are as follows:

	31 December 2020	31 December 2019
Fees and commissions <sup>(1)</sup>	2,633,957	1,065,907
Withholding tax payable	2,342,867	2,277,442
Domestic vendors and services <sup>(2)</sup>	\$ 2,270,949	4,286,723
Other costs and expenses payable	2,134,178	2,291,859
Overseas vendors <sup>(3)</sup>	1,240,970	2,270,756
Maintenance and repairs <sup>(4)</sup>	166,941	2,153,153
Other	122,033	160,419
Salary discounts and contributions	87,177	118,452
Travel expenses	266	23,301
<b>Total</b>	<b>\$ 10,999,338</b>	<b>14,648,012</b>

- (1) To 31 December 2020, this value increased due to fee provisions including: OMX \$446,735, BME \$269,032, Sophos \$253,154, Grability \$214,250, 2NB \$205,200, Ernst & Young \$55,045, **deceval** \$50,045, DLA piper \$50,000, and Linex Experts \$ \$27,000.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

- (2) To 31 December 2020, payments were made to vendors such as: Axity Colombia S.A.S \$300,000, Hewlett Packard \$1,018,865, Ortiz Torrente \$197,381, Top Brand \$79,481 and Dell \$109,429. And the following services were pending billing: Sonda \$569,147, Allianz \$198,046, Vector \$178,647, Comunicación Celular \$143,690, Sap \$113,906, Mercado abierto \$96,306, Redes y Sistemas \$61,963, Diligent \$55,453, Ciberc \$46,469, Centurilynk \$43,252, Botero Ospina \$35,899, Bit2bit \$67,707, DS Soluciones \$53,887, and Havas Media \$73,349.
- (3) To 31 December 2020, payments were made to overseas vendors such as: Tibco Software \$1,067,355, and Mercado abierto \$223,908. In addition there was a payment pending to BME INN of \$1,013,021.
- (4) To 31 December 2019, the following payments were pending: Hewlett Packard \$734,819, Oracle \$289,764, Tibco \$311,987, Sophos \$344,690, and Informática & Tecnología \$69,259.

## Footnote 15 – Net current tax assets and liabilities

Net current tax assets and liabilities are as follows:

	31 December 2020	31 December 2019
<b>Current tax assets</b>		
Self-withholding	\$ 2,667,425	2,842,993
Credit balance <sup>(1)</sup>	6,802,862	3,862,001
Special self-withholding <sup>(2)</sup>	1,550,121	576,313
Withholding	615,411	364,364
<b>Total current tax assets</b>	<b>\$ 11,635,819</b>	<b>7,645,671</b>
<b>Current tax liabilities</b>	<b>\$ (15,420,047)</b>	<b>(477,654)</b>
<b>Total current tax liabilities</b>	<b>(15,420,047)</b>	<b>(477,654)</b>
<b>Net current tax assets and (liabilities)</b>	<b>\$ (3,784,228)</b>	<b>7,168,017</b>

- (1) The increase principally corresponds to investments in science and technological development in 2019, that allowed us to significantly reduce our tax burden this year.
- (2) The principal increase corresponds to the sale of Sophos Solutions SAS.

## Footnote 16 – Employee benefits

Employee benefits are as follows:

	31 December 2020	31 December 2019
Consolidated vacations	653,734	964,371
Extra-legal benefits <sup>(1)</sup>	\$ 536,106	2,365,233
Severance funds	413,578	594,740
Severance fund interest	48,772	69,580
Unpaid salaries	-	300
<b>Total</b>	<b>\$ 1,652,190</b>	<b>3,994,224</b>

- (1) The reduction at 31 December 2020 corresponds to variable remuneration payments defined by non-achieved results on the Balanced Scorecard.

## Footnote 17 – Estimated liabilities and provisions

Contingent liabilities and provisions are as follows:

	Future contingency payments	Provision for restructuring <sup>(1)</sup>	Dismantling services <sup>(2)</sup>	Total
<b>Balance 31 December 2019</b>	\$ -	487,896	108,841	596,737
Increase in provisions	-	-	4,136	4,136
Recovery of provisions	-	(49,072)	-	(49,072)
Use of provisions	-	(348,824)	-	(348,824)
<b>Balance 31 December 2020</b>	<b>\$ -</b>	<b>90,000</b>	<b>112,977</b>	<b>202,977</b>
<b>Balance 31 December 2018</b>	<b>\$ 5,661,665</b>	<b>856,726</b>	<b>56,569</b>	<b>6,574,960</b>
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)
<b>Balance 31 December 2019</b>	<b>\$ -</b>	<b>487,896</b>	<b>108,841</b>	<b>596,737</b>

- (1) To 31 December 2020, \$348,824 was used for indemnity payments in accordance with the restructuring plan; the remaining balance will be used in 2021.
- (2) The provision for dismantling was updated in December 2020.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 18 – Other liabilities

Other liabilities are as follows:

		31 December 2020	31 December 2019
Other liabilities <sup>(1)</sup>	\$	2,832,415	1,191,634
<b>Other financial liabilities</b>	<b>\$</b>	<b>2,832,415</b>	<b>1,191,634</b>

- (1) In April 2020, the Inter-American Development Bank made a repayable contribution of \$1,640,781 to fund the a2censo project.

The contribution has the following conditions:

- The contract was signed on 31 May 2018.
- No rate is attached to the funds released.
- The resources shall be returned 42 months after the contract was signed and are subject to the project's expected results.

### Disclosable information on Non-repayable Technical Cooperation Agreement No. ATC/ME-16604-CO; ATN/ME-16605-CO (Not audited)

In accordance with the Multilateral Investment Fund's ("BID Lab" or "FOMIN") new operating policy, and Non-repayable Technical Cooperation Agreement No. ATC/ME-16604-CO; ATN/ME-16605-CO, signed by the Bolsa de Valores de Colombia S.A., we detail below the disclosable information on the execution and development of the a2censo project executed by Bolsa de Valores de Colombia S.A..

The purpose of this Agreement between the Inter-American Development Bank - BID Lab and Bolsa de Valores de Colombia S.A., in Operations ATC/ME-16604-CO and ATN/ME-16605-CO, is to develop a digital financing ecosystem that facilitates Colombian SME's access to financing, and in addition stimulates an investment culture in the country.

Resources from this agreement have been used to design, develop and put into production a platform managed by Bolsa de Valores de Colombia S.A. called a2censo, that has today become a meeting point for SMEs and investors, thus complying with the agreement's principal purpose.

To 31 December 2020, the platform raised COP 8.3 billion from 2,318 investors that made 6,209 investments to successfully fund 39 campaigns run by Colombian SMEs. Following the v1.0 platform launch on 20 November 2019, its digital evolution characteristics meant that 22 improvements to principal platform processes were put into production in 2020, including: payment gateway changes, homepage changes, Bancolombia host-to-host implementation, and the new SME Self-management Module.

Inter-American Development Bank resources received and used at 31 December 2020 and 2019 are detailed in the following table. Values are stated in USD in accordance with the agreements' guidelines.

	1 January to 31 December	
	2020	2019
<b>Cash received</b>		
Accumulated at the start of the period	\$ 409,408	392,982
Disbursements (pre-payments, refunds, direct payments and collateral refunds)	440,111	14,015
Interest received	2,014	2,411
<b>Total cash received</b>	<b>851,534</b>	<b>409,408</b>
<b>Expenditure</b>		
Accumulated at the start of the period	283,650	10,776
Payment for goods and services	413,243	247,329
Withholding	(31,935)	(18,093)
VAT	68,059	42,897
Other (bank commissions)	1,804	741
<b>Total expenditure</b>	<b>734,821</b>	<b>283,650</b>
<b>Cash available at the end of the period</b>	<b>\$ 116,713</b>	<b>125,758</b>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Project execution at 31 December 2020 is detailed below. Values are stated in USD in accordance with the agreements' guidelines.

Component / Activity	Accumulated 31 December 2019			Movement 2020			Accumulated 31 December 2020		
	IDB	bvc	Total	IDB	bvc	Total	IDB	bvc	Total
Consultancy on implementation	\$ 148,211	209,411	357,622	268,924	473,995	742,919	417,135	683,406	1,100,541
Platform technical management	-	17,745	17,745	-	46,095	46,095	-	63,840	63,840
<b>Component I: Product and platform design and development</b>	<b>148,211</b>	<b>227,156</b>	<b>375,367</b>	<b>268,924</b>	<b>520,090</b>	<b>789,014</b>	<b>417,135</b>	<b>747,246</b>	<b>1,164,381</b>
Promotion and marketing	82,795	44	82,839	72,598	-	72,598	155,393	44	155,437
Education fees	7,895	-	7,895	17,763	-	17,763	25,658	-	25,658
Project management and supervision	-	416,151	416,151	-	512,403	512,403	-	928,554	928,554
Travel	-	3,346	3,346	-	542	542	-	3,888	3,888
Other	9,935	7,394	17,329	30,185	60,431	90,616	40,121	67,825	107,946
<b>Component II: Engaging SMEs and investors on the platform</b>	<b>100,625</b>	<b>426,935</b>	<b>527,560</b>	<b>120,547</b>	<b>573,376</b>	<b>693,923</b>	<b>221,172</b>	<b>1,000,311</b>	<b>1,221,483</b>
Promotion and marketing	-	24,785	24,785	-	41,196	41,196	-	65,981	65,981
Education fees	-	-	-	-	106	106	-	106	106
Intermediate and final evaluation	8,067	-	8,067	23,772	-	23,772	31,839	-	31,839
<b>Component III: Platform pilot plan implementation</b>	<b>8,067</b>	<b>24,785</b>	<b>32,852</b>	<b>23,772</b>	<b>41,302</b>	<b>65,074</b>	<b>31,839</b>	<b>66,087</b>	<b>97,926</b>
VAT, withholding and commissions	26,747	43,276	70,023	37,928	117,613	155,541	64,675	160,889	225,564
<b>Total</b>	<b>\$ 283,650</b>	<b>722,152</b>	<b>1,005,802</b>	<b>451,171</b>	<b>1,252,381</b>	<b>1,703,552</b>	<b>734,821</b>	<b>1,974,533</b>	<b>2,709,354</b>

The principal achievements to 31 December 2020 with regard to the Agreement's three components are as follows:

- **Component 1: Product and platform design and development**

Initial platform construction is 100% executed.

- **Component 2: Engaging SMEs and investors on the platform**

Engagement of contributors and receivers is 50% executed, and number of investors informed, trained and engaged on the platform is complete.

- **Component 3: Implementing a pilot plan for the platform**

Resources generated is 3.7% complete and number of companies financed is 11.5% complete.

## 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. There are 60,513,469 shares in circulation.

### Share premium

The difference between the value paid for a share and its nominal value.

### Reserves

Reserves are as follows:

Reserves		31 December 2020	31 December 2019
Statutory reserves <sup>(1)</sup>	\$	19,657,411	19,657,411
Occasional reserves <sup>(2)</sup>		132,863,611	107,572,234
<b>Total reserves</b>	<b>\$</b>	<b>152,521,022</b>	<b>127,229,645</b>

(1) Approved by the General Shareholder Assembly in accordance with legislations.

(2) Constituted by the General Shareholder Assembly for working capital and technology renovation with the objective of operational growth and development.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Accumulated losses from previous periods

Accumulated profit 2019	114,923
Withholding on 2019 dividend payments	(494,031)
<b>Total accumulated losses from previous years</b>	<b>(379,108)</b>

## Dividends

Dividends are paid to shareholders based on the previous year's net profit. In 2020, the General Shareholder Assembly issued Act No. 034 on 18 May 2020. In 2019 the General Shareholder Assembly issued Act No. 033 on 28 March 2019, as follows:

	31 December 2020	31 December 2019
Previous year profits	\$ 50,586,007	39,142,489
Cash dividends during the year	\$418 per share paid in one instalment on 30 June 2020, on 60,513,469 authorised, subscribed and paid-up shares.	\$550 per share paid in two instalments of 50% each, in April and August 2019, 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	25,291,377	5,860,081
Total dividends <sup>(1)</sup>	25,294,630	33,282,407
<b>Dividend per share</b>	<b>\$ 418</b>	<b>550</b>

(1) On 30 June 2020, \$23,356,795 was paid in net dividends after the corresponding income tax had been applied.

In August 2019, \$30,999,175 was paid in dividends after legal withholding, as evidenced by direct method cash flow.

## Other comprehensive income and first-time adoption

Other comprehensive income is as follows:

	Other comprehensive income	
1 January 2020 balance	\$	1,315,487
Cash flow hedges (1)		22,232
deceval S.A. – equity method		19,581
CRCC business combination – equity method (2)		(444,648)
Sale of Sophos Solutions (3)		(859,052)
CRCC / CDCC share swap (4)		(2,224)
<b>31 December 2020 balance</b>		<b>51,376</b>
1 January 2019 balance	\$	1,712,418
deceval S.A. – equity method		(396,130)
Sophos Solution S.A.S. – equity method		41,013
Cash flow hedge loss		(22,232)
Subsidiary cash flow hedge loss		(19,582)
<b>Total 2019</b>		<b>(396,931)</b>
<b>31 December 2019 balance</b>	<b>\$</b>	<b>1,315,487</b>

- (1) To 31 December 2020 future contracts were realised that originated in the finalisation of Bolsa de Valores de Colombia S.A. hedging operations.
- (2) Other comprehensive income from the CRCC business combination on 6 February 2020 is recognised using the equity method in accordance with IFRS 3 paragraph 42.
- (3) The sale of Sophos Solutions S.A.S. means that its balance is removed from other comprehensive income.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Other comprehensive income 2020

November 2020 balance	\$	(146,741)
Reversion		146,741
Register		49,003
Sale		810,049
<b>Total</b>	<b>\$</b>	<b>859,052</b>

- (4) The CRCC / CCDC share swap resulted in \$2,224 being removed from previous year's other comprehensive income..

Shareholder General Assembly Act 33, 28 March 2019, approved first time adoption items as follows:

		First time NCIF (Colombian IFRS) adoption
<b>1 January 2018 balance</b>	<b>\$</b>	<b>(310,964)</b>
Realisation adjustments		-
<b>1 January 2019 balance</b>	<b>\$</b>	<b>(310,964)</b>
Realisation of net current value calculation equity tax <sup>(4)</sup>		2,850,441
Realisation of cost attributed to Bogotá and Medellín buildings, net of tax <sup>(2)</sup>		(877,910)
Realisation of actuarial calculation – net of tax <sup>(3)</sup>		552,249
<b>31 December 2019 balance</b>		<b>2,213,816</b>
<b>31 December 2020 movement</b>		<b>-</b>
<b>31 December 2020 balance</b>	<b>\$</b>	<b>2,213,816</b>

In accordance with Colombian Financial Superintendence 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 At 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.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 20 – Income from operations

Income from operations is as follows:

	31 December	
	2020	2019
Securities listing and maintenance	\$ 15,824,477	14,628,177
Equities <sup>(1)</sup>	12,433,781	15,477,398
Information publications and subscriptions	11,549,942	10,996,227
Fixed-income	9,752,844	9,828,850
Master trader	5,304,278	5,455,922
Derivatives	2,380,650	3,036,297
Special operations <sup>(2)</sup>	2,062,700	5,162,096
EAS transactions	1,558,101	1,539,631
Terminals	1,054,109	891,057
Other ordinary income	677,711	622,606
Education	606,153	657,144
a2censo <sup>(3)</sup>	296,740	–
Securities lending	–	53,238
<b>Total</b>	<b>\$ 63,501,486</b>	<b>68,348,643</b>

- (1) Reduction because in 2019 there was a public tender offer that did not occur in 2020.
- (2) Special operations varies because income is from auction and non-cyclical. In 2019, there was one special operation with Cartón Colombia via Valores Bancolombia S.A.
- (3) Billing for this service began in 2020.

## Footnote 21 – Investment income

Investment income is as follows:

Concept	31 December	
	2020	2019
Financial income <sup>(1)</sup>	\$ 664,988	369,319
Investment value increase	42,401	34,518
Value increase in tradable securities <sup>(2)</sup>	10,331	265,081
Dividends and equity	5,396	4,085
<b>Total</b>	<b>\$ 723,116</b>	<b>673,003</b>

- (1) Financial income was as follows.

	31 December	
	2020	2019
Savings accounts	\$ 575,485	304,187
Other yields	71,629	46,907
Other	17,874	18,225
<b>Total</b>	<b>\$ 664,988</b>	<b>369,319</b>

- (2) Variation corresponds to fall in Fondo Inversor value.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 22 – Income from sale of equity in subsidiary

There follows a description of the Sophos Soluciones S.A.S. sale.

Details of payment received At 31 December 2020:

Concept	Value
Final adjusted sale price	\$ 125,632,490
(-) Expenses	(3,051,454)
<b>Net sale price</b>	<b>122,581,036</b>
Final deferred payment of deposit (1) (See Footnote (8))	(10,930,027)
<b>Value paid 31 December 2020</b>	<b>\$ 111,651,009</b>

- (1) The total deposit value is different to that stated in Footnote 8 because of \$19,777 in interest being recognised.

Details of profit from sale at 31 December 2020:

Concept	Value
Sale price	\$ 122,581,037
Noncurrent assets held for sale <sup>(1)</sup>	(35,698,019)
<b>Income from noncurrent assets held for sale</b>	<b>\$ 86,883,018</b>

- (1.1) The net cost of the investment to 31 December 2020 is as follows:

30 November 2020	Value
Initial investment cost	\$ 29,216,438
Equity method recognised	14,628,070
Intangible originating in acquisition	(7,336,440)
Other comprehensive income loss	(810,049)
<b>Total noncurrent assets held for sale</b>	<b>\$ 35,698,019</b>

## Footnote 23 – Investment in Cámara de Riesgo Central de Contraparte de Colombia S.A.

In accordance with IAS 28 paragraph 32B, the investment's fair value was determined on the transaction date (6 February, 5 June and 12 August 2020). bvc's previous stake was 32.63% or \$20,727,847 and the updated fair PPA value is \$46,795,032, generating a difference of \$18,563,910 that is recognised as income from increase in investment value in profit and loss. bvc bought shares in June and August 2020.

bvc investment in CRCC	
Cost of investment December 2019	\$ 20,727,847
Equity method January 2020	227,871
Increased shareholding by acquisition	7,275,403
Adjusted fair value measurement	18,563,910
<b>Shareholding acquired at 31 March 2020</b>	<b>\$ 46,795,031</b>
Increased shareholding by acquisition 5 June <sup>(1)</sup>	1,034,494
Increased shareholding by acquisition 12 August <sup>(1)</sup>	2,532,335
Swap ratio CRCC / CCDC business combination	13,812,274
<b>Total 31 December 2020</b>	<b>\$ 64,174,134</b>

In addition \$444,648 in CRCC equity method other comprehensive income from previous years was recognised (See Footnote 19) and the results for the period increased to \$19,008,558.

- (1) Purchases following acquisition of the controlling interest are recognised in direct method cash flow as financing activities with a value of \$3,566,829.

In December 2020 Cámara de Riesgo Central de Contraparte de Colombia and Cámara de Compensación de Divisas merged and this generated a share swap in January that resulted in permanent investment income.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Cámara Contraparte de Divisas investment to November 2020	\$	(2,261,491)
Cámara Contraparte de Divisas equity method		(771,952)
Other comprehensive income Cámara Contraparte de Divisas		2,224
Post-merger share value <sup>(1)</sup>		13,971,506
Share issuance expenses		(159,232)
<b>Income from increase in value of permanent investments</b>	<b>\$</b>	<b>10,781,055</b>

(1) The following table calculates shares after the merger.

Pre-merger bvc shares in CCDC to 14 December 2020	896,476,837
Swap ratio	3.92
Number of CRCC shares received after the swap	3,514,170,146.761020
CRCC share market value	3,975,762,46
<b>Post-merger share value</b>	<b>13,971,506</b>

## Footnote 24 – Earnings and other income

Earnings and other income are as follows:

	31 December	
	2020	2019
Exchange rate differences <sup>(1)</sup>	\$ 1,722,684	563,897
Other income	599,657	679,491
Administrative services	453,425	367,088
Leases	197,307	283,797
Recovery of provision for accounts receivable	148,745	23,059
Recovery previous periods <sup>(2)</sup>	84,166	190,897
Government subsidies	74,292	48,594
Futures contract income	38,497	-
Profit from sale of assets	-	10,098
<b>Total</b>	<b>\$ 3,318,773</b>	<b>2,166,921</b>

(1) Variation corresponds to exchange rate fluctuation on foreign currency assets and liabilities. In 2020 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 2020 and 2019 Bolsa de Valores de Colombia S.A. held foreign currency bank balances of USD\$3,190 and USD\$909, respectively.

(2) The 2019 value corresponds to recovery of items pending identification related to account 2990 for \$37,355, the purging of employee accounts receivable for \$14,025, water and electricity services \$9,116, mobile telephone service \$14,117, credit card purchases \$6,275, taxi services \$1,489, and Berlitz \$1,789. The 2019 figure corresponds to recovery of unbilled services from previous years, including: Crowe Horwath \$46,565, Asociación de Comisionistas de Bolsa \$33,996, Ernest & Young S.A.S. \$12,991, Valtec Digital \$10,854, commercial gifts, internal events \$13,375, travel expenses \$9,222, specialised training \$6,439, other \$57,455.

# Footnotes to the Individual Financial Statements

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## Footnote 25 – Expenses

Expenses are as follows:

Ordinary expenses	31 December	
	2020	2019
Service and maintenance	\$ 12,176,913	11,766,147
Fees	10,396,802	9,436,965
Marketing and promotion	1,564,608	1,460,949
Taxes, duties and fees	1,448,559	1,431,407
Leases	1,066,005	1,036,133
Contributions and memberships	913,869	822,582
Insurance	569,086	439,778
Other	448,731	605,509
Debt impairment	190,936	312,597
Administration and mediation services	177,070	138,246
Meetings and symposia	122,799	141,117
Travel <sup>(1)</sup>	79,526	785,632
Public relations	57,939	185,066
Installation and adaptation	22,771	14,371
Stationary, supplies and photocopies	14,051	44,564
Legal expenses	7,807	8,986
Derecognition of property, plant and equipment (see Footnote 11)	7,456	27,707
<b>Total</b>	<b>\$ 29,264,928</b>	<b>28,657,756</b>

(1) Reduction corresponds to health emergency between March and December.

Employee benefits are as follows:

Employee benefits	31 December	
	2020	2019
Salaries <sup>(1)</sup>	\$ 6,011,533	8,169,052
Wages <sup>(1)</sup>	4,264,387	6,568,332
Social security	1,272,172	1,890,140
Pension contributions	1,000,920	1,470,703
Employee benefits	803,638	1,168,612
Bonusses <sup>(2)</sup>	650,946	2,415,010
Parafiscal taxes	643,282	918,662
Training	483,972	350,175
Health insurance contributions	382,871	509,226
Life insurance	110,137	61,562
Overtime	54,211	77,272
Professional risk insurance	43,831	63,697
Illness	22,041	30,958
Uniforms	4,281	2,933
Nutritional subsidies	2,304	2,198
Transport subsidies	1,666	1,038
<b>Total</b>	<b>\$ 15,752,192</b>	<b>23,699,570</b>

(1) Principal variation corresponds to employer substitutions from bvc to deceval in 2019 and 2020.

(2) Variable remuneration fell by \$1,764,064 in 2020 compared to 2019 due to non-achieved results on the Balanced Scorecard.

Amortisation and depreciation expenses are as follows:

Amortisation and depreciation expenses	31 December	
	2020	2019
Amortisation	\$ 4,386,189	3,793,319
Depreciation	3,527,640	3,210,373
<b>Total</b>	<b>\$ 7,913,829</b>	<b>7,003,692</b>

# Footnotes to the Individual Financial Statements

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## Footnote 26 – Other ordinary expenses

Other ordinary expenses are as follows:

	31 December	
	2020	2019
Other expenses (1)	\$ 790,039	1,004,667
Donations	374,810	160,000
<b>Total</b>	<b>\$ 1,164,849</b>	<b>1,164,667</b>

(1) To 31 December 2020, the following previous year expenses were recognised: variable remuneration \$315,214, extra-legal benefits \$85,000, Fiab \$55,999, Avisar \$56,377, ITAU \$46,291, Universidad Sergio Arboleda \$35,700, service invoices \$94,443, and other \$81,807. To 31 December 2019, the following previous year expenses were recognised: variable remuneration \$347,272, Multime \$158,909 paid in 2019, provisions for non-submitted credit card expenses, non-deductible expenses \$166,860, ICA (commerce and industry tax) second half 2015 payment \$72,800, Ined \$87,746, Market place \$52,289, Deloitte \$19,800, credit cards \$30,494, other \$68,497.

## Footnote 27 – Financial costs

Financial costs are as follows:

Concept	31 December	
	2020	2019
Exchange rate difference (1)	\$ 1,656,048	628,804
Interest	1,438,855	1,131,982
Financial	267,913	271,012
Lease liability interest	79,680	91,854
Interes	-	37,039
<b>Total</b>	<b>\$ 3,442,496</b>	<b>2,160,691</b>

(1) Variation corresponds to exchange rate variations affecting measurement and settlement of foreign currency assets and liabilities. In 2020, USD accounts receivable were recognised for clients such as Refinitiv Limited, Blackrock and CIFI Corporación Interamericana.

## Footnote 28 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 if it exists.

Basic income per share is as follows:

Concept	31 December	
	2020	2019
Net profit	\$ 150,337,344	50,586,007
Number of shares in circulation	60,513,469	60,513,469
<b>Net income per share (COP)</b>	<b>\$ 2,484.36</b>	<b>836.95</b>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 29 – Related parties

Accounts receivable, accounts payable, income and expenses with related parties are as follows:

Organisation	Relationship	31 December 2020		31 December 2020	
		Accounts receivable	Accounts payable	Income	Expenses
Derivex S.A. (1)	Joint venture	\$ 1,417,904	400	129,019	7,585
Deterioro Derivex	Joint venture	(1,101,780)	-	-	-
Set Icap FX	Joint venture	-	10,079	6,210,356	104,974
Set Icap Securities	Joint venture	8,761	-	224,752	1,023
deceval S.A. (2)	Subsidiary	110,865	42,462	19,433,309	775,664
Precia S.A.	Subsidiary	20,497	31,706	1,924,438	73,576
Invesbolsa S.A.S.	Subsidiary	187	-	1,411,751	-
bvc Plus S.A.S.	Subsidiary	-	-	4,978	-
bvc Pro S.A.S.	Subsidiary	-	-	4,978	-
Inverbvc S.A.S.	Subsidiary	-	-	4,978	-
Cámara de Riesgo Central de Contraparte de Colombia S.A. (3)	Associate	222,176	-	31,899,889	6,453
Cámara de Compensación de Divisas de Colombia S.A.	Associate	-	-	590,545	-
Otros (4)	Shareholders	500,000	5,611	-	-
<b>Total</b>		<b>\$ 1,178,610</b>	<b>90,258</b>	<b>61,838,993</b>	<b>969,275</b>

Organisation	Relationship	31 December 2019		31 December 2019	
		Accounts receivable	Accounts payable	Income	Expenses
Derivex S.A.	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	Subsidiary	37,592	503,738	7,144,597	3,488,516
deceval S.A.	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	-
bvc Pro S.A.S.	Subsidiary	-	-	4,662	-
Inverbvc S.A.S.	Subsidiary	-	-	4,660	-
Cámara de Riesgo Central de Contraparte de Colombia S.A.	Associate	22,031	-	2,253,798	4,184
Cámara de Compensación de Divisas S.A.	Associate	-	-	839,287	-
Otros	Shareholders	500,000	5,567	-	-
<b>Total</b>		<b>\$ 1,091,535</b>	<b>595,339</b>	<b>43,620,429</b>	<b>3,817,488</b>

(1) Includes financial sublease with Derivex S.A. for \$17,174. The following table shows detail by timeframe:

	Financial lease	Value
< 1 month	\$	1,380
1-3 months		1,413
3-12 months		14,381
<b>Total current</b>		<b>17,174</b>
1-5 years		-
<b>Total</b>	<b>\$</b>	<b>17,174</b>

# Footnotes to the Individual Financial Statements

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- (2) Accounts receivable includes financial sublease with **deceval** S.A, for \$54,370. The following table shows detail by timeframe:

deceval sublease	Value
< 1 month	\$ 4,692
1-3 months	4,741
3-12 months	44,937
<b>Total current</b>	<b>54,370</b>
1-5 years	
<b>Total</b>	<b>\$ 54,370</b>

The variation in income corresponds principally to equity method recognition of \$15,185,248 in the period.

- (3) At 31 December 2020 \$19,008,557 was recognised in fair value, share swap income \$10,781,055 (See Footnote 23), equity method income \$1,421,313 (See Footnote 10), and technology services and policy recharge \$688,964.
- (4) Other includes accounts receivable from key personnel; in June 2018 a loan of \$500,000 was made to the **bvc** president, payable in five years with rate equivalent to annual portfolio yield. In addition, previous year dividend payments were \$5,611 to 31 December 2020.

## Key management personnel:

Key management personnel balances are as follows:

Concept	31 December	
	2020	2019
Value paid to key personnel (president, vice president, managers) (1)	\$ 6,033,994	8,171,847
Board of Director fees	1,382,616	994,725
<b>Total</b>	<b>\$ 7,416,610</b>	<b>9,166,572</b>

- (1) The reduction corresponds to employer substitution between **deceval** and **bvc** in 2020.

## Footnote 30 – Income tax

### Income tax components

In accordance with current fiscal legislation, the company pays income and supplemental tax. In 2019 and 2020, the applicable rate was 33% and 32% respectively. Tax on unexpected earnings is 10%.

The income tax calculation base may not be lower than 1.5% (2019) and 0.5% (2020) 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 Law 1314/2009, article 4.

In addition:

- i) Income tax declarations from 2018 and 2019 may be revised by the tax authorities. No extra tax is foreseen should an inspection occur.
- ii) The following table details tax losses to 31 December 2020:

Year of origin	Tax loss	Tax loss offset for up to 12 years
2018	1,529,633	1,529,633
<b>TOTAL</b>	<b>1,529,633</b>	<b>1,529,633</b>

Accumulated tax losses to 2016 can be offset against ordinary future liquid income at any time and without any percentage limit. Tax losses from 2017, 2018 and 2019 may be used to offset liquid income for the following 12 years.

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iii) The following table details excess presumptive income<sup>1</sup> to 31 December 2020:

Year of origin	Excess presumptive income	Minimum base excess	Readjusted excess income	Excess presumptive income and minimum base subject to offset from 2017
2018	2,106,919	–	–	2,106,919
<b>TOTAL</b>	<b>2,106,919</b>	<b>–</b>	<b>–</b>	<b>2,106,919</b>

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, but some companies may be subject to the following terms:

Filing year	Finalisation term
2018	Returns showing tax losses become final after 12 years; if they offset tax losses the term is 6 years.
Finalisation term	Returns that show or offset tax losses become final after 5 years.

iv) In tax year 2020, the company made use of the tax benefit contained in Tax Code article 256, that refers to investment in innovation or technological research and development.

Articles 256 and 258 of the Tax Code state that companies investing in innovation or research and development certified as such by the National Council for Fiscal Benefits in Science and Technology Innovation, can apply a tax discount equivalent to 25% of the invested amount in the tax year that the investment was made and for the subsequent 4 tax years.

In tax years 2018, 2019 and 2020, the company made investments in innovation or technological research and development projects of \$6,611,988, \$6,637,048 and \$7,283,585, respectively, that generated tax discounts equivalent to \$1,652,997, \$1,659,262 and \$1,820,896.

In tax year 2020, the company is incorporating a non-accountable tax deduction of \$4,586,439, an accountable tax deduction of \$2,697,146 and a tax discount of \$1,824,457.

This means that at 31 December 2020 the company had an excess tax discount for investment in science and technology equivalent to \$2,197,637, that can be used as a tax discount in the 4 years following the investment.

	2020	2019
Tax discounts expiring on:		
31 December 2022	\$ –	1,295,612
31 December 2023	376,741	1,659,261
31 December 2024	1,820,896	–
<b>Total</b>	<b>\$ 2,197,637</b>	<b>2,954,873</b>

## Reconciling 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 2020 and 2019 at current rates, and the tax expenses recorded for the respective year.

	2020		2019	
	Amount	Rate	Amount	Rate
Income	\$ 150,337,344	-	50,586,007	-
Total income tax expenses	13,130,836	8.03%	143,516	0.28%
Pre-tax income	163,468,180	-	50,442,491	-
Income tax at the company's domestic rate	52,309,818	32.00%	16,646,022	33.00%
Equity income	(11,772,950)	-7.20%	(13,840,299)	-27.44%
Income Sophos sale	(17,741,720)	-10.85%	-	0.00%
Non-taxable fair value income from permanent investments	(9,307,285)	-5.69%	-	0.00%
Non-deductible expenses	867,551	0.53%	1,130,458	2.24%
Interest and other non-taxable income	(119,430)	-0.07%	(7,609)	-0.02%
Other concepts	590,974	0.36%	300,052	0.59%
Previous period current tax adjustment	321,555	0.20%	(11,091)	-0.02%
Changes to non-recognised timing differences	40,541	0.02%	(1,515,026)	-3.00%
Effect of rate variation on deferred tax	251,596	0.15%	(846,174)	-1.68%
Science and technology investment tax discount	(1,820,896)	-1.11%	(1,439,848)	-2.85%
Other tax discounts	(488,918)	-0.30%	(560,001)	-1.11%
<b>Total income tax expenses</b>	<b>\$ 13,130,836</b>	<b>8.03%</b>	<b>(143,516)</b>	<b>-0.28%</b>

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Recognised income and complementary tax in the period is as follows:

Footnote	2020	2019
Income tax expenses	\$ -	-
Current period	15,420,046	477,656
Previous period adjustment	321,555	(11,091)
Subtotal current tax	15,741,601	466,565
Deferred tax expenses	-	-
Origination and reversal of timing differences	(2,651,306)	904,945
Changes to non-recognised deductible timing differences	40,541	(1,515,026)
Subtotal deferred tax	(2,610,765)	(610,081)
<b>Total income tax expenses</b>	<b>\$ 13,130,836</b>	<b>(143,516)</b>

The company incurred 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 2020 and 2019, based on applicable tax rates in the years the timing differences will be reversed:

	Balance 1 January 2019	Effect on income	Balance 31 December 2019	Effect on income	Balance 31 December 2020
Deferred tax asset	\$ -	-	-	-	-
Exchange rate differences	38,863	7,352	46,215	(11,313)	34,902
Investment	470	(470)	-	-	-
Property, plant and equipment	220,080	(132,904)	87,176	(86,867)	309
Intangible assets	-	10,237	10,237	26,552	36,789
Unused tax discounts	-	3,038,979	3,038,979	(841,342)	2,197,637
Other assets	435,335	90,303	525,638	(109,875)	415,763
Lease liabilities	-	7,755	7,755	844	8,599
Provision for indemnity pay- ments	282,720	(282,720)	-	-	-
Liability provision	61,905	94,221	156,126	(119,973)	36,153
Excess presumptive income	675,831	(43,755)	632,076	-	632,076
Tax losses	359,653	99,237	458,890	-	458,890
<b>Subtotal</b>	<b>2,074,857</b>	<b>2,888,235</b>	<b>4,963,092</b>	<b>(1,141,974)</b>	<b>3,821,118</b>
Deferred tax liability	-	-	-	-	-
Exchange rate differences	(211,769)	190,486	(21,283)	15,010	(6,273)
Investments	(415,480)	231,178	(184,302)	56,112	(128,190)
Intangible assets	(1,421,286)	(1,700,257)	(3,121,543)	(268,472)	(3,390,015)
Property, plant and equipment	(2,701,954)	(4,367)	(2,706,321)	109,182	(2,597,139)
Commercial credit	(2,845,713)	(995,194)	(3,840,907)	3,840,907	-
Subtotal	\$ (7,596,202)	(2,278,154)	(9,874,356)	3,752,739	(6,121,617)
<b>Net total</b>	<b>(5,521,345)</b>	<b>(610,081)</b>	<b>(4,911,264)</b>	<b>2,610,765</b>	<b>(2,300,499)</b>

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 and associates, 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

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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. To 31 December 2020 and 2019, timing differences for the indicated items were \$366,633,145 and \$364,478,756, respectively.

## Realisation of deferred tax assets

We hope to continue generating taxable liquid income in future periods against which we can recover deferred tax assets. Estimated future income is based fundamentally on projections of company operations, and we expect the positive tendency to continue.

Estimates in these financial statements are based on recovering deferred tax assets to offset future taxes.

## Uncertainty on open tax positions

An evaluation of IFRIC 23 on tax uncertainties applicable from 1 de January 2020, shows that at 31 December 2020, the company has no tax uncertainty that generates a provision, and therefore no risk of any additional tax burden. In compliance with IAS 12, paragraph 82, the company has current financial projections that support the complete recoverability of deferred tax assets for 2020 and 2019.

## 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.

However, the law was declared unenforceable by the Supreme Court in Judgement C481 2019, and the government introduced a new tax reform that was approved on 27 December 2019 by Law 2010, known as the Economic Growth Law, that ratified the essential growth components of Law 1943, 2018, and introduced some modifications, as follows:

- The rates determined by Law 1943/2018 are maintained: 2021 – 31%, 2022 onwards – 30%.
- The presumptive income rate for income tax calculation will fall to 0.5% in 2020 and 0% from 2021 onwards.
- 100% of taxes, rates and contributions paid in the tax year that are related to income generation continue to be deductible (except income tax); 50% of the financial transaction tax is deductible, regardless of whether it is income generating or not.
- 50% of 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 100% 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) 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.

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.

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## Footnote 31 – Subleases

### deceval S.A sublease:

Bolsa de Valores de Colombia S.A. subleases to **deceval** S.A. an area destined exclusively for use as its AOC (Alternative Operations Centre) in exchange for a monthly payment.

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

% total underlying asset subleased ----> 15%

Detail is as follows:

deceval sublease	1 January 2020	Additions or movements	31 December 2020
+ Initial recognition	\$ 107,061	-	107,061
- Recognition of capital lease income	-	(52,691)	(52,691)
<b>Total sublease</b>	<b>\$ 107,061</b>	<b>(52,691)</b>	<b>54,370</b>

Interest and lease income			
Financial lease interest	\$ -	(10,370)	(10,370)
Lease income	-	(63,061)	(63,061)
<b>Total interest and sublease income</b>	<b>\$ -</b>	<b>(73,431)</b>	<b>(73,431)</b>

deceval sublease	31 December 2019	
+ Initial recognition	\$	156,729
- Net current value adjustment to lease pay-ment		(742)
- Recognition of capital lease income		(48,926)
<b>Total sublease</b>	<b>\$</b>	<b>107,061</b>

Interest and lease income	
Financial lease interest	\$ (12,254)
Lease income	(43,691)
<b>Total interest and sublease income</b>	<b>\$ (55,945)</b>

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Derivex S.A. sublease

On 1 August 2019, Bolsa de Valores de Colombia S.A. subleased to Derivex S.A. an area destined exclusively for use as the Derivex office, in exchange for a monthly payment.

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 Piedra Grande S.A.S.----> 628.79 m2

Total area subleased to Derivex S.A. ----> 32.30 m2

% total underlying asset subleased ----> 5.14%

Detail is as follows:

Derivex sublease	1 January 2020	Additions or movements	31 December 2020
+ Initial recognition	\$ 31,372	-	31,372
- Recognition of capital lease income	-	(14,198)	(14,198)
<b>Total sublease</b>	<b>\$ 31,372</b>	<b>(14,198)</b>	<b>17,174</b>
<b>Interest and lease income</b>			
Financial lease interest	\$ -	(7,397)	(7,397)
Lease income	-	(2,140)	(2,140)
<b>Total interest and sublease income</b>	<b>\$ -</b>	<b>(9,537)</b>	<b>(9,537)</b>

Derivex sublease	31 December 2019
+ Initial recognition	\$ 36,498
- Net current value adjustment to lease pay-ment	(254)
- Recognition of capital lease income	(4,872)
<b>Total sublease</b>	<b>\$ 31,372</b>
<b>Interest and lease income</b>	
Financial lease interest	\$ (4,045)
Lease income	(811)
<b>Total interest and sublease income</b>	<b>\$ (4,856)</b>

## Footnote 32 – Corporate governance

Board of Directors and senior management: As established in the company bylaws and the bvc Code of Good Governance, the Board of Directors is responsible for establishing the company's risk management policies, and periodically monitoring risk. This corporate body understand its responsibilities, is aware of business process and structure and is, therefore, able to carry out effective risk monitoring. The Board of Directors periodically monitors organisational risk management by analysing reports submitted by the Audit and Risk Committee. This committee supports the Board of Directors to monitor, verify and supervise risk management, accounting procedures, risk audits, and audit monitoring. It is also acts as a bridge between the Board of Directors and the external auditor.

- Policy and division of tasks: See Footnote 3, item 3.
- Reporting to the Board: See Footnote 3, item 3.
- Technology infrastructure: See Footnote 3, item 3.
- Risk measurement methodology: See Footnote 3, item 3.
- Organisational structure: bvc business areas operate independently and manage their own risk and accounting, although they are dependent on a number of functional areas.
- Human resources: See Footnote 3, item 3.
- Verifying transactions: bvc transactional security is optimal and allows us to verify that transactions are completed according to agreed conditions and via the company's own communication systems; this verifies the agreed conditions and avoids suspicion when verifying transactions. Accounting is done quickly and precisely, avoiding errors that may lead to incorrect profit or loss.
- Audit: bvc's financial risk department and external auditor are aware of the organisation's operations, revision schedules, compliance with limits, close of operations, relationship with market conditions, and the terms of executed transactions. Our internal and external auditors are aware of transactions executed between companies or individuals that are linked to the organisation.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 33 – Relevant facts

The current situation has impacted various economic sectors and **bvc** has adequately managed risk; special emphasis has been paid to identifying, measuring, controlling and monitoring operational risks inherent to our activities. This has allowed us to guarantee operations and offer our services to market 100% remotely, and we have worked on the following fronts:

1) Employees: Aligned with **bvc** values, our employees have been a vital resource during the crisis, and the health and wellbeing of them and their families is of primary importance. Since the start of the COVID-19 health emergency, 100% of our employees have worked remotely, with a framework of critical roles and operations. **bvc** is in constant communication with its employees and we have developed internal communications on measures and protocols with regard to: COVID-19 prevention and control, flexible / alternative working hours, tips for remote working, cybersecurity, online training, recreational activities, and other everyday corporate communications.

In addition, it is worth noting that salary and social security payments have continued as usual, and no salary reduction has been contemplated for employees; the company has found efficiencies among services that can be postponed or that by their nature have generated **savings**.

2) Business continuity: To ensure **bvc** managed markets function correctly, we have implemented technological and operational measures that have improved our resilience to the current situation and guaranteed continuity. We have given remote market access to 100% of our clients using technology frameworks, while increasing cybersecurity risk monitoring capacity, keeping our incident monitoring and disaster management equipment running during the emergency, and activating cloud storage systems. All of this has led to more efficient remote working.

By 2020 year-end, the company had migrated all of its data to the cloud and employees were able to more efficiently do their jobs by staying connected in a home-office **model**.

The result of these initiatives is that to date no business continuity risk has materialised, all services are working on all available channels without any changes to market opening hours. The **bvc** Board of Directors has been kept informed of the situation and the action plans implemented; **bvc**'s subsidiaries have implemented their own specific business continuity plans.

3) Reputation: **bvc** employs client monitoring protocols to mitigate reputational risk by continually monitoring the portfolio, providers and stakeholders in accordance with current operational and functional legislation.

Our internal processes track the market, and financially and qualitatively analyse each of our affiliates, participants and issuers using publicly available information to measure and prevent any situations of concern affecting the company, the industry or the market.

4) Financial: **bvc** has implemented measures to keep the financial situation healthy in the current situation, with regard to market, liquidity, credit, and interest and exchange rates:

- Market risk: To mitigate high price uncertainty **bvc** uses a portfolio management policy that was approved by the Finance and Administration Committee in December 2020. It establishes acceptable investment criteria for financial instruments that are adjusted to the company's acceptable level of risk.
- Liquidity risk: **bvc** strictly controls cash flow to ensure a solid net position. In addition, we have analysed different scenarios in which income drops, and better controlled costs and expenditure by suspending non-essential activities. We have also proposed paying dividends on 50% of profits to protect the company's payment capacity.
- Credit risk: **bvc** uses a quota system to mitigate the risk that a financial transaction not comply with obligations; quotas were updated by the Finance and Administration Committee in December 2020. **bvc** has continued to pay its financial obligations as normal, with no contingency changes made. It is worth noting that the majority of our financial obligations are index-linked to the CPI or IBR and can, therefore, experience variations in interest payments.
- Interest rate risk: Interest rate risk from market uncertainty may affect index-linked assets and liabilities. Therefore, **bvc** continuously monitors its investments and investment strategies and makes decisions with regard to any type of change.
- Exchange rate risk: We saw high exchange rate fluctuation in 2020, and our hedging plan for the period ensured that we were able to make FX payments using contracted FX rates that were lower than market rates.
- At December 2020, all hedging contracts were settled.
- Income risk: During 2020 we compared actual and planned income behaviour. Ordinary income was 87% of plan, mainly due to the capital market.

At 2020 year-end and during the current period, **bvc** continues to continually monitor market and client behaviour with regard to the portfolio. In addition, a more stringent spending policy has been introduced that allows us to take decisions that maintain financial equilibrium.

In the second half of 2020, we observed greater dynamism in the markets thanks to economic recovery, the expectation of a more favourable fiscal policy and the possibility of a vaccine, and investors were more confident about trading on the capital market.

In 2020, 41% of planned special operations were executed, and more than half the projected issuances were postponed or cancelled due to the economic situation.

In 2021, we will continue monitoring and controlling financial indicators, and keep track of the company's forecast to enable us to react and take decisions.

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 34 - Commitments and contingencies

Possible contingencies at 31 December 2020 and 2019:

PROCESS	PLAINTIFF	OBJECTIVE	ESTADO	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 6 October 2020, bvc legal representative Alberto Velandia was deposed.	\$232,000,000	Remote
			On 8 October, Susana Gómez and Celso Guevara gave testimony.		
			The deposition of Mapfre Seguros' legal representative set for 8 October was suspended		
			On 26 November, the court issues an invitation to hear evidence on 3 December 2020.		
			On 3 December 2020 a virtual hearing was held and allegations and judgement were dispensed with; a ten-day period was conceded for concluding arguments.		
On 15 January 2021, concluding arguments were presented.					
Class action	Jorge Enrique Robledo and others (Cundinamarca Administrative Tribunal)	A class action related to a sale of ISAGÉN shares that was managed by <b>bvc</b> .	On 22 August 2017, the court rejects bvc's appeal against its judgement of 22 March 2017 denying the impleader lodged by Mapfre Seguros Generales de Colombia S.A.	N/A	Remote
(Local Environment Secretary)			At the start of 2018, ISAGEN S.A. E.S.P. requested succession to BRE COLOMBIAN INVESMENST L.P., and a response is pending.		
Environmental sanction	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 Law 1333/2019 article 18.	On 12 July 2018 a memorandum was submitted requesting cessation of this environmental process. It has yet to be answered by the authorities.	TBD	In 2021 the risk was rated at 50%
(Local Environment Secretary)			On 22 August 2019, 3 signs were registered with validity to 21 August 2013, 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.		

# Footnotes to the Individual Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 35 – Events after the reporting period

No events that require disclosure occurred between the end of the reporting period on 31 December 2020 and the date of the external audit report.

## Footnote 36 – Approval of the financial information

On 24 February 2021, in Act 289, the board of directors approved the publication and presentation to shareholders of these financial statements for the year ending 31 December 2020, in accordance with Commercial Code requirements

### **Bolsa de Valores de Colombia S.A.**

#### **Certification of the Legal Representative**

24 February 2021

The undersigned legal representative of Bolsa de Valores de Colombia S.A. (bvc), in accordance with Law 965/2005 article 46, certifies that these individual financial statements and corresponding footnotes dated 31 December 2020 with comparative information dated 31 December 2019, contain no defects, imprecisions nor errors that prevent a true understanding of bvc's operations and equity.



Diego Javier Fernández Perdomo  
Legal Representative  
Bolsa de Valores de Colombia S.A.

# Consolidated Financial Statements

# Independent Auditors' Report

Dear Bolsa de Valores de Colombia S.A. Shareholders,

## Report on the Audit of the Consolidated financial statements

### Opinion

We have audited the Bolsa de Valores de Colombia S.A. and subsidiaries (the Group) Consolidated Financial Statements, which include the consolidated financial position, and other comprehensive income, equity and cash flow statements to 31 December 2020, including their footnotes, significant accounting policies and other explanatory information.

In our opinion, the Consolidated Financial Statements attached to this report fairly present all material aspects of the Company's consolidated financial position, income from operations, and cash flow at 31 December 2020, in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) accepted in Colombia. Our responsibilities under those standards are described later in this report. We work independently of the Group, in accordance with the IESBA Code of Ethics for Professional Accountants included in the Colombian Information Safeguarding Regulations, together with Colombian ethical requirements relevant to our audit of the Consolidated Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those that in our professional judgment are of the greatest importance to our audit of the Consolidated Financial Statements for the current period. Although these matters are addressed in the context of our audit as a whole and contribute to our opinion of the Consolidated Financial Statements, we do not provide a separate opinion on them.

#### Assessment of recognition of the purchase of a controlling interest in Cámara de Riesgo Central de Contraparte S.A. (See Footnotes 1 and 9 of the Consolidated Financial Statements)

Key Audit Matter	How it was addressed in the audit
<p>During 2020, the Group acquired an 8.7% stake of Cámara de Riesgo Central de Contraparte S.A., in addition to the 47.28% previously held, and control was won. This transaction generated income of COP 21.5 billion from updating the fair value of the previously acquired stake, and a capital gain of COP 18.6 billion, as a result of the allocation of the price paid (PPA).</p> <p>In accordance with the applicable accounting framework, the acquirer must remeasure its previously held stake at fair value on the date of the new acquisition, and recognise any resulting profit or loss in profit and loss for the period. Additionally, capital gains must be recognized on the acquisition date and the PPA price must be assigned.</p> <p>This is a key audit matter due to:</p> <ol style="list-style-type: none"> <li>1) The materiality of the amounts recognised: COP 21.5 billion in fair value and COP 18.6 billion in capital gains.</li> <li>2) The degree of judgment involved in determining fair value, and</li> <li>3) the significant judgment and audit effort to evaluate the determination of the cash flows, the input data and assumptions, as well as the use of professionals with experience in the industry and with specialized knowledge in valuation.</li> </ol>	<p>To evaluate recognition, we used the following audit procedures, among others:</p> <ol style="list-style-type: none"> <li>1. An evaluation of certain internal Group controls to determine the fair value of the share purchase, including: 1) Board of Directors' approval of the share purchase; 2) validation of the value provided by the Group's valuer, and 3) validation by the Finance Department of internal inputs for fair value calculation.</li> <li>2. An evaluation supported by valuation professionals of the methodology used to determine the fair value of: i) the acquired business, ii) the intangible assets, and iii) the tax benefit generated by amortising these intangibles, in accordance with generally used methodologies and the provisions established in the applicable regulatory framework.</li> <li>3. An evaluation of the competence, objectivity and capacity of the external specialist that determined the fair value of acquiring the Company's new shares.</li> <li>4. An evaluation of the principal projected assumptions for PPA calculation and comparison of these macroeconomic assumptions of price and discount rate with market data.</li> <li>5. An evaluation of the fair value of the acquired business's asset and liabilities.</li> <li>6. A recalculation profit and loss, free cash flow, discount rate and net present value projections related to the acquired business and its intangibles, supported by valuation professionals.</li> <li>7. A recalculation at fair value of the previously acquired stake (number of shares multiplied by their fair value), to determine the income generated.</li> <li>8. An evaluation of disclosures on the Consolidated Financial Statements related to the acquisition, in accordance with the applicable regulatory framework.</li> </ol>

# Independent Auditors' Report

## Assessment of impairment of capital gains and intangible assets as a result of acquiring Deposito Centralizado de Valores de Colombia S.A. and Cámara de Riesgo Central de Contraparte S.A. (See Footnotes 9, 18 and 19 of the Consolidated Financial Statements)

Key Audit Matter	How it was addressed in the audit
<p>An intangible of COP 260 billion and capital gains of COP 119.7 billion were recognised on the Group's Consolidated Financial Statements, as a result of acquiring Deposito Centralizado de Valores de Colombia S.A. and Cámara de Riesgos Central de Contraparte S.A. in 2017 and 2020, respectively.</p> <p>In accordance with the applicable financial reporting regulatory framework, the impairment of assets with indefinite useful life must be evaluated at least once a year.</p> <p>This is a key audit matter due to:</p> <ol style="list-style-type: none"> <li>1) the materiality of the amounts.</li> <li>2) The uncertainty inherent in applying judgments and complex estimates, and the degree of subjectivity related to anticipated business evolution, discount rates on free cash flows, and discount rates.</li> <li>3) The significant judgment and audit work necessary to evaluate evidence of cash flow models, input data and assumptions, and the need to employ professionals with industry experience and expertise in valuation.</li> </ol>	<p>To evaluate impairment, we used the following audit procedures, among others:</p> <ol style="list-style-type: none"> <li>1. An evaluation by valuation professionals of certain internal Group controls related to determining the assumptions used to calculate recoverable value, including 1) validation of the methodology used by the Group to calculate capital gains' and intangible assets' recoverable value, 2) Senior management approval of the recoverable value calculation, and 3) the evaluation of any significant changes in the assumptions from one year to the next.</li> <li>2. An evaluation of the competence, objectivity and capacity of the external specialist that determined the fair value of acquiring the new shares.</li> <li>3. A comparison of the key hypotheses used by the Group to calculate free cash flows with information obtained from external sources on key elements such as projected economic growth, the CPI and the tax rate, supported by valuation professionals.</li> <li>4. A comparison of the assumptions used in previous-year projections with real data, including the risk of bias on the part of the Group.</li> <li>5. An evaluation of the key variables and methodology the Group uses for its annual impairment test, referencing the applicable regulatory framework, and an independent sensitivity analysis of the key assumptions with the greatest estimation uncertainty using the cash flow model, supported by valuation professionals.</li> <li>6. A recalculation by valuation professionals of profit and loss, free cash flow, discount rates and net present value projections.</li> <li>7. Evaluation of the proper disclosures included in the consolidated financial statements in relation to the main assumptions used in the projections of cash flows and the sensitivity of the result.</li> </ol>

## Assessment of recognition regarding the sale (loss of control) of Sophos Solutions S.A.S. shares (See Footnote 37 of Consolidated Financial Statements)

Key Audit Matter	How it was addressed in the audit
<p>COP 86.9 billion in income was recognised on the Group's Consolidated Financial Statements and Other Comprehensive Income from the sale of its stake in Sophos Solutions S.A.S.</p> <p>In accordance with the applicable financial reporting regulatory framework, bvc is required to recognize the fair value of this income and derecognise the subsidiary's assets (including capital gains) and liabilities.</p> <p>This is a key audit matter because it is a significant unusual operation that involved recording income of COP 86.9 billion, in addition to the loss of control.</p>	<p>To evaluate the sale, we used the following audit procedures, among others:</p> <ol style="list-style-type: none"> <li>1. Verification of the share sale agreement and evidence of fair value determination and payment of the agreed amount.</li> <li>2. A recalculation of income from the sale in accordance with contract.</li> <li>3. Verification of asset (including capital gains) and liability derecognition.</li> <li>4. An evaluation of appropriate disclosures related to the sale on the Consolidated Financial Statements, in accordance with the applicable regulatory framework.</li> </ol>

# Independent Auditors' Report

## Management and Governance Responsibilities Relating to the Consolidated Financial Statements

Management is responsible for preparing and fairly presenting the Consolidated Financial Statements in accordance with IFRS, and the internal controls it considers necessary to prepare them without materially important errors whether due to fraud or error.

When preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing matters that may affect this, and using the going concern basis of accounting unless it intends to liquidate the Group or cease operations, or there is no realistic alternative but to do so.

## Auditors' Responsibilities Relating to Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable certainty that the Consolidated Financial Statements as a whole are free from material misstatements (whether due to fraud or error) and issue an audit report that includes our opinion. Reasonable certainty implies a high level of certainty, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if one exists. Misstatements can arise from fraud or error and are considered material if they may individually or collectively influence economic decisions made on the basis of the Consolidated Financial Statements.

When conducting an ISA-compliant audit, we exercise our professional judgment and maintain professional scepticism throughout. We also:

- Identify and assess the risk of material misstatement on the Consolidated Financial Statements (whether due to fraud or error), design and perform audit procedures in response to that risk, 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, and overriding or avoidance of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Judge how appropriately management uses going-concern accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may generate significant doubt regarding the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the relevant disclosures on the Consolidated Financial Statements. If these disclosures are inadequate we must modify our opinion. Our conclusions are based on the audit evidence obtained prior to the date of the audit report. However, future events or conditions may cause the Company to cease operating as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including disclosures, and whether the Consolidated Financial Statements fairly present the underlying transactions and events.
- Obtain enough appropriate audit evidence regarding the Group's entities or business activities to express an opinion on the Consolidated Financial Statements. We are responsible for directing, supervising and carrying out the audit, and we are solely responsible for our audit opinion.

We communicate to those in charge of corporate governance the planned scope and timing of the audit and the significant audit findings, including any significant internal control deficiencies identified. We also provide them with confirmation that we have complied with the relevant ethical requirement for independence and that we have communicated to them all relationships and other matters that may reasonably be considered to affect my independence, and related safeguards if applicable.

We then determine the key audit matters – those that are of the greatest importance – and describe them in our audit report of the Consolidated Financial Statements, unless regulations or the law prevent public disclosure of a matter or if extremely exceptional circumstances lead us to determine that a matter should not be reported because the adverse consequences of doing so would be measurably greater than the public interest benefits.

KPMG S.A.S.  
Calle 90 No. 19C-74  
Bogotá D.C., Colombia  
3 March 2021

# Consolidated Financial Statements

[Data in thousands of Colombian pesos, unless stated otherwise]

	FOOTNOTE	31 DECEMBER 2020	31 DECEMBER 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	146,988,206	34,545,179
Restricted cash	13	171,301,874	–
Financial assets - investments	14	43,518,044	24,692,915
Net accounts receivable from related parties	40	26,538	77,051
Net trade and other accounts receivable	15	19,652,446	48,368,415
Other non-financial assets	16	5,465,013	–
Current tax assets	41	263,274	8,142,934
Counterparty transactions	6	65,655,527,491	–
		<b>66,042,742,886</b>	<b>115,826,494</b>
<b>Noncurrent assets</b>			
Financial assets – investments	14	2,455,487	2,625,868
Other non-financial assets	16	14,664,467	8,954,638
Investments in associates and joint ventures	17	7,795,245	45,354,603
Capital gains	18	119,651,716	110,485,088
Net property, plant & equipment and right-of-use	20	45,369,036	57,664,001
Net intangible assets other than capital gains	19	372,851,425	290,029,338
Deferred tax assets	39	–	555,184
Net accounts receivable from related parties		814,293	748,284
		<b>563,601,669</b>	<b>516,417,004</b>
<b>Total assets</b>		<b>66,606,344,555</b>	<b>632,243,498</b>



Diego Javier Fernández Perdomo  
Legal Representative

	FOOTNOTE	31 DECEMBER 2020	31 DECEMBER 2019
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>			
<b>Current liabilities</b>			
Financial liabilities	21	8,468,869	11,228,688
Employee costs	22	5,651,958	14,259,994
Deposits	23	171,299,389	–
Trade and other accounts payable	24	15,883,249	22,467,980
Current tax liabilities	39	5,517,200	8,156,911
Prepaid income	26	93,378	1,985,849
Accounts payable to related parties	40	24,944	25,048
Other non-financial liabilities	25	5,676,566	11,125,853
Estimated liabilities and provisions	27	90,000	–
Counterparty transactions	6	65,655,527,491	–
		<b>65,868,233,044</b>	<b>69,250,323</b>
<b>Noncurrent liabilities</b>			
Financial liabilities	21	13,362,196	14,426,421
Estimated liabilities and provisions	27	252,852	3,230,470
Deferred tax liabilities	39	38,450,862	36,219,268
Other liabilities	28	2,954,499	1,354,997
		<b>55,020,409</b>	<b>55,231,156</b>
<b>Total liabilities</b>		<b>65,923,253,453</b>	<b>124,481,479</b>
<b>Shareholder Equity</b>			
Subscribed and paid-up capital	29	30,256,734	30,256,734
Cash surplus		298,397,252	298,397,252
Reserves		156,584,206	134,316,249
Net profit		151,974,041	51,448,005
Accumulated losses		(2,007,447)	(7,985,364)
Other equity and other comprehensive income		(13,019,931)	(13,131,377)
IFRS first time adoption		926,615	886,489
<b>Assets attributable to the parent company's owners</b>		<b>623,111,470</b>	<b>494,187,988</b>
Non-controlling interests		59,979,632	13,574,031
<b>Total equity</b>		<b>683,091,102</b>	<b>507,762,019</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>66,606,344,555</b>	<b>632,243,498</b>

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).

# Consolidated Financial Statements and Other Comprehensive Income

[Data in thousands of Colombian pesos, except net profit per share]

		31 December	
	FOOTNOTE	2020	2019
<b>Continuing operations</b>			
<b>Income</b>			
Ordinary income	30	180,142,055	164,835,390
Net investment income	31	5,625,858	2,909,579
Earnings and other income	32	4,041,858	2,257,761
		189,809,771	170,002,730
<b>Costs and expenses</b>			
Employee benefits	33	(54,165,378)	(49,881,566)
Depreciation and amortisation	34	(14,644,028)	(12,232,220)
Other ordinary expenses	35	(74,959,167)	(54,953,786)
Non-ordinary expenses		(641,186)	(178,374)
		(144,409,759)	(117,245,946)
<b>Operating profit</b>		<b>45,400,012</b>	<b>52,756,784</b>
Equity method profit, associate companies and/or joint ventures	17	7,245,795	8,538,057
Equity method loss joint ventures	17	–	(75,411)
Fair value investment value increase	9	31,779,595	265,081
Finance charges	36	(5,496,153)	(4,169,849)
<b>Pre-tax profit</b>		<b>78,929,249</b>	<b>57,314,662</b>
Income tax	39	(12,380,090)	(12,932,468)
<b>Net profit</b>		<b>66,549,159</b>	<b>44,382,194</b>



Diego Javier Fernández Perdomo  
Legal Representative \*

[\*] 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).

		31 December	
	FOOTNOTE	2020	2019
<b>Discontinued operations</b>			
Discontinued operating profit	37	86,802,161	7,065,811
<b>Profit</b>		<b>153,351,320</b>	<b>51,448,005</b>
<b>Other comprehensive income</b>			
<b>Profit</b>		<b>153,351,320</b>	<b>51,448,005</b>
<b>Other comprehensive income components not reported as income</b>			
Cash flow hedges		42,852	(42,852)
Pre-tax income from exchange rate conversion		1,139,538	97,120
Other comprehensive income items prior to CRCC business combination		(444,647)	–
CCDC other comprehensive income		414,829	–
<b>Pre-tax other comprehensive income</b>		<b>1,152,572</b>	<b>54,268</b>
<b>Total income and other comprehensive income</b>		<b>154,503,892</b>	<b>51,502,273</b>
<b>Final comprehensive results attributable to:</b>			
Parent company's owners		153,126,613	51,457,929
Non-controlling interests		1,377,279	44,344
<b>Total income and other comprehensive income</b>		<b>154,503,892</b>	<b>51,502,273</b>
<b>Total comprehensive results from:</b>			
Continuing operations		67,315,802	44,489,238
Discontinued operations		85,810,811	6,968,691
		153,126,613	51,457,929
<b>Earnings attributable to:</b>			
Parent company's owners		151,974,041	51,448,005
Non-controlling interests		1,377,279	–
<b>Net profit</b>		<b>153,351,320</b>	<b>51,448,005</b>
Shares in circulation		60,513,469	60,513,469
<b>Profit per share from continuing operations</b>		<b>1,112</b>	<b>733</b>
<b>Profit per share from discontinued operations</b>		<b>1,418</b>	<b>117</b>

The footnotes are an integral part of the consolidated financial statements.

# Changes to Consolidated Shareholder Equity

(Data in thousands of Colombian pesos, except dividend per share)

	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
<b>Balance 1 January 2019</b>		\$	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)
Net profit			–	–	–	–	–	51,448,005	–	–	51,448,005	6,510,728	57,958,733
Special dividend withholding			–	–	–	–	–	(392,416)	–	–	(392,416)	–	(392,416)
First time adoption adjustment			–	–	–	–	–	(2,524,780)	2,524,780	–	–	–	–
Derivative hedges			–	–	–	–	–	–	–	(42,852)	(42,852)	–	(42,852)
Other comprehensive income conversion			–	–	–	–	–	–	–	52,776	52,776	44,344	97,120
Non-controlling interests			–	–	–	–	–	–	–	–	–	275	275
<b>Balance 31 December 2019</b>		\$	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
<b>Balance 1 January 2020</b>			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
Appropriation and release of reserves	29		–	–	2,441	27,464,411	27,466,852	(27,466,852)	–	–	–	–	–
Act 34, 18 May 2020 – Dividend distribution of \$418 per share x 60,513,469 shares	29		–	–	–	–	–	(25,294,630)	–	–	(25,294,630)	(1,147,339)	(26,441,969)
Net profit			–	–	–	–	–	151,974,041	–	–	151,974,041	1,377,279	153,351,320
Increase in non-controlled holding, business combination measured at fair value	9		–	–	–	–	–	–	–	–	–	38,683,186	38,683,186
Acquisition of controlling interest in CRCC			–	–	–	–	–	–	–	(1,443,114)	(1,443,114)	(3,724,698)	(5,167,812)
Loss of holding, business combination (CRCC – CCDC merger)			–	–	–	–	–	–	–	4,524,000	4,524,000	5,206,574	9,730,574
Capital increase, business combination (CRCC – CCDC merger)			–	–	–	–	–	–	–	–	–	4,982,827	4,982,827
Share premium increase, business combination (CRCC – CCDC merger)			–	–	–	–	–	–	–	–	–	14,601,803	14,601,803
Special dividend withholding			–	–	–	–	–	(43,600)	–	–	(43,600)	–	(43,600)
Sale of permanent investments	29		–	–	–	(5,198,895)	(5,198,895)	7,334,994	40,126	(2,982,474)	(806,249)	(13,574,031)	(14,380,280)
Other comprehensive income items prior to CRCC business combination			–	–	–	–	–	–	–	(444,647)	(444,647)	–	(444,647)
CCDC other comprehensive income			–	–	–	–	–	–	–	414,829	414,829	–	414,829
Derivative hedges			–	–	–	–	–	–	–	42,852	42,852	–	42,852
<b>Balance 31 December 2020</b>		\$	30,256,734	298,397,252	19,819,076	136,765,130	156,584,206	149,966,594	926,615	(13,019,931)	623,111,470	59,979,632	683,091,102

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).



Diego Javier Fernández Perdomo  
Legal Representative \*

# Consolidated Cash Flow

[Data in thousands of Colombian pesos, unless stated otherwise]

31 DECEMBER

	Footnote	2020	2019
<b>Operational cash flow</b>			
Charges for the sale of goods and services	\$	220,644,588	326,089,607
Other operating charges		11,453	240,062
(-) Payment to providers for goods and services		(89,957,719)	(97,839,219)
(-) Operational taxes		(48,342,086)	(64,086,519)
(-) Employees		(52,794,272)	(112,273,792)
(-) Other operational activities		(633,731)	(695,491)
(-) Financial lease interest payments		(154,348)	(344,604)
Financial lease interest received	41	7,397	4,047
Interest received		1,624,926	1,066,982
(-) Income tax paid		(7,898,445)	(4,628,102)
Cash guarantees delivered		84,961	-
Other cash income (a2censo BID project)		1,715,073	48,542
Other cash income (expenditure)		290,866	(784,063)
Net cash flow from discontinued operations	37	17,697,718	11,784,658
<b>Net operational cash flow</b>		<b>42,296,380</b>	<b>58,582,108</b>
<b>Investment cash flow</b>			
(-) Other contingency payments		-	(5,311,929)
(-) Other payments to increase holdings	17	(10,540,994)	-
Other charges for sale of other entities' equity or debt instruments	37	111,651,009	-
(-) Other payments to acquire holdings in associates	17	(473,759)	-
(-) Property, plant and equipment purchases	20	(3,257,480)	(5,060,546)
(-) Intangible asset purchases	19	(10,424,563)	(2,585,750)
Charges for futures contracts, term contracts, options and financial swaps		179,108	(521,434)
(-) Interest paid		-	(37,038)
Interest received		-	501
Dividends received	17	9,236,534	5,353,698
Charges to related entities		27,456	-
Other equity cash income		11,703,025	4,370,667
(-) Other cash outflows for hedge guarantees		(52,800)	(9,700)
Other cash outflows for business combination	9	6,901,017	-
Cash inflow from CRCC - CCD merger	9	7,724,363	-
(-) Cash outflow for discontinued operations	37	(9,344,774)	(6,440,235)
Net cash flow used for discontinued investment activities	37	(1,263,377)	(2,732,865)
<b>Net investment cash flow</b>		<b>112,064,765</b>	<b>(12,974,631)</b>

31 DECEMBER

	Footnote	2020	2019
<b>Financing cash flow</b>			
Amount from loans		12,657,500	5,000,000
(-) Other payments to acquire holdings in other entities	9	(5,167,812)	-
(-) Loan payments		(10,267,878)	(6,494,786)
(-) Payment of IFRS 16 financial lease liabilities		(1,035,551)	(1,791,940)
Income from financial subleases		14,198	4,871
(-) Dividends paid	29	(24,383,488)	(34,584,788)
(-) Interest paid		(1,836,346)	(1,511,471)
Net cash flow used for discontinued financing operations	37	(12,109,882)	(7,671,638)
<b>Net financing cash flow</b>		<b>(42,129,259)</b>	<b>(47,049,752)</b>
<b>Net increase in cash and cash equivalents</b>			
Effect of exchange rate variations on cash and cash equivalents		475,390	(267,595)
Effect of exchange rate variations on discontinued operations		(264,249)	57,497
<b>Net increase in cash and cash equivalents</b>		<b>112,443,027</b>	<b>(1,652,373)</b>
Cash and cash equivalents at start of year		34,545,179	36,197,552
<b>Cash and cash equivalents at year-end</b>	\$	<b>146,988,206</b>	<b>34,545,179</b>

The footnotes are an integral part of the consolidated financial statements.



Diego Javier Fernández Perdomo  
Legal Representative \*

(\* 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).

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 1 – Reporting 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 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 2020 and 2019, **bvc** Group had 652 and 1784 employees, and **bvc** individually had 278 and 235 employees, respectively. The reduction is due to the sale of Sophos Solutions S.A.S.

**bvc** is controlled and monitored by the Colombian Financial Superintendence. The company is headquartered in Bogota D.C., and it has offices in Medellín 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 the Bolsa de Valores de Colombia S.A. (self-listing) on 22 June 2007, and trading began on 28 June 2007.

These financial statements have been prepared using the going concern concept. There is no uncertainty with regard to events or conditions that may generate significant doubt about the organisation's ability to continue as a going concern.

### 1.1 **bvc** Group companies

The group is headquartered in Colombia. The consolidated financial statements to 31 December 2020 and 2019 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** S.A.

**deceval** S.A. (tax ID 800.182.091-2) is a private equity company domiciled at Calle 7 No. 71-21 Torre B Piso 12, Bogota, with branches in Medellín and Cali that cover the centre, north and south of the country. It is subject to Colombian Financial Superintendence control and monitoring. It was incorporated on 17 November 1992 by public document 10147 at Notary Public 4 in Bogota, with validity to 2091. Its business purpose is the 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 2020, **bvc** had 94.96% direct and 5.04% indirect share ownership.

#### **Cámara de Riesgo Central de Contraparte de Colombia S.A. - CRCC**

CRCC was incorporated on 3 October 20017 in public document 5909 at Notary Public 19 in Bogota, and reformed on 26 March 2014 in public document 0314 at Notary Public 71 in Bogota, ratified on 3 April 2014. Its creation was authorised by Colombian Financial Superintendence Resolution 1586/2007, and certified by Colombian Financial Superintendence Resolution 0923 on 12 June 2008. Its business purpose is to provide counterparty clearing services that reduce or eliminate risk of non-compliance. CRCC is subject to Colombian Financial Superintendence control and supervision. CRCC incorporation is valid to 3 October 2057. At 31 December 2020, **bvc** has a direct holding of 39.60% and an indirect holding of 14.70%. CRCC became a subsidiary in 2020 and the detail of this transaction can be found in Footnote 9.

#### **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 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 Colombian Financial Superintendence.

It 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.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## 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 depositories.

## 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 depositories.

## 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 depositories.

## 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** Group had a holding of 54.18% that it sold on 1 December 2020 (see Footnote 37).

**bvc** subsidiary company financial information for 2020 and 2019 is as follows:

31 December 2020					
Name	Direct and indirect share ownership	Assets	Liabilities	Equity	Annual income
deceval S.A.	100%	89,843,228	21,927,250	67,915,978	15,991,391
Cámara de Riesgo Central de Contraparte de Colombia S.A.	54.30%	65,932,781,419	65,835,824,954	96,956,465	3,013,741
precia S.A.	100%	5,790,722	2,049,678	3,741,044	1,827,761
Invesbolsa S.A.	100%	21,688,112	25,011	21,663,101	1,411,224
<b>bvc</b> Plus S.A.S.	100%	98,378	165	98,213	4,926
<b>bvc</b> Pro S.A.S.	100%	98,380	165	98,215	4,926
Inverbvc S.A.S.	100%	98,377	165	98,212	4,926

31 December 2019					
Name	Direct and indirect share ownership	Assets	Liabilities	Equity	Annual income
deceval S.A.	100%	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
precia S.A.	100%	3,550,601	1,637,318	1,193,283	614,032
Invesbolsa S.A.	100%	21,635,116	31,776	21,603,340	1,350,799
<b>bvc</b> Plus S.A.S.	100%	93,362	77	93,285	4,660
<b>bvc</b> Pro S.A.S.	100%	93,366	77	93,289	4,663
Inverbvc S.A.S.	100%	93,362	77	93,285	4,660

## 1.2 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 legally constituted subsidiaries, headquartered in Bogota: (i) Depósito Centralizado de Valores de Colombia S.A., (ii) **bvc** Plus S.A.S., (iii) Inverbvc S.A.S., (iv) **bvc** Pro S.A.S.

- (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., previously known

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

as Infolavmer S.A. (name changed on 9 February 2018 in public document 423), a legally incorporated Colombian company headquartered in Bogota.

The following control changes were made during the year ending 31 December 2020:

- (i) On 20 February 2020 in Book IX, number 02555625, Bogota Chamber of Commerce, **bvc** Group control of Cámara de Riesgo Central de Contraparte S.A. (CRCC) was registered. In addition, **bvc** acquired CRCC shares in 2020 and on 14 December 2020 CRCC was merged.
- (ii) On 27 November 2020, Bolsa de Valores de Colombia S.A. signed the contract of sale of Sophos Solutions S.A. and the transaction was completed on 1 December 2020. The company had been part of **bvc** Group since 2 July 2015.
- (iii) Colombian Financial Superintendence Resolution 0939 (27 October 2020), and Banco de la República Board of Directors External Resolutions 22 (25 September 2020) and 27 (27 November 2020), approved the merger of Cámara de Riesgo Central de Contraparte de Colombia S.A and Cámara de Compensación de Divisas de Colombia S.A. This was formalised in public document 1359 (14 December 2020) at Public Notary 45 in Bogota, and the merger became a reality. Cámara de Riesgo Central de Contraparte absorbed Cámara de Compensación de Divisas de Colombia and assumed control of the foreign currency clearing and settlement system.

**bvc** and **deceval** purchased CRCC shares in 2020 as follows:

<b>bvc</b>			
Transaction date	Number of shares	Increase in holding	Accumulated holding
5/02/2020	2,425,134,495	6.01%	38.64%
5/06/2020	344,831,414	0.86%	36.50%
12/08/2020	844,111,538	2.09%	41.59%
<b>Total bvc holding</b>	<b>3,614,077,447</b>	<b>8.96%</b>	<b>41.59%</b>

## deceval

Transaction date	Number of shares	Increase in holding	
6/02/2020	1,008,330,101	2.70%	17.35%
5/06/2020	154,778,787	0.38%	17.73%
21/08/2020	275,791,954	0.94%	18.67%
24/08/2020	103,090,463		
<b>Total deceval holding</b>	<b>1,541,991,305</b>	<b>4.02%</b>	<b>18.67%</b>
<b>Total holding</b>	<b>5,156,068,752</b>	<b>12.98%</b>	<b>60.26%</b>

In December 2020 there was a share swap during the CCDC – CRCC merger, and as a result **bvc**'s direct and indirect CRCC holding changed.

Holding after the merger:

	Number of shares	Holding
<b>bvc</b>	20,301,476,319	39.60%
<b>deceval</b>	7,535,032,544	14.70%
<b>Total</b>	<b>27,836,508,863</b>	<b>54.30%</b>

These financial statements consolidate subsidiary operations. **bvc**'s individual financial statements, and those of its subsidiaries, are presented separately.

## Footnote 2 – Technical regulatory framework

**bvc** consolidated financial statements are prepared in accordance with IFRS and their interpretations issued by IFRIC. These financial statements comply with IFRS issued by IASB.

**bvc** consolidated financial statements are prepared using historic cost, with the exception of financial instrument value increases that are measured at fair value, and hedging operations.

Preparing these financial statements requires the use of estimates, in accordance with IFRS, and requires that management exercise its judgement with regard to applying **bvc** Group accounting policy. Accounting policy is detailed in Footnote 7 of these consolidated financial statements.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## 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, **bvc** Group analyses primary factors related to the most used currency in service pricing, and if necessary secondary factors related to funds from financing activities and that in which payment is made for operational activities. The functional currency has been determined to be the Colombian peso.

All data is presented in thousands of pesos rounded to the closest unit, unless otherwise stated.

## Footnote 4 – Estimates and judgement

In preparing these consolidated financial statements in accordance with IFRS, **bvc** Group uses estimates and assumptions that could affect the recognised amounts and disclosures, as follows:

Relevant estimates and suppositions are regularly revised, and are recognised in the period in which they are revised and any affected future period.

- **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 over their estimated useful life, unless they have an indefinite useful life. These estimates are management best-estimates on future performance and future periods in which it is hoped that these assets generate value.
- **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.
- **Impairment of accounts receivable:** A management decision is required on bad debt, with estimates based 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 uses its judgement to decide the reasonable probability of lease extension or termination, based on the quality of the lessee or lessor.
- **Acquisition of subsidiaries:** Management judgment is required to evaluate the remuneration transferred based on value provider criteria (see Footnote 9).
- **Discontinued operations:** Management judgment is required to evaluate the contingent remuneration the company is subject to upon selling Sophos.
- **Impairment of intangible assets with indefinite useful life and of capital gains:** Management judgment is required to determine impairment. Where there is a difference between market and book value, the identified amount is adjusted.

## Footnote 5 – Application of new policies following CRCC business combination

The principal CRCC recognition and measurement policies taken into account in these **bvc** Group consolidated financial statements are:

### 5.1 Repo transactions

#### Initial recognition

IFRS 9 regulates financial investments and establishes the principles and criteria for classifying and valuing investments, and recognising them in income or equity.

CRCC recognises a financial asset or liability in its financial statements only when it is one of the instrument's contracted parties.

CRCC, in accordance with the general guarantee investment policy and item 2 of its operational rules and the Unique Circular, can invest cash resources received as collateral. CRCC can conduct repo or open-market transactions via a Banco de la República interest-bearing account. These are measured at fair value.

# Footnotes to the Consolidated Financial Statements

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## Subsequent measurement

Financial liabilities are classified at fair value with changes posted to profit and loss depending on their designated category; a financial liability is measured at fair value with changes posted to profit and loss if it is classified as held for sale, if it is a derivative, or if it is classified as such during initial recognition.

### 5.2. Restricted cash – collateral

Non-freely transferrable cash funds that are held in frozen accounts, collateral deposit accounts or restricted accounts, such as the UDA used to deposit cash collateral from members, and the Citibank dollar account, are evaluated to see whether they comply with the definition for cash and cash equivalents or not, as follows:

- Funds are available immediately, or in less than one day.
- Funds may be easily liquidated or converted.
- Funds are subject to insignificant value changes.

If so, they are available to meet short-term payment commitments.

CRCC considers as restricted cash monies registered in the Banco de la República Unique Deposit Account and Citibank FX account, in which cash collateral received by CRCC is registered during clearing and settlement operations. This collateral is restricted and may not be used for CRCC operational purposes.

### 5.3. Deposits

Members are required to deliver their own or a third-party's collateral to CRCC for its irrevocable use. This collateral affects clearing, settlement and compliance of transactions accepted by CRCC.

Articles 10 and 11, Law 964/ 2005, Decree 2555/ 2010, and CRCC rules approved by the Colombian Financial Superintendence, confirm that collateral required by CRCC is protected by principle of purpose and collateral protection. Therefore, acts that increase or substitute collateral required by CRCC are irrevocable and may not be refuted, annulled nor declared ineffective.

As a consequence, collateral constituted by members for clearing and settling accepted transactions may not be revindicated, redirected, retained, nor judicially or administratively affected, until the obligations derived from the transactions have been met in their entirety. Third parties are responsible for constituting any corresponding collateral with the member.

Members are obliged to constitute and maintain collateral required by CRCC to cover at all times their obligations, those of their third parties and those of their non-liquidating members and their third parties.

In all cases, the liquidating member is responsible to the CRCC for constituting, delivering and adjusting collateral, and for substituting or replacing them, regardless of whether acting in their own name, or that of a non-liquidating member or third party.

CRCC registers net accepted operations in its accounts. The CRCC risk model is used to manage the derivative and fixed-income segments, and each accepted transaction is registered according to whether it is a standardised or non-standardised primary segment derivative, a secondary segment RRP transaction, a tertiary or equity segment share repo transaction, or a quaternary or swap segment interest rate swap. CRCC estimates and requires transfer of necessary and sufficient collateral to cover clearing and settlement of accepted transactions, including potential losses from noncompliance, market price variations or new positions.

Collateral may be ordinary, extraordinary, collective or a contribution for service continuity. Collateral constituted in collective collateral funds for each segment allow CRCC to mutualise possible losses due to a member's noncompliance.

CRCC conducts stress testing on each segment that include a wide range of scenarios based on worst historic movements and plausible extreme price movements. Designing these scenarios involves breaking correlations between historically correlated assets and creating correlations between historically unrelated assets. Worst-case losses are calculated for each member and compared to the required or deposited collateral, and the results of this process determine each member's contribution to the mutual collateral fund. CRCC conducts a daily stress test on the mutual collateral fund to verify whether it covers at least the two most exposed members.

If a member does not substantially transfer all risk and reward inherent to the transferred asset and retains control of it, they continue recognising the transferred asset for as long as this situation continues.

If CRCC no longer has control of securities-based collateral, it is recognised as in commitments and contingencies. CRCC controls cash collateral and this is recognised in the accounts as restricted cash.

### 5.4 Commitments

CRCC's principal objective is to be a reciprocal creditor and debtor with regard to rights and obligations derived from transactions it has agreed to clear and settle, irrevocably assuming this role with all parties in the transaction that have a legal bond with CRCC and not with each other. In this sense, it is a buyer for all sellers and a seller for all buyers that mitigates the risk of transactional noncompliance. The exception are cash peso-dollar transactions that CRCC clears and settles following the business combination with CCDC, in accordance with Banco de la República external resolution

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27/2020 granting CRCC the right to manage FX settlement systems in accordance with the terms and conditions contained in Banco de la República Board of Directors resolution 4/2006.

CRCC clears and settles the following transactions:

- i. Standardised derivatives (COLCAP futures, specific reference treasury securities futures, stock index futures, stock delivery futures, OIS futures, electricity futures, FX futures and share options).
- ii. Non-standardised derivatives (USD/COP NDF and IBR OIS).
- iii. RRP transactions.
- iv. Repo transactions.
- v. Cash and securities lending transactions.
- vi. Interest rate swap transactions.

The rights and obligations generated by these instruments are classified as open positions, and each open position is recognised at fair value. CRCC registers all accepted transactions according to the code it assigns to each member or identified third party. Open positions are presented in the financial statements for each member or type of product (asset or liability).

Given that CRCC debits or credits the UDA account of members with open positions resulting from clearing and settlement processes each day, value changes are not recognised in its financial statements.

Following the business combination, CRCC began mediating peso-dollar FX trading transactions without being a counterparty nor reciprocal debtor and creditor for the parties involved.

## Footnote 6 – Measurement baselines

### Fair value

Fair value is an asset or liability's price in a free and informed transaction.

**bvc** Group 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 identical assets and liabilities on the measurement date.

#### Level 2

Different observable data to the prices produced in Level 1.

#### Level 3

Non-observable data is 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 on the measurement date.

**bvc** Group investments in treasury securities and short-term treasury securities are classified as level 1 because their value depends on active markets that can be accessed at the time of measurement, and is included in profit and loss.

Recognised financial asset positions valued by *precia* using IFRS 13 Fair Value hierarchy are in level 2 because they are not observable in the market.

#### Determining fair value

Valuation techniques and principal input data for level 2 assets and liabilities measured at recurring fair value are as follows:

Debt security investments measured at fair value	Valuation technique	Principal input data
Securities guaranteed by financial sector institutions	Observable market price	<ul style="list-style-type: none"> <li>Securities trading prices according to the price provider's methodology</li> </ul>
Mutual investment funds	Value provided by the administrator	<ul style="list-style-type: none"> <li>Estimated / theoretical price</li> <li>Mutual funds that capitalise or pay interest each month</li> </ul>
Private capital funds	Value provided by the administrator	<ul style="list-style-type: none"> <li>Share value</li> <li>Pre-close value multiplied by the total number of shares</li> </ul>
<b>Tradable derivatives</b>		
Currency forwards	Income	<ul style="list-style-type: none"> <li>Price of the underlying asset</li> <li>Underlying asset functional currency curves</li> </ul>

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Debt security investments measured at fair value	Valuation technique	Principal input data
Currency forwards	Market	<ul style="list-style-type: none"> <li>Number of contracts</li> <li>Multiplier (size of contract)</li> <li>Closing price (price provider)</li> </ul>
Securities forwards		
Index futures		
Interest rate futures		
Energy futures		
Share options		
Interest rate swaps		
<b>Non-standardised derivatives</b>		
USD/COP NDF	Market	<ul style="list-style-type: none"> <li>Closing price (price provider)</li> <li>Multiplier (size of contract)</li> <li>Number of contracts</li> </ul>
<b>RRP &amp; repo</b>		
RRP	Market	<ul style="list-style-type: none"> <li>Closing price (price provider)</li> <li>Multiplier (size of contract)</li> <li>Number of contracts</li> </ul>
Repo		

## Financial assets and liabilities measured at fair value using recurring baselines

Recurring value measurements that IFRS require or allow in each period's financial statements.

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 2020 and 2019, the following financial assets and liabilities were classified as investments measured at fair value using recurring baselines:

Financial assets 31 December 2020	Book value	Fair value			Total
		Level 1	Level 2		
		Own	Own	By transaction <sup>(1)</sup>	
<b>Fair value financial assets</b>					
Treasury securities investments <sup>(1)</sup>	\$ 43,518,044	30,505,200	13,012,844	–	43,518,044
Private capital fund	2,439,802	–	2,439,802	–	2,439,802
Cash equivalents (mutual funds)	42,898,083	–	42,898,083	–	42,898,083
	<b>88,855,929</b>	<b>30,505,200</b>	<b>58,350,729</b>	<b>–</b>	<b>88,855,929</b>
<b>Derivatives</b>					
Currency forwards	46,602,078,811	–	–	46,602,078,811	46,602,078,811
Interest rate swaps	24,721,933	–	–	24,721,933	24,721,933
<b>Tradable futures contracts</b>					
Securities	4,433,675,643	–	–	4,433,675,643	4,433,675,643
Currencies	378,854,050	–	–	378,854,050	378,854,050
Indexes	17,435,940	–	–	17,435,940	17,435,940
Interest rates	3,989,770	–	–	3,989,770	3,989,770
Other	1,095,034	–	–	1,095,034	1,095,034
<b>Tradable options</b>					
Currency put options	10,108	–	–	10,108	10,108
<b>Total derivatives</b>	<b>51,461,861,289</b>	<b>–</b>	<b>–</b>	<b>51,461,861,289</b>	<b>51,461,861,289</b>
<b>Cash securities transactions</b>	<b>25,448,616</b>	<b>–</b>	<b>–</b>	<b>25,448,616</b>	<b>25,448,616</b>
<b>Money market transactions</b>					
RRP	13,987,884,108	–	–	13,987,884,108	13,987,884,108
Repo	180,333,478	–	–	180,333,478	180,333,478
<b>Total money market</b>	<b>14,168,217,586</b>	<b>–</b>	<b>–</b>	<b>14,168,217,586</b>	<b>14,168,217,586</b>
<b>Total tradable assets</b>	<b>65,655,527,491</b>	<b>–</b>	<b>–</b>	<b>65,655,527,491</b>	<b>65,655,527,491</b>
<b>Total financial asset fair value</b>	<b>\$ 65,744,383,420</b>	<b>30,505,200</b>	<b>58,350,729</b>	<b>65,655,527,491</b>	<b>65,744,383,420</b>

(1) Level 1 treasury securities investments correspond to CRCC and information is provided by the Valores Bancolombia fund manager. Level 2 treasury securities investments correspond to **bvc** and **deceval** and are set by price providers.

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Financial assets 31 December 2019	Book value	Fair value			Total
		Level 1	Level 2		
		Own	Own	By transaction <sup>(1)</sup>	
<b>Fair value financial assets</b>					
Treasury securities investments	\$ 727,260	–	727,260	–	727,260
Private capital fund	2,610,183	–	2,610,183	–	2,610,183
Securities guaranteed by financial sector institutions	23,965,655	–	23,965,655	–	23,965,655
Cash equivalents (mutual funds)	14,080,798	–	14,080,798	–	14,080,798
<b>Total financial asset fair value</b>	<b>\$ 41,383,896</b>	<b>–</b>	<b>41,383,896</b>	<b>–</b>	<b>41,383,896</b>

- (1) CRCC processes clearing and settlement, and this is restricted because the obligations and rights are affected by compliance with clearing and settlement contracts.

At 31 December 2020, CRCC had the following assets and liabilities related to positions in which it is the counterparty in standardised and non-standardised derivative, repo and RRP transactions, resulting from the CRCC acquisition in February 2020.

CRCC financial liabilities as a result of the business combination completed in 2020 are as follows. At 31 December 2019 **bvc** Group did not recognise these financial liabilities.

Derivatives	31 December 2020	
	By transaction	
<b>Tradable forwards</b>		
Currency forwards	\$	46,602,078,811
Interest rate swaps		24,721,933
<b>Tradable futures</b>		
Securities		4,433,675,643
Currencies		378,854,050
Indexes		17,435,940
Interest rates		3,989,770
Other		1,095,034
<b>Tradable options</b>		
Currency put options		10,108
<b>Total derivatives</b>		<b>51,461,861,289</b>
<b>Cash transactions securities</b>		<b>25,448,616</b>
<b>Money market transactions</b>		
RRP		13,987,884,108
Repo		180,333,478
<b>Total money market transactions</b>		<b>14,168,217,586</b>
<b>Total liability positions</b>	<b>\$</b>	<b>65,655,527,491</b>

## a) Determining the fair value of financial liabilities registered at amortised cost determined only for disclosure

Short-term financial obligation book value is considered to be fair value. Long-term obligation fair value is determined by using cash flow models discounted by risk-free interest rates adjusted by the organisation's own risk premiums.

In compliance with measurement and disclosure requirements, fair value is not applied to the following:

- Lease transactions classified as IFRS 16 Leases.

**bvc** Group conducts financial lease transactions.

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The fair value of Financial liabilities at 31 December 2020 and 2019, excluding leases and right-of-use goods, is as follows:

31 December 2020			
		Book value	Estimated fair value
<b>Financial liabilities</b>			
Current Financial liabilities	\$	7,843,637	7,702,547
Noncurrent Financial liabilities		13,284,875	14,462,056
<b>Total financial liabilities</b>	<b>\$</b>	<b>21,128,512</b>	<b>22,164,603</b>

31 December 2019			
		Book value	Estimated fair value
<b>Financial liabilities</b>			
Current Financial liabilities	\$	9,107,342	9,107,342
Noncurrent Financial liabilities		10,000,000	10,061,233
<b>Total financial liabilities</b>	<b>\$</b>	<b>19,107,342</b>	<b>19,168,575</b>

To 31 December 2020 none of the mentioned asset or liability levels had been reclassified.

## Footnote 7 – Summary of principal accounting policies

The following accounting policies and baselines were consistently applied when preparing these consolidated financial statements, in accordance with IFRS.

### 7.1 Consolidation baseline

#### i. Acquisition of non-controlling interests

For each business combination, **bvc** measures non-controlling interests using:

- Fair value; or
- The proportional stake of the identified net assets acquired, generally at fair value.

Adjustments are not made to capital gains and no profit or loss is recognised.

Non-controlling interests acquired prior to 1 January 2014 were recognised as a net equity percentage stake on the first consolidation date.

#### ii. Subsidiaries

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.

Subsidiary company financial results used in 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.

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## 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-subsiary's assets and liabilities and any non-controlling interest and other equity components are derecognised from accounts, and any earnings or losses are recognised in profit and loss. If any holding is maintained in the ex-subsiary, and is accounted for using the equity method, earnings or losses are proportionally recognised at fair value in profit and loss. If the retained interest is accounted for using IFRS 9, proportional earnings or losses are fully recognised in profit and loss.

## 7.2 Transactions and balances

As a general rule, individual financial statement assets, liabilities, income and expenses are not cleared, except where this be 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 net value, or to realise the asset and settle the liability simultaneously, are presented as net on the balance sheet.

### 7.2.1 Classifying current and noncurrent balances

**bvc** Group uses the following criteria to classify balances:

- Current asset – has a term equal to or less than twelve months, or will be sold or realised during normal business and activity operational cycles.
- Noncurrent asset – has a term superior to twelve months.
- Current liability – has a term equal to or less than twelve months, or will be liquidated during normal business and activity operational cycles.
- Noncurrent liability – has a term superior to twelve months.

## 7.3 Foreign currency transactions and balances

Transactions in currencies other than **bvc** Group functional currency are converted at the market exchange rate on the transaction date. At the close of each reporting period, assets and liabilities in other currencies are converted to COP using the market exchange rate at the close. Foreign currency profits and losses resulting from currency conversion and clearing are disclosed in the comprehensive profit and loss statement.

At 31 December 2020 the exchange rate was COP 3,432.50 = US\$1, and at 31 December 2019 it was COP 3,277.14 = US\$1.

## 7.4 Cash and cash equivalents

Cash and cash equivalents are disclosed at 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 change.

### 7.4.1 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 is converted to the **bvc** Group functional currency at the exchange rate on the date 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.

#### 7.4.1.1 Presenting cash and cash equivalents

**bvc** Group presents cash and cash equivalents in descending order of liquidity on its financial statements.

Cash flow does include movement between cash and cash equivalents (these components are part of **bvc** Group cash management) nor investment of cash and cash equivalent remainders.

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## 7.4.2 Financial asset investments

### 7.4.2.1 Fixed-income investments

#### 7.4.2.1.1 Initial recognition

Investments are classified using the **bvc** Group business model for financial asset management and the contractual cash flow characteristics for financial assets. Initial recognition is at fair value.

#### 7.4.2.1.2 Subsequent measurement

**bvc** Group subsequently measures 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 uses 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 are valued using Colombian market prices, and foreign investments use market values from the assets' countries of origin. In all cases, **bvc** Group endeavours to use relevant observable data in valuation processes, and minimise the use of non-observable data.

## 7.4.3 Profit and loss

**bvc** Group discloses net profit and loss by transaction group, or derivative instruments held for trading. However, if an item has relative importance it is presented separately.

Investment profit and loss measured using fair value is 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 on the financial statements is comprised of income and expense items including reclassification adjustments not recognised in profit and loss.

## 7.4.4 Investment in associates and joint ventures

### 7.4.4.1 Investment 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.

#### 7.4.4.2 Equity method

The equity method is 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.

#### 7.4.4.3 Initial recognition

Initial recognition is at cost, using the most trustworthy estimate.

#### 7.4.4.4 Subsequent measurement

Following an acquisition, **bvc** Group increases or decreases the book value to reflect its share of income in the reporting period. Dividends received 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 are reflected in other comprehensive income.

When entering into equity participation, the latest financial statements are used. If the reporting periods used by each organisation are different, the beneficiary produces 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

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necessary adjustment is 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 are the same from one period to the next. The organisations' financial statements are produced using uniform accounting policies for similar transactions and other events that have occurred under similar circumstances.

If objective evidence of impairment exists on an investment, it is 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 is estimated using anticipated dividends and the investment's final settlement value or participation in anticipated cash flow.

## 7.4.5 Financial asset equity investments with profit and loss adjustments

### 7.4.5.1 Initial recognition

Initial recognition of investment in an organisation over which significant influence is not exercised is registered at cost, using the most trustworthy estimate.

### 7.4.5.2 Subsequent measurement

Following acquisition, **bvc** Group measures equity investments over which it does not exercise significant control using the cost model, and annually evaluates 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.

## 7.4.6 Derivative investments - futures

### 7.4.6.1 Derivative transactions

In accordance with the portfolio business model, **bvc** Group may trade derivative financial instruments with any of the following objectives:

- a) Risk mitigation
- b) Trading for the purpose of turning a profit

### 7.4.6.2 Risk mitigation

Bolsa de Valores de Colombia S.A. may carry out derivative operations to hedge primary positions and limit or control its financial risk, using hedge accounting policy.

### 7.4.6.3 Tradable derivatives

**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.

### 7.4.6.4 Hedge accounting

#### 7.4.6.4.1 Necessary criteria for hedge accounting

A hedge complies with hedge accounting requirements only 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.);

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- 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 may 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).

## 7.4.6.4.2 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 relationship:

- 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.
- 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.
- Hedge of a net investment in a foreign operation as defined in IAS 21.1

At 31 December 2020 Bolsa de Valores de Colombia S.A. and **deceval** were using cash flow hedges.

## 7.4.6.4.3 Requirements for hedge accounting

**bvc** Group management produces formal documentation at the start of the hedge that details the hedging relationship, and presents it to the Finance and Administration Committee for approval. The documentation contains the following minimum information:

- 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 fair value changes in the hedged item or changes in cash flow will be measured.

- 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%).
- 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.
- 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.
- 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. 7.4.6.4.4 Contabilización de contabilidad de cobertura

## 7.4.6.4.4 Cash flow hedge accounting

### 7.4.6.4.5 Cash flow hedge accounting is applied as follows:

- The portion of profit or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income; and
- The ineffective part of the hedging instrument is 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 is 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 reclassifies the amount that is not expected to be recovered into profit and loss for the period as a reclassification adjustment.

## 7.4.6.5 Initial recognition

Initial recognition of derivative instruments is 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 requires that the receiving party satisfy the obligation. The liability is not settled with the counterparty nor cleared by any other means on the date of measurement.

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## 7.4.6.6 Subsequent measurement

Subsequent adjustment to the fair value of derivative contracts is recognised in profit and loss, unless they are part of a hedge.

The derivative portfolio's fair 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 fair value of passive positions, and the counterparty risk in the case of active positions.

## 7.4.6.7 Discontinuation of hedge accounting

When **bvc** Group discontinues a hedge, it does so prospectively from the date on which hedge accounting is discontinued and this may affect:

- a) all of a hedging relationship; or
- b) part of a hedging relationship.

## 7.4.6.8 Tradable derivative financial instruments

A tradable derivative financial instrument is not the same as a hedge derivative, nor does it satisfy the requirements established in item 8.4.6.4.3 of this policy.

### 7.4.6.8.1 Initial recognition

Tradable derivative instrument initial recognition is at fair value on the date of creation.

### 7.4.6.8.2 Subsequent measurement

Subsequent measurement is at the fair value specified by a price provider and recognised in profit and loss.

### 7.4.6.8.3 Derecognition of financial assets and liabilities

Bolsa de Valores de Colombia S.A. uses IFRS 9 section 3.2 and 3.3 guidelines when derecognising assets and liabilities.

## 7.4.6.9 Other non-financial assets

### 7.4.6.9.1 Reconocimiento inicial

For a paid expense to be recognised it must comply with all of the following requirements:

- a) Its value can be reliably measured.
- b) Its disbursement will allow **bvc** to obtain future goods or services.
- c) A prepaid expense is recognised as such when payment for the service is made, and at the amount transferred.

### 7.4.6.9.2 Subsequent measurement

Prepaid expenses are amortised using straight-line methodology on their full cost over the duration of the contract, or when right-of-use is exercised.

Amortisation is recognised in profit and loss in accordance with receipt of the contracted good or service. Straight-line methodology is applied to monthly amortisation to determine the total prepaid expenses divided proportionally by the number of months the service is expected to generate economic benefits.

### 7.4.6.9.3 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 derecognises 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.

## 7.4.7 Trade and other accounts receivable

### 7.4.7.1 Initial recognition

Initial recognition of trade and other accounts receivable only occurs 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 is at the transaction price.

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## 7.4.7.2 Subsequent measurement

In view of the classification and initial recognition of trade accounts receivable, the following guidelines are used for subsequent measurement:

Subsequent to initial recognition, **bvc** Group measures trade and other accounts receivable at amortised cost, applying the initial measurement of the account minus capital repayments plus or minus accumulated amortisation minus any reduction for impairment or non-recoverability. At 31 December 2019, none of the Group's subsidiaries present impairment or non-recoverability.

## 7.4.7.3 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.

## 7.4.8 Property, plant and equipment

### 7.4.8.1 Initial measurement

**bvc** Group measures its fixed assets using the cost model.

Fixed assets acquired are recognised using the cost model, in compliance with IAS 16 paragraph 30. Historic cost is incremented alongside any additions, improvements and repairs that increase an asset's useful life.

### 7.4.8.2 Subsequent measurement

Measurement is 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 costs directly 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 improvement and growth costs, among others, are 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 are 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 (best fair value less sale and use costs) is compared to the net accounting value. Any loss or revaluation resulting from this operation is registered as a charge or credit accordingly. Property, plant and equipment depreciation is calculated using the straight-line method based on estimated useful life.

### 7.4.8.3 Registering items as assets or expenses

Goods acquired by **bvc** Group are classified before their registration as an asset or expense in the period, and include the materiality principal in their acquisition cost.

The following parameters are 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 (\$35,607 in 2020 and \$34,270 in 2019) are recognised as expenses.
  - Goods costing less than 50 tax value units, but whose relevance and use match the asset definition are treated as fixed assets.
- b) Tax value unit 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 can be depreciated in different tax periods is 50 tax value units. An asset purchased in a given year is depreciated that same year.
- c) Useful life parameter:
  - When an acquired good's useful life is equal to or less than one year, it is treated as an expense, and **bvc** Group values it using the cost model.

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## 7.4.8.4 Asset group

bvc Group classifies assets into six classes:

### Real estate

Buildings and land
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### Movable goods

Furniture and fittings
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Computing, communications and electronic equipment
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Improvements to leased property
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Transport equipment
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Right-of-use
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## 7.4.8.5 Determining which goods go into which classes

bvc Group assets are placed into the following groups:

- **Buildings and land:** Real estate used by the Bolsa de Valores de Colombia S.A. for commercial and administrative offices, and car parks.
- **Furniture and fittings:** Office items, e.g. furniture, filing cabinets, archives, cabinets, shelving, etc.
- **Computing, communications and electronic equipment:** switchboard, telephones, router, switch, CCTV, alarms, security door access systems, white goods, electricity generators, UPS, and technological elements, portable and desktop hardware: computer, monitor, hard drive, printer, server, rack, scanner.
- **Improvements to leased property:** Improvements made to leased goods.
- **Transport equipment:** mobile goods used to transport people or merchandise.
- **Right-of-use:** Leased goods, per IFRS 16

The significant components of an asset are identified as follows:

- The component can be perfectly differentiated within the asset's general context.
- Its value is material within total asset value.
- Its useful life as a component is different.

- Its residual value is different.

Component determination is made via a technical evaluation or opinion 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 is registered as an increase in value of the fixed-asset concerned.

## 7.4.8.6 Maintenance and replacement

Replacements, improvements and enhancements to an asset or its components, subsequent to its acquisition, are included in 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.

Outlays following acquisition that correspond to recurrent or periodic repairs or maintenance are recognised as expenses.

## 7.4.8.7 Depreciation

Depreciation is 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 the asset's useful life 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 is managed using IAS 8 indications, whether due to policy change, changing estimates, or error.

When a used good is acquired that has already been partially or completely depreciated, bvc Group depreciates 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 is 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.

If more than one component is identified in an asset, the useful life of the principal component's useful life is used for all other components.

The straight-line method is 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:

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- 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 is constant.

## 7.4.8.8 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.

### 7.4.8.8.1 Defining useful life

**bvc** Group asset useful life is as follows:

	Useful life
<b>Real estate</b>	
Buildings and land	45 to 80 years
<b>Movable goods</b>	
Furniture and fittings	5 to 10 years
Computing, communications and electronic equipment	3 to 5 years
Improvements to leased property	Length of contract
Transport equipment	3 to 5 years
Right-of-use	Length of contract

## 7.4.8.9 Financial lease goods

Financial lease property, plant and equipment is 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.

## 7.4.8.10 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 if 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 evaluates whether any assets show evidence of impairment, and requests 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 are used by **bvc** Group to determine impairment:

N°	Indicator	Sign of impairment	Description
1	Market value	A significant reduction in an asset's market value.	An asset's value falls significantly more than expected during the period, as a consequence of use 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 in a technical report.

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## 7.4.9 Intangibles and capital gains

### 7.4.9.1 Definition

#### 7.4.9.1.1 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 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 developed intangibles: In evaluating whether to record an internally generated intangible asset, bvc Group classifies project expenses during the following phases:

- Research: Costs during this phase are recognised as expenses.
- Development: Costs are the sum of disbursements once the following capitalisation conditions are met, and if the following are demonstrated:
  - Technical feasibility.
  - An intention to make the asset ready for use or sale.
  - The ability to use or sell the asset.
  - Availability of technical, economic and other resources to make the asset ready for use or sale.
  - A probability that the asset will generate future economic benefits.
- The ability to reliably measure direct disbursements related to the asset.
- Training phase: Costs in this phase related to 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.

The following projects are being developed by bvc Group:

- Amarú (deceval)
- Digital platform (deceval)
- OTC temporary transfer of securities (deceval)
- RPA (bvc)
- a2censo (second phase) (bvc)
- Marketplace (second phase) (bvc)
- Master Trader (third phase) (bvc)
- X-Stream INET (third phase) (bvc)
- Digital platform (bvc)
- Other initiatives (bvc)
- Integration (CRCC)
- Analytics (CRCC)
- Flash (precia)

#### 7.4.9.1.2 Capital gains

**Capital gains arising from acquiring subsidiaries 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.

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## 7.4.9.2 Initial recognition

Acquired intangible assets are initially measured at cost. When an intangible asset is acquired through a business combination, its cost is 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 exists to faithfully measure its fair value.

Brands are not recognised as intangibles, nor are newspaper or magazine mastheads, editorial imprints or names, client lists or other similar items that have been internally generated.

## 7.4.9.3 Subsequent measurement

bvc Group uses the cost method, and intangible assets are accounted for according to their cost less accumulated amortisation and impairment where this exists.

Capital gains are measured at cost less accumulated impairment losses.

For investments that use equity method accounting, the capital gains book value is included in the investments' book value, and any impairment loss is assigned to the investments' book value, according to the equity method as a whole.

## 7.4.9.4 Impairment

The amortisation period and method used for intangible assets with finite useful lives are revised at least at the end of each period. If useful life varies from previous estimates, the amortisation period is adjusted to reflect this. If there is a change in anticipated future economic benefits, the amortisation method is changed to reflect this. These changes are treated as accounting estimate changes.

bvc Group assesses 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.

bvc Group measures capital gains impairment using valuation by a provider that determines whether the capital gains show signs of impairment and therefore must be adjusted in accounting balances (see Footnote 18).

## 7.4.9.5 Useful life

Intangible assets' useful lives are 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 is amortised until the end of its useful life, regardless of the amount.

Intangible	Useful life
Licences and software	5 years
Internally developed projects and applications	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 are 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 analyses. Costs incurred during organisation, construction, installation, preparation and launch are considered to be expenses.

## 7.4.9.6 Intangible asset derecognition and disposal

An asset is derecognised:

- Upon disposal (sale or donation).
- When no future economic benefits are expected from its use or disposal.

The profit or loss resulting from intangible asset disposal is the difference between the net amount obtained from its disposal and its book value, and is recognised in the period in which it is disposed (unless IFRS 16 establishes otherwise in the case of a sale/leaseback). Profits are not classified as ordinary income.

## 7.4.10 Financial liabilities

### 7.4.10.1 Initial recognition

Financial liabilities are initially recognised at 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 are initially registered at fair value less directly attributable transaction costs. Premiums or discounts applied at the start form part of fair value.

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## 7.4.10.2 Financial liability classification

bvc Group classifies its financial liabilities by amortised cost using the effective interest method, except for:

- Financial liabilities that are accounted for at fair value with profit and loss changes. These liabilities include derivative liabilities, and are subsequently measured at fair value.
- Financial liabilities resulting from financial asset transfers that do not comply with the rules for derecognition or that have been accounted for using the continued involvement approach.

## 7.4.10.3 Contract cash flow

Contract cash flow liabilities are:

- Financial liabilities
- Accounts payable
- Vendors
- Prepaid income
- Tradable derivatives

## 7.4.10.4 Financial liabilities that may differ from fair transaction value

If a financial liability's initially recognised fair value differs from its transaction price, bvc Group accounts for this instrument on the date of occurrence as follows:

- If the fair value of an identical liability is different, or is based on a valuation technique that only uses observable market data, the organisation recognises the difference between the fair value and the transaction price as a profit or loss.
- In all other cases, the fair value is adjusted to split the difference between the initial fair value and the recognised transaction price. Following initial recognition, the organisation recognises the difference as a profit or loss only in as much as it changes a factor (including time) that market participants will take into account when setting the liability's price.

## 7.4.11 Loans and Financial liabilities

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.

## 7.4.12 Accounts payable

bvc Group uses fair value for the initial recognition of accounts payable or financial liabilities; this is normally the transaction price (that is, the nominal value of the good or service).

Transaction costs that are directly attributable to a financial liability are subsequently included in amortised cost using the effective interest method over the instrument's useful life.

## 7.4.13 Other non-financial liabilities

### 7.4.13.1 Prepaid income

#### 7.4.13.1.1 Recognition

If a client makes payment, or an invoice is generated before a good or service is transferred, bvc Group presents the contract as a liability. A contract liability is an obligation for bvc Group to transfer a prepaid good or service to a client or request payment from them.

#### 7.4.13.1.2 Initial recognition

bvc Group recognises the liability at the initial received payment value or that of the payment due.

#### 7.4.13.1.3 Subsequent measurement

When goods and services are transferred and the obligation is satisfied, bvc Group removes the contract liability and recognises it as ordinary income.

## 7.4.14 Employee benefits

### 7.4.14.1 Definition

Employee benefits are comprised of all the ways bvc Group remunerates its employees in exchange for their services.

Employee benefits are comprised of:

- Wages, salaries and social security contributions.

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- 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.

## 7.4.14.2 Short-term Employee benefits

When an employee has been engaged by bvc Group for an accounting period, the company recognises the undiscounted value of their corresponding short-term cost:

- 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 recognises 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.

## 7.4.14.3 Paid leave

bvc Group recognises 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: holidays, 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.

## 7.4.15 Contingent liability provisions

### 7.4.15.1 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 the event not likely or cannot be reasonably measured.

bvc Group does not recognise contingent liabilities in its financial statements but does 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 are periodically revised to determine whether their likelihood has become probable. If it is determined probable, a provision is 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 is treated as a contingent liability, and the company recognises a provision for the probable liability unless it cannot be reliably measured.

### 7.4.15.2 Recognising provisions

bvc Group only recognises 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.

If these conditions are not met, the provision will not be recognised.

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bvc Group undertakes to reliably determine value as required for the financial statements, and only in exceptional cases does 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 is disclosed in the footnotes as a contingent liability including details of why it could not be reliably measured.

bvc Group does recognise provisions for future operational losses because these are not liabilities or provisions. If they do exist, they are an indication of asset impairment and bvc Group determines the impairment based on IAS 36.

Provisions are only 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 is only recognised when it has been made or its reception is basically certain. The reimbursement is treated as a separate asset and its value may not exceed that of the provision.

## 7.4.15.3 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 only recognises 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.

## 7.4.15.4 Initial recognition

bvc Group recognises provisions using the amount generated by a best-estimate of the disbursement necessary 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 associated with almost all provision valuation processes; 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, if enough objective evidence exists of their probability.

## 7.4.15.5 Subsequent measurement

Provisions are 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 reverses the provision. If the best estimate changes, this is accounted for according to IAS 8.

## 7.4.15.6 Provisions for restructuring

bvc Group recognises restructuring provisions only when the general conditions for doing so are met, and a formal, detailed restructuring plan exists that identifies:

- The activities and those affected;
- The main facilities affected;
- The location, function and approximate number of employees eligible for redundancy payments.
- The resulting disbursements; and
- The dates on which the plan will be implemented.

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An 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 does 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 is disclosed in the footnotes as an event occurring after the reporting period (IAS 10).

## 7.4.16 Tax assets and liabilities

### 7.4.16.1 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.

### 7.4.16.2 Recognition

Current tax liabilities are 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 is recognised as an asset.

Current tax liabilities (assets), whether from the current or previous periods, are measured at the end of the reporting period as the amount payable to (recoverable from) the tax authorities using approved legislation and rates.

### 7.4.16.3 Deferred tax recognition

Deferred tax assets and liabilities are measured using anticipated tax rates and legislation for the period in which they will be recovered or paid.

Deferred tax assets and liabilities are calculated using the balance sheet liability method, that determines timing differences between book values and the amounts used for tax purposes. The deferred tax amount is always 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 timing differences. Deferred tax assets are the amount of income tax recoverable in future periods, related to:

- Deductible timing 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 tax purposes.

An asset's tax base is the value deductible from future taxable bvc Group income when the asset's book value is recovered. If the income is not taxable, the tax base is 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 tax base corresponds to book value less any non-taxable future amount.

### 7.4.16.4 Initial recognition

Current tax liabilities (assets), from current or previous periods, are measured as 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 measures 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.

### 7.4.16.5 Subsequent measurement

bvc Group revises the way it recovers or pays 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 proceeds 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.

### 7.4.16.6 Initial recognition of deferred current taxes

bvc Group recognises deferred and current taxes as income or expenses and includes this in profit and loss, except when 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.

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- A business combination.

Current and deferred taxes are recognised outside earned income if related to recognised outside earned income entries from the same or a previous period.

## 7.4.17 IFRS 16 Leases

bvc Group recognises 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 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.

### 7.4.17.1 Initial measurement, right-of-use assets

bvc Group measures 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.
- The estimated cost of dismantling and disposing of 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.

### 7.4.17.2 Initial measurement, lease liability

bvc Group measures lease liability at current unpaid value, and discounts payments using the incremental loan rate applicable to the lease, based on its duration, type and value.

bvc Group recognises the following 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 bvc Group will pay as collateral on residual value.
- The cost of purchase options, if bvc Group is reasonably certain it will exercise them.
- Early exit penalty payments, if the lease reflects that bvc Group will exercise this option.

### 7.4.17.3 Subsequent measurement, right-of-use asset

bvc Group uses a cost model to measure right-of-use assets and applies the depreciation rules 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 depreciates the asset from the start date until the end of its useful life. Otherwise, bvc Group depreciates the asset from the start date until the end of the lease, whichever is sooner.

bvc Group applies impairment accounting policy on the asset, and calculates the value of identified impairment losses.

### 7.4.17.4 Subsequent lease liability measurement

bvc Group measures lease liabilities and:

- Increases book values to reflect lease liability interest;
- Reduces book values to reflect lease payments made; and
- Remeasures book values to reflect the new measurements or amendments to the lease.

Lease liability interest for each period during the lease is the amount produced by the rate of interest on the remaining lease liability. Following the date of commencement, bvc Group recognises the amount corresponding to the period of the following, 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.

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- 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.

## 7.4.17.5 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 is classified as an operational lease.
- Otherwise, the sublease is 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).

When classifying subleases, bvc Group evaluates 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 uses the discount rate used in the primary lease (adjusted for direct initial costs associated with the sublease).

During subsequent measurement, bvc Group applies 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 applies IFRS 9 account removal and depreciation requirements to the net lease investment.

At the date of commencement, bvc Group recognises 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 recognises 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.

## 7.4.18 Related-party transactions

### 7.4.18.1 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 discloses relationships with its subsidiaries regardless of whether any transactions have occurred between them.

bvc Group ensures 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.

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Related-party transactions are conciliated and revised each quarter. **bvc** Group discloses 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.

## 7.4.19 Ordinary contract income

**bvc** Group recognises contracts with clients when they meet all of the following criteria:

- All parties have approved the contract in writing, verbally 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 evaluates the client's intention and capacity to pay when due. The amount paid may be lower than the contracted price if payment is variable, because the organisation may give the client a discount.

**bvc** Group recognises income from ordinary activities when it meets its obligation to provide the services contracted by the client. **bvc** Group performance and service must not include obligations not described in the contract and that are not quantified in income.

At the start of non-standard contracts, **bvc** Group evaluates 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 income after it has met the terms of the contract.

### 7.4.19.1 Initial recognition

Income from ordinary activities is measured as the received or receivable payment value less any discount.

In most cases, payment is in cash and income is the amount of cash received or receivable. When a cash inflow is deferred over time, fair value is 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, as follows:

- Prepayment of services: Prepayments are recognised as income in the corresponding period.
- Late settlement: **bvc** Group makes monthly provisions for services provided even when it has not issued an invoice. These provisions are settled once an invoice is issued for the associated services.

**bvc** Group annually assesses 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 recognises income from ordinary activities when it meets its performance obligation by providing services to a client. **bvc** Group performance obligations and services do not include anything that is not described in the contract or that is not quantified in income, as detailed below.

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Category (IFRS 15. B88 (a))	Disaggregated revenue (IFRS 15.114)	Performance obligation term (IFRS 15.119)	Transaction price allocated to the performance obligation (IFRS 15.121)	
Capital market	Fixed-income	Monthly	Services referenced on the tariff sheet are recognised in <b>bvc</b> and <b>deceval</b> income, there are no obligations that are not described in the contract or that are not quantified in income, and benefit transfer to clients is identified in accordance with IFRS 15 paragraph 22.	
	Equities	Monthly		
	Derivatives	Monthly		
	Temporary transfer of securities	Monthly		
Information	Terminals	Monthly		
	EAS connections	Monthly		
	Information publishing and subscriptions	Monthly		
	Master Trader	Monthly		
Issuers	Securities listing and maintenance	Monthly		
	Special operations	Monthly		
	a2censo	Monthly		
	Issuance depository	Monthly		
	Issuance depository custody	Monthly		
Knowledge and information (bvc and precia)	Education	Monthly		Contained in <b>precia</b> fees
	Other ordinary income	Monthly		
	Price provision	Per client request		
	Asset valuation	Monthly (local equities are charged annually in advance)		
	Mitra service	Monthly		
Post-trade	Securities management	Monthly	Contained in <b>deceval</b> fees issued by the Product Directorate on 24 December 2019	
	Transactions	Monthly		
	Enrolment fee	Once only		
	Maintenance fee	Monthly		
	Securities custody	Monthly		

Category (IFRS 15. B88 (a))	Disaggregated revenue (IFRS 15.114)	Performance obligation term (IFRS 15.119)	Transaction price allocated to the performance obligation (IFRS 15.121)	
Clearing and settlement services	Clearing and settlement: standardised derivatives	Monthly	Variable – depends on fee for transaction type, annually published by CRCC	
	Clearing and settlement: non-standardised derivatives	Monthly		
	Clearing and settlement: Swaps	Monthly		
	Clearing and settlement: RRP's	Monthly		
	Clearing and settlement: Repos	Monthly		
	Notification and delivery	Monthly		
	Management from T+1 onwards	Monthly		
	Residual account	Monthly		
	Cash guarantee management fee	Monthly		
	Delay events	Monthly		
	Preventative measures	Monthly		
	Guarantee set up and release	Monthly		
	Changes to custody agent engagement and payment	Monthly		
	Guarantee management by clearing house	Monthly		
	Extended hours	Monthly		
	Guarantee management session	Monthly		
	Variable monthly operating costs	Monthly		
	Membership	Once only upon CRCC enrolment		Fixed (\$50,000)
	Maintenance	Monthly		Fixed (\$1,222)
	Connection type	Monthly		Fixed (\$326)
Fixed operating charge	Monthly	Fixed (\$6,216)		
Debtor interest	Recurring	Variable – depends on lateness		
Liquidity providers	Monthly	Variable (depends on annually published fee)		
Other ordinary income	Other	Monthly	In accordance with <b>bvc</b> Group fees for each segment	

bvc Group income generating services are as follows:

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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 <b>deceval</b> agreements with international custodians.
Tidis (tax rebate certificates)	Issue, redemption and transfer of tax rebate certificates.
Dematerialised promissory notes	A <b>deceval</b> 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	<b>deceval</b> registers credit and debit values to and from depositor accounts. Payment is externally realised by the participating parties.
Capital market	Payment on delivery: <b>deceval</b> offers the service of securities transfer to counterparties that make immediate payment. This service eliminates securities trading risk (counterparty, credit and liquidity).
Issuers	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.
Knowledge and information (precia)	Facilitate access to financing in the Colombian market through debt and share issues, and facilitate the sale and participation of shares in OPA processes.
Technology and innovation	Investment valuations, complementary pricing services, company valuations, market information for vendors, and education services.
Securities administration	Consultancy, core banking implementation, and Sophos Banking Solutions test and software construction for financial and trading companies.
Other	Custody, transaction, clearing and settlement.

Service	Detail
Membership	CRCC enrolment fee that allows the member to clear and settle in all segments, except swaps which are charged separately. The fee is charged once only to all types of member. Non-liquidating members that are admitted as individual liquidating members are charged the liquidating member fee six months after their enrolment as long as they are acting in both capacities in different segments, except swaps  Swap payment is charged once only to all types of member.
Maintenance	Monthly fee paid by liquidating and non-liquidating members and custody agents for maintaining their enrolment in the CRCC clearing and settlement system in all segments except swaps.  Swaps: Liquidating and non-liquidating members pay an additional monthly maintenance fee.
Connection type	Monthly fee for members that use a second terminal to connect to the company, as well as the "Station" terminal.
Clearing and settlement: standardised derivative	Variable COP fee for each operation contract and part thereof, with clearing and settlement rights for each accepted transaction in accordance with the terms.  Transactions that compound more than one instrument, for example roll overs or time spreads, are charged in accordance with the contract for each compound instrument.
Clearing and settlement: non-standardised derivative	USD/COP NDF: Variable rate established as a COP fee for each USD in the transaction and each part thereof, with clearing and settlement rights for each accepted transaction in accordance with the terms.  IBR OIS formation: Variable rate established as a COP fee for each COP billion or its equivalent in a transaction and part thereof, with clearing and settlement rights for each accepted transaction in accordance with the terms. IBR OIS: Variable rate established as a COP fee for each COP billion or its equivalent in a transaction and part thereof, with clearing and settlement rights for each accepted transaction in accordance with the terms.
Clearing and settlement: Swaps	IS and OIS: Variable rate established as a COP fee for each COP billion or its equivalent in a transaction and part thereof, with clearing and settlement rights for each accepted transaction in accordance with the terms.
Clearing and settlement: RRP	Daily variable COP fee, including weekends and Colombian public holidays, based on the valid RRP transfer amount, with clearing and settlement rights for each accepted transaction in accordance with the terms.
Clearing and settlement: Repo	Daily variable COP fee, including weekends and Colombian public holidays, according to valid RRP transfer amount, with clearing and settlement rights for each accepted transaction in accordance with the terms.
Notification and delivery	Fee generated upon delivery of a future position, according to the type of liquidation, be that effective (delivery of an underlying asset) or financial, in the form of a value for each contract and purchase or sale point at the time of delivery.
Management from T+1 onwards	Contracted fee for position transfer, give up and adjustment, among others, on open positions traded prior to the management date.
Residual account	Contracted fee for CRCC transactions assigned to a member's residual account if they did not assign them to the daily account on the day.
Cash collateral management fee	A percentage of interest earned on investments.
Delay events	Fee for member incurred delays, charged as a pecuniary COP value per event that is subject to debtor interest rates for late payment for the duration of the lateness.

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Service	Detail
Preventative measures	Per event fee for CRCC ordering one or various preventative measures, charged as a pecuniary COP value per event that is subject to debtor interest rates for late payment for the duration of the lateness.
Collateral set up and release	Charge for setting up and releasing collateral beyond established limits.
Changes to custody agent engagement and payment	COP fixed fee for clients that modify their securities custody situation or resource location more than once a quarter, whether employed by other members or themselves.
CRCC collateral management	Generated when CRCC manages collateral set up for a member other than extraordinary collateral requests.
	CRCC will specify a term within which members must set up any regular collateral it requests.
	If the member has not done so at the end of this term, a percentage will be charged of the required collateral amount.
Extended guarantee management hours	Generated when a member requests an extended session to set up and/or release collateral.
Liquidity providers	Generated when CRCC has to carry out eligible currency monetary transactions in cash to comply with clearing and settlement of accepted transfer orders when one or more of the direct participants is late or noncompliant.
Variable monthly operating costs	Daily variable COP fee, including weekends and Colombian public holidays, based on the value of eligible currency purchase and sale transactions, with clearing and settlement rights for each accepted transaction in accordance with the terms.
Fixed operating charge	Monthly amount charged to members that gives them the right to carry out purchase and sale transactions in eligible currency using CRCC.
Debtor interest	An interest rate of 18.09% on unpaid CRCC member obligations when carrying out purchase or sale transactions in eligible currency.

## 7.4.20 Government subsidies

### 7.4.20.1 Definition

Government: central, local, regional, national or international; includes government agencies, and similar bodies.

Government aid: Actions undertaken by the public sector with the objective of delivering a 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 transfer 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.

### 7.4.20.2 Identifying a subsidy

bvc Group decides if an item is a government subsidy 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 transfer, premium, or non-repayable loan, and its nature and conditions required may vary.

### 7.4.20.3 Recognition

bvc Group recognises 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.

### 7.4.20.4 Initial recognition

Monetary government subsidies are recognised using the income method 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, is recognised as income in the period it becomes executable.

### 7.4.20.5 Subsequent measurement

At bvc Group, a government subsidy that becomes returnable is accounted for as a change in accounting estimates according to IAS 8.

The return of an income-related subsidy incurs 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 is immediately recognised on the income statement for the period.

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## 7.4.21 Expenditure policy

### 7.4.21.1 Recognition

Expenses are 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 are 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.

## 7.4.22 Operating segments

### 7.4.22.1 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 bvc Group senior 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.

#### **CRCC:**

Business purpose: providing clearing services as a central transaction counterparty that reduce or eliminate the risk of noncompliance.

#### **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.

#### **Sophos (operation discontinued in 2020):**

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.

### 7.4.22.2 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:
  - (i) Net combined income from all segments not reporting a loss; and
  - (ii) The combined losses of all operational segments showing a loss.

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Ordinary income is disclosed by the following lines of business:

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 8 – Non-effective issued rules

### Rules and amendments

There follows a list of IASB amendments in 2019 and 2020, some of which became internationally effective from 1 2021 and others that will become effective from 1 January 2022 and 2023.

Current rules and amendments:

Rule / interpretation / modification	Issued	Modified standards	Description
<b>Materiality definition</b>	October 2018	IAS 1, IAS 8	IASB refined its definition of material to facilitate comprehension. It is now aligned with IFRS standards and conceptual framework. "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
<b>Business definition</b>	October 2018	IFRS 3	Determine using a broad commercial definition whether a transaction results in an asset or commercial acquisition. Amendments include an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.
<b>Interest rate benchmark reform</b>	September 2019	IFRS 9, IAS 39, IFRS 7	Adds paragraphs 6.8.1 - 6.8.12 to IFRS 9, clarifying timing exceptions on specific hedge accounting requirements.  Incorporates paragraphs 102A - 102N and 108G into IAS 39, clarifying timing exceptions on specific hedge accounting requirements.  Incorporates paragraphs 24H on uncertainty around interest rate benchmark reforms, 44DE and 44DF (effective and transition date).  Amendment effective from 1 January 2020 and can be implemented earlier (no significant impact is expected for Colombian entities). Requirements to be applied retroactively only on hedges that exist at the start of the period being reported when they become effective.

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Recent rule changes that are effective after 1 January 2020 and that can be adopted early starting on 1 January 2020:

Rule	Issued	Related to or amending	Detail
<b>COVID-19-related lease concessions</b>	May 2020	IFRS 16	Added paragraphs 46A and 46B to IFRS 16, exempting lessees from having to determine whether a Covid-19-related rent concession is a lease modification.  Effective from 1 June 2020
<b>Interest rate benchmark reform – Phase 2</b>	August 2020	IFRS 9, IAS 39, IFRS 7, IFRS 4 y IFRS 16	IFRS 9 states that modifying a financial contract may require significant profit or loss to be recognised. This amendment introduces a practical expedient for modifications required by the IBOR reform and made on an economically equivalent basis. These modifications are accounted for by updating the effective interest rate.  Effective from 1 January 2021
<b>Onerous contracts – cost of fulfilling a contract</b>	May 2020	IAS 37	Clarifies the costs a company should include as the cost of fulfilling a contract as:  - incremental costs, e.g. direct labour, materials  - an allocation of other costs, e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.  Effective from 1 January 2022
<b>Annual improvements to IFRS's 2018-2020 Cycle</b>	May 2020	IFRS 1, IFRS 9, NIF16	IFRS 1: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. IFRS 9: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity [the borrower] and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements to resolve any potential confusion regarding the treatment of lease incentives. Effective from 1 January 2022

Rule	Issued	Related to or amending	Detail
<b>Property, plant and equipment: Proceeds before intended use</b>	May 2020	IAS 16	The amendments state that proceeds from selling a PPE item before it is available for use must be recognised in profit or loss together with its production cost identified and measured using IAS 2. Companies must distinguish between: - the cost of producing and selling a PPE item before it is available for use, and - the cost of making a PPE item available for its intended use. Effective from 1 January 2022
<b>Reference to the conceptual framework</b>	January 2020	IAS 1	IAS 1 states that companies must classify a liability as current when they have no unconditional right to defer its liquidation for at least 12 months following the end of the current reporting period. The amendment eliminates the requirement that the right be unconditional; it may now be substantial and exist at the end of the current reporting period. Effective from 1 January 2023
<b>Sales or contributions of assets between an investor and its associate/joint venture</b>	September 2014	IFRS 10, IFRS 28	The modification requires that total profit is recognised when transferred assets constitute a business according to IFRS 3.

## Footnote 9 – Business combination, acquisition of subsidiary

### 9.1. CRCC business combination

In accordance with a staged business combination, bvc Group measured the fair value of its previous CRCC shareholding. Fair value was determined by Inverlink using purchase price allocation and its income was recognised using IFRS 3, paragraph 42.

The following valuation methodology was used to determine discounted cashflow and market multipliers for the transaction executed on 6 February 2020:

#### Discounted cash flow

- Valuation of projected 2020-2025 cash flow on CRCC income statements, including income and expenses, the investment plan (CAPEX), and EBITDA sensitivity based on historic levels.
- Calculation of CRCC end value based on a perpetual growth curve with real 0% growth.
- Estimated discount rate range using CAPM methodology.

# Footnotes to the Consolidated Financial Statements

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- Operational sensitivities such as income growth, EBITDA margins, CAPEX, cost of equity (Ke) and terminal value growth rate were included.

## Comparable company and transaction multipliers:

- Revision of comparable market valuation multipliers for a selection of comparable companies and activities, updated to 6 February 2020 using 2019 EBITDA as a baseline.
- Revision of comparable acquisition multipliers (M&A transactions) for a selection of comparable companies and activities in Latin America.
- This methodology is used to check reasonableness but does not contemplate the suggested range of values because:
  - Identified transactions only correspond to minority holdings that do not include potential control premiums.
  - Publicly traded comparable companies are not strictly comparable to CRCC due to the high level of vertical integration in capital market infrastructure businesses

The minority interest was calculated using partial value methodology by multiplying the minority holding in the company by its net assets and liabilities, excluding capital gains.

Earnings recognised in the fair value measurement are:

Earnings in business combination measurement	31 December 2020
Increased parent company participation in CRCC	\$ 10,540,994
(+) Fair value of holding prior to acquisition of control	57,258,151
<b>Fair value on the date of CRCC acquisition</b>	<b>67,799,145</b>
(+) Other comprehensive income items prior to the business combination	444,647
(-) Parent company holding on the transaction date	(46,786,099)
<b>Parent company holding fair value measurement</b>	<b>\$ 21,457,693</b>

## Identifiable assets and liabilities acquired

According to the valuation, upon acquisition the following assets and liabilities are acquired:

Cámara de Riesgo Central de Contraparte de Colombia S.A.	Value
Cash	\$ 6,901,017
Restricted cash	75,109,53
Financial assets	27,993,205
Accounts receivable	1,531,421
Material assets	2,276,453
Other assets	22,770,363
Liabilities	(7,873,925)
Collateral	(75,109,535)
Counterparty transactions	68,732,767,147
Counterparty transactions (CR)	(68,732,767,147)
<b>Total net assets acquired</b>	<b>53,598,534</b>
Identifiable intangible assets acquired (1)	38,100,000
Deferred PPA tax (2)	(3,810,000)
<b>Total net identifiable assets acquired</b>	<b>87,888,534</b>
Capital gains (3)	18,593,798
Non-controlled holding	(38,683,186)
<b>Compensation upon acquisition</b>	<b>\$ 67,799,146</b>

(1) Identifiable intangible assets acquired are as follows:

Fair value of identifiable intangible assets	Fair value
Certificate of Authorisation of Enrolment in the National Register of Securities Intermediaries	\$ 19,800,000
Brand	18,300,000
<b>Total</b>	<b>\$ 38,100,000</b>

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## (2) The recognised deferred tax is as follows:

Concept	Fair value	Timing difference	Rate	Deferred tax
Certificate of Authorisation	\$ 19,800,000	(19,800,000)	10%	(1,980,000)
Commercial brands	18,300,000	(18,300,000)	10%	(1,830,000)
<b>Deferred tax</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>(3,810,000)</b>

## (3) Details of capital gains generated by the acquisition are disclosed in Footnote 18.

Ordinary income at the subsidiary from the date of acquisition included in the comprehensive income statement for the current reporting period in accordance with IFRS 3 paragraph B64 is as follows:

	Income prior to the business combination	Income after the business combination (1 February - 31 December 2020)	Total combined results
Ordinary income	\$ 1,848,936	19,002,192	20,851,128
Costs and expenses	(1,039,331)	(16,668,319)	(17,707,650)
<b>Operating profit</b>	<b>809,605</b>	<b>2,333,873</b>	<b>3,143,478</b>
Other income and expenditure	(111,339)	679,869	568,530
<b>Net profit</b>	<b>\$ 698,266</b>	<b>3,013,742</b>	<b>3,712,008</b>

	Consolidated total 31 December 2020	Income not included in the business combination	Total combined income 31 December 2020
Ordinary income	\$ 178,293,119	1,848,936	180,142,055

bvc Group combined income to 31 December 2020 if the CRCC acquisition had been executed from the start of the reporting period, in accordance with IFRS 3 paragraph B64, would have been:

	Consolidated total 31 December	Income not included in the business combination	Equity method before the business combination	Total combined income 31 December
Income	\$ 698,266	(443,286)	153,606,300	

## CRCC non-controlling interest acquisition

The non-controlling interest of 1.24% acquired on 31 December 2020 following the business combination of 6 February 2020 is as follows:

	June 2020	August 2020	Total
Cost of acquired shares	\$ 1,498,831	3,668,981	5,167,812
<b>Acquired non-controlling interest</b>			
Paid-up and subscribed capital	499,600	1,211,121	1,710,721
Statutory reserves	15,029	36,431	51,460
Voluntary reserves	67,630	163,941	231,571
Unrealised other comprehensive income profit or loss	3,418	8,285	11,703
Accumulated previous period profit	69,052	167,389	236,441
Profit in the period	8,642	20,950	29,592
Other asset surplus	471,564	1,143,113	1,614,677
Other asset surplus	(47,156)	(114,311)	(161,467)
<b>Total non-controlling interest acquired</b>	<b>1,087,779</b>	<b>2,636,919</b>	<b>3,724,698</b>
<b>Effect on equity of share acquisition</b>	<b>\$ 411,052</b>	<b>1,032,062</b>	<b>1,443,114</b>

In accordance with IFRS 10 paragraphs 22, 23 and B96, the difference between the value paid for the CRCC shares acquired and the equity and non-controlling interest acquired are reflected in bvc consolidated equity.

## 9.2. CRCC-CCDC merger

Colombian Financial Superintendence in Resolution 0939, 27 October 2020, and Banco de la República Board of Directors in External Resolutions 22 to 25, September 2020, and 27, 27 November 2020, approved the CRCC-CCDC merger that was registered in public document 1359, 14 December 2020, at Notary Public 45 in Bogota; CRCC absorbed CCDC and took control of its foreign currency clearing and settlement system. In accordance with the business combination transaction, CRCC measured CCDC fair value using PPA via Inverlink.

On 30 November 2020, the following valuation methodology was used to determine discounted cashflow and market multipliers for the transaction executed on 14 December 2020:

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## Discounted cash flow

- Valuation of projected 2020-2025 cash flow on CCDC income statements, including income and expenses, the investment plan (CAPEX), and EBITDA sensitivity based on historic levels.
- Calculation of CCDC end value based on a perpetual growth curve with real 0% growth.
- Estimated discount rate range using CAPM methodology.
- Operational sensitivities such as income growth, EBITDA margins, CAPEX, cost of equity (Ke) and terminal value growth rate were included.

## Comparable company and transaction multipliers:

- Revision of comparable market valuation multipliers for a selection of comparable companies and activities, updated to 6 February 2020 using 2019 EBITDA as a baseline.
- Revision of comparable acquisition multipliers (M&A transactions) for a selection of comparable companies and activities in Latin America.
- This methodology is used to check reasonableness but does not contemplate the suggested range of values because:
  - Identified transactions only correspond to minority holdings that do not include potential control premiums.
  - Publicly traded comparable companies are not strictly comparable to CRCC due to the high level of vertical integration in capital market infrastructure businesses.

## Swap ratio

The CRCC-CCDC merger made it necessary to calculate the shares deliverable to CCDC shareholders following absorption. The agreed swap ratio is as follows:

Company	Equity value 30 November 2020	Number of shares 14 December 2020	Swap ratio	Resulting CRCC shares 14 December 2020
CRCC	\$ 52,900,270	40,366,665,415	1.00x	40,366,665,415
CCDC	8,716,653	2,781,464,526	3.92x	10,903,340,942
CRCC shares to be issued				10,903,340,942
Resulting CRCC shares				51,270,006,357

## Identifiable assets and liabilities acquired

According to the valuation carried out during the business combination, upon absorption the following assets and liabilities are acquired:

CCDC	Value
Cash	\$ 7,724,363
Accounts receivable	1,278,753
Material assets	100,276
Other assets	111,135
Accounts payable	(1,060,630)
Labour obligations	(129,981)
<b>Total net assets acquired</b>	<b>8,023,916</b>
<b>Assets and liabilities identified in the business combination</b>	
Intangible <sup>(1)</sup>	25,700,000
Deferred tax <sup>(2)</sup>	(2,570,000)
Total identified assets	23,130,000
<b>Recognition adjustments</b>	
Property, plant and equipment	8,878
<b>Total adjustments</b>	<b>8,877</b>
Fair value of acquired assets	43,348,821
<b>Business combination capital gains</b>	<b>\$ 12,186,027</b>

(1) The identifiable assets acquired in the business combination are:

Fair value of identifiable intangible assets	Fair value
Certificate of Authorisation of Enrolment in the National Register of Securities Intermediaries	\$ 25,700,000
<b>Total</b>	<b>\$ 25,700,000</b>

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## (2) Following identifiable intangible asset measurement and fair value changes, the deferred tax recognised is as follows:

Concept	Fair value	Timing difference	rate	Deferred tax
Certificate of Authorisation	\$ 25,700,000	(25,700,000)	10%	(2,570,000)
<b>Business combination deferred tax</b>	<b>\$ 25,700,000</b>	<b>(25,700,000)</b>		<b>(2,570,000)</b>

Detailed financial statement items at 31 December 2020, corresponding to CRCC and CCDC following the merger, are as follows:

	CRCC	CCDC	Recognition adjustment	Combined total
<b>Asset</b>				
<b>Current asset</b>				
Cash	\$ 5,383,585	7,724,363	–	13,107,948
Restricted cash	171,301,874	–	–	171,301,874
Financial assets	30,505,200	–	–	30,505,200
Trade and other accounts receivable	274,034	899,120	–	1,173,154
Net current tax assets	190,922	68,332	–	259,254
Other non-financial assets	196,981	70,620	–	267,601
Operational assets	65,655,527,491	–	–	65,655,527,491
<b>Total current assets</b>	<b>65,863,380,087</b>	<b>8,762,435</b>	<b>–</b>	<b>65,872,142,522</b>
<b>Noncurrent assets</b>				
Net property, plant and equipment, and right-of-use	1,539,049	106,755	–	1,645,804
Net intangible assets other than capital gains	19,061,442	51,087	25,700,000	44,812,529
Capital gains	–	–	12,186,027	12,186,027
<b>Total noncurrent assets</b>	<b>20,600,491</b>	<b>157,842</b>	<b>37,886,027</b>	<b>58,644,360</b>
<b>Total assets</b>	<b>\$ 65,883,980,578</b>	<b>8,920,277</b>	<b>37,886,027</b>	<b>65,930,786,882</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Deposits	\$ 171,299,389	–	–	171,299,389

	CRCC	CCDC	Recognition adjustment	Combined total
Trade and other accounts payable	1,738,871	995	–	1,739,866
Employee benefits	1,037,618	106,941	–	1,144,559
Provisions	105,471	–	–	105,471
Financial liabilities	147,187	–	–	147,187
Other non-financial liabilities	767,783	127,294	–	895,077
Operational liabilities	65,655,527,491	–	–	65,655,527,491
<b>Total current liabilities</b>	<b>65,830,623,810</b>	<b>235,230</b>	<b>–</b>	<b>65,830,859,040</b>
<b>Noncurrent liabilities</b>				
Financial liabilities	–	–	–	–
Deferred tax liabilities	412,146	(10,767)	2,570,000	2,971,379
<b>Total noncurrent liabilities</b>	<b>412,146</b>	<b>(10,767)</b>	<b>2,570,000</b>	<b>2,971,379</b>
<b>Total liabilities</b>	<b>\$ 65,831,035,956</b>	<b>224,463</b>	<b>2,570,000</b>	<b>65,833,830,419</b>

Ordinary income from the date of absorption included in the consolidated comprehensive income statement for the current reporting period in accordance with IFRS 3 paragraph B64 is as follows:

	Income before the CCDC business combination	Income following the CCDC business combination	Total combined CCDC income
Ordinary income	\$ 10,537,439	14 December – 31 December 2020	31 December
Costs and expenses	(7,296,946)	(414,123)	(7,711,069)
<b>Operating profit</b>	<b>3,240,493</b>	<b>278,019</b>	<b>3,518,512</b>
Other income and expenditure	(415,329)	(317)	(415,646)
<b>Net profit</b>	<b>\$ 2,825,164</b>	<b>277,702</b>	<b>3,102,866</b>

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CRCC combined income to 31 December 2020 if the CCDC absorption had been executed from the start of the reporting period would have been:

		Consolidated total 31 December 2020	Income not included in the business combination	Total combined income 31 December 2020
Ordinary income	\$	20,851,128	10,537,439	31,388,567

CRCC pro forma combined income to 31 December 2020 if the CCDC absorption had been executed from the start of the reporting period in accordance with IFRS 3 paragraph B64 would have been:

		Consolidated total 31 December 2020	Income not included in the business combination	Total combined income 31 December 2020
Income	\$	3,712,008	2,825,164	6,537,172

## Footnote 10 – Risk management

### 1. Internal control system

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

This system underpins the achievement of strategic objectives by ensuring operational efficiency and efficacy, adequate risk management, timely and trustworthy information, and compliance with applicable legislations.

The system has six areas – control activities, risk management, information and communication, monitoring, independent evaluation, and control environment – and provides a framework for action that is followed by the entire organisation.

An internal audit found that there is a good understanding of its components and that they are being adequately managed, that there is a process of continual improvement, and that there are various management systems that ensure this is the case.

The Internal Control System uses a three lines of defence policy for process and risk management, and independent evaluations. The entire organisation applies principles of self-control, self-management and self-regulation, and process leads are aware of their responsibilities regarding risks that they manage, and understand and respect the independence of risk management and audits.

In accordance with bvc Group policy, and to ensure procedures are aligned, our subsidiaries are given support with implementing risk management methodology changes.

### 2. Quality control system (not audited)

The main objectives of the Quality Control System are to maximise the efficiency and quality of bvc Group products and services, deliver value to clients, eliminate unnecessary steps, identify areas for improvement and reduce errors.

In 2020, we strengthened the management system as an effective process transformation tool, made compliance indicators more efficient and made changes to internal audit methodology. This led to a 60% reduction in process compliance findings during internal audits compared to 2019.

In October, Bureau Veritas carried out the 2019-2021 multi company ISO 9001 audit, and found that the organisation has established and maintained its management system in accordance with requirements, and that the system has the capacity to comply with product and service needs and organisational policies and objectives. No findings were reported and the following strengths were identified, among others:

- The directorate's commitment to the management system.
- The bvc Group focus on client satisfaction.
- Employees' understanding and actions with regard to the management system's importance.

### 3. Risk management (Not audited)

To comprehensively manage risk, bvc Group includes the following risks: operational, market, liquidity, reputational, legal, information security, money laundering, financing of terrorism. We have a robust governance structure that includes policies, procedures, methodologies and manuals that allow us to maintain an adequate risk profile that meets securities market needs.

Our risk management model identifies, measures, controls and monitors risk including fraud, money laundering and the financing of terrorism in the following areas: human resources, processes, technology, infrastructure, external events, legal, reputational, financial and behavioural.

bvc Group has a corporate risk management policy that prevents and controls risks that may threaten the normal functioning of its businesses, and guarantees process and support quality standards that meet our guiding principles.

Execution and compliance of the above is based on current norms, ISO 31000 and 27000, and AS/NZ 4360. The organisational structure is adequate, trained and independent and the risk event register system monitors risks until a

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definitive solution is found. We have the necessary technological infrastructure, have established the required evaluations, and have an employee training programme that ensures employees are able to meet their duties with regard to market infrastructure provision. Employees in charge of risk management have the skills and knowledge they need to do their jobs.

Reports are regularly sent to the Audit and Risk Committee and the Board of Directors (at least every three months), according to an annual schedule that includes different types of risk exposure and specific monitoring plans.

Risk management is grouped as follows:

## Operational risk management

Risk management is aligned with strategic context and Colombian Financial Superintendence guidelines, and assigns the resources, processes and tools required to implement the Operational Risk Management System, based on ISO 31000.

bvc Group entities follow the group's risk outlook and establish mechanisms to supervise risk exposure and risk management actions.

Risk management covers processes that directly and indirectly deliver value to our clients, and mechanisms have been established to identify, value, treat, monitor and communicate risk the organisation is exposed to in its business activities and changes.

In 2020, bvc and its subsidiaries managed operational risk within acceptable tolerance thresholds.

Entity	31 December 2020		31 December 2019	
	Processes	Risks	Processes	Risks
bvc & Depository	21	495	21	429
CRCC	9	299	–	–
precia	19	272	19	298
<b>bvc Group</b>	<b>59</b>	<b>1,066</b>	<b>40</b>	<b>727</b>

Controls evolve and improve dynamically in line with the evolution of risks, projects, systems' changes, processes and RPA implementation. There were 6,545 controls on 31 December 2020.

Net losses in 2020 associated with operational risk events were as follows:

Entity	31 December 2020	31 December 2019
bvc	\$ 17,295	\$ 14,560
deceval	\$ 31,596	\$ 48,466
CRCC	\$ 0	\$ 2,459
precia	\$ 4,686	\$ 8,921
<b>bvc Group</b>	<b>\$53,577</b>	<b>\$74,406</b>

## Disaster management and business continuity

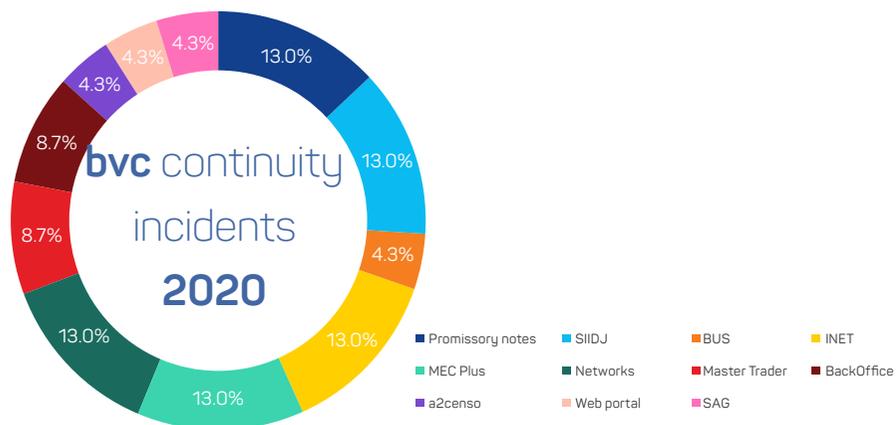
In 2020, we continued to constantly manage bvc and deceval disaster and business continuity planning, and focussed our efforts on updating operational contingency strategies. We took action to strengthen the company's resilience to the COVID-19 health emergency and ensure service continuity, and we established short and medium-term action plans to deal with the contingency for an extended timeframe.

A total of 15 planned tests were carried out at bvc and Depository, as follows:

Test calendar 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DRP												
Connectivity test, Depository contingent VPN	x			x			x			x		
General test (Depository products SIIDJ – Web services – Promissory notes) on the contingency datacentre						x						x
Fixed-income registry contingency (including affiliates)		x										
Switching test on Affiliate Network channels for exchange products												
Comprehensive bvc test: Fixed-income (INET, Master Trader and CEM), MILA, Equities and Derivatives (INET and fix INET), and post-trade (Bac-kOffice)										x		x
Special operations												
a2censo contingency												
Operational continuity plan												
Derivatives register												x
Fixed-income register MECPLUS REGISTER with affiliates		x										

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Two technology contingency tests were carried out on Depository products with an RTO of 17 minutes – within the expected time for critical custody products and operational compliance.

Two contingency tests were carried out at bvc during non-business hours, that included fixed-income, equity and derivative services. One of the tests included clients.

Contingency tests were carried out on cloud hosted products, special operations and a2censo, and produced satisfactory results.

None of the incidents in 2020 were caused by the COVID-19 health emergency nor the measures implemented to address it. The most relevant incidents were the INET platform in March that had a high impact on the equity market, the

failure at the Colombia XV principal datacentre in October that affected normal opening of equity, fixed-income and derivative markets, and incidents in October and November on the dematerialised promissory note platform. These incidents were managed in accordance with established continuity strategies and action plans have been implemented to improve them.

CRCC has conducted various tests and improvements on its infrastructure and has been able to execute all operations remotely since the start of lockdown; portable equipment was acquired for all employees and VPNs were configured with 2FA tokens in accordance with established security policy.

All Business Continuity Plan tests were carried out according to their established timeline, and improvements were identified to ensure we are prepared to rapidly respond to incidents that affect clearing house transactions.

Type of test	Planned	Executed
Technology maintenance	29	29
Security devices	36	36
Transfer of operations	2	2
<b>Total</b>	<b>67</b>	<b>67</b>

precia management assessed risks arising from the health emergency lockdown, and took pertinent measures to mitigate them. The result of this revision was that no structural changes were made to service provision, and no modifications were made to the continuous design, implementation and operation of controls. No new risks have emerged that require additional controls.

In accordance with Ministry of Health guidelines on managing the pandemic, we also implemented the following actions and plans:

- Conduct virtual rather than presential internal and external meetings.
- Eliminate meetings with outsiders on company premises.
- Remote working.
- Avoid handshakes or kisses in greeting, wash hands frequently and avoid touching the face, especially the nose, mouth and eyes.
- Avoid sharing keyboards, mice, headsets, telephones, etc.
- Suspend work trips abroad.

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- Flexible working for all employees.

From 20 March, precia implemented remote working for all employees and met all securities market obligations; no services were affected.

Throughout 2020, bvc Group participated in the Colombian Securities and FX Market Disaster Management Committee alongside other infrastructure providers (bvc, CRCC, CCDC, Set Icap FX, Set Icap Securities, Derivex, precia, Tradition, Enlace and GFI). We followed the work plan and executed activities to implement Colombian Financial Superintendence External Circular 12 that defines securities and FX market disaster management protocols for confronting disaster situations arising from global or local failures that exceed individual reaction capacity.

The protocol definitions were finalised in 2020, approved by the Colombian Securities and FX Market Disaster Management Committee, and then approved by Colombian Financial Superintendence Resolution 0674/2020 and incorporated into each infrastructure's operational rules.

## Information security and cybersecurity management system:

### ISO 27001 monitoring visit approval bvc and Depository (Not audited)

The Information Security and Cybersecurity Management System faced huge challenges in 2020 due to the health emergency. Information security and cybersecurity efforts focussed on continued process improvement and on keeping our security promise to clients for all bvc and depository services. To this end, bvc and the Depository ratified the ISO 27001 certification on Information Security Management Systems (obtained in 2019) for all services and branches, thus reinforcing our commitment to security in the Colombian securities market.

### Legislative compliance (Not audited)

Given that the entire world is working remotely, regulatory bodies are working on strategies to improve information security and cybersecurity, and the Financial Superintendence sent out the following obligatory surveys to identify the current state of cybersecurity in the sector: **Cybersecurity GAP 2020 "Cybersecurity Risk Management Study" and PRCI V 1.0 "Profiling Cybernetic Risk"**.

### Health emergency (Not audited)

Information security and cybersecurity came to the fore when the health emergency meant offering virtual services to clients without compromising existing levels of security, and we implemented a number of strategies to do this, including: producing home working risk guidelines, strengthening monitoring processes with tools such as Dark Trace, CASB and Splunk, renovating and improving the antivirus product, preventing the use of weak passwords, training in technological hygiene and the cybersecurity effect of COVID-19, and implementing 2FA for Google Workspace.

## Information security and cybersecurity management

In the context of continuous improvement, we updated the following documents: Information Security Policy Manual to include the new Cloud Security policy, security standards for implementing cloud infrastructure, Information Asset Manual including the methodology for identifying implementation of controls, Vulnerability Management Manual, Information Asset Framework.

- Communications, Marketing and Publicity helped us develop a culture plan for bvc employees that includes training on: social engineering, phishing, ransomware, BEC, information security policies, espionage, and cyberspace extortion.
- A cybersecurity expert provided training on technological hygiene and personal cybersecurity.
- We secured the promissory note in the cloud infrastructure, including Colombian Financial Superintendence Circular 005 recommendations.
- We developed synergies with internal management systems (SGC, Audit, SGSST) and unified some activities while maintaining independence and impartiality, improving execution times and not duplicating systems findings.
- The ISMS improved by 70% between 2019 and 2020 with regard to managing ISMS findings derived from revising compliance with ISO 27001.

We set up working groups with precia, CRCC and Set Icap participation that are working on aligning methodologies, experiences and concepts while maintaining the independence of each entity's planning, execution, monitoring and continuous improvement. Derivex is also part of this working group and bvc worked on audit compliance, legislative support, audit committee and Board presentations, progress management, managing security incidents, employee and Board training, and user and information monitoring.

- We held a cybersecurity workshop with people from different areas where we simulated a cyberattack to promote proactivity during this type of event.
- We validated client security requirements for promissory notes in the cloud.
- We conducted two ethical hacking tests on company infrastructure.
- We conducted two vulnerability analyses on company infrastructure.
- We sponsored and participated in the Joint Cybernetic Command cybersecurity event in April.
- We continued to attend the cybersecurity round table with other entities in the securities market value chain.
- We complied with Information Security Management System objectives and ensure confidentiality, integrity, availability, efficiency and trustworthiness.
- We strengthened monitoring to prevent information leaks and new risks from remote working.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Monitoring and prevention (Not audited)

In 2020, we carried out 607 activities related to fraud prevention, personal data, physical risk, workplace risk and due diligence awareness and monitoring with employees, providers and third-parties.

We implemented a methodology to evaluate fraud, personal data, and workplace security and health risk controls, and found that they are adequate and that the identified risks are within the appetite for risk.

We carried out 46 walk-through tests to verify the efficacy of controls, and directly identify and verify the level of process execution risk. We identified the principal risks and the controls available to mitigate them, and we found that fraud, personal data protection, physical and workplace risk prevention controls are adequate.

## AML/CFT compliance management (SIPLAFT)

In compliance with local legislation and international recommendations on preventing and controlling money laundering and the financing of terrorism, we implemented and strengthened measures within a continuous improvement framework.

Legislative reports were opportunely sent to the Financial Analysis and Information Unit (UIAF), and we complied with the requirements of AML/CFT compliance organisations.

We continued to strengthen client background checks, and supported verification of new providers.

We reinforced AML/CFT policies and procedures among new employees via a risk and process training plan, and encouraged an AML/CFT culture. We also provided subsidiaries with permanent AML/CFT support during project development.

With regard to compliance our activities included the following:

- Compliance with web-based information reporting requirements for equity, fixed-income, mutual fund, private capital fund and Colombian global markets.
- Compliance with IR Recognition requirements for securities issuers.
- Renewing and managing fidelity, financial risk, director and manager public liability, and data loss public liability policies for **bvc** Group companies.
- We checked employees against control lists each quarter and managed market investment reports.

- We managed the audit and certification processes with other infrastructures, evaluators and clients.
- We carried out a self-evaluation of the internal control system.

## Investment portfolio risk management

**bvc** Group subsidiary 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.

Of all the **bvc** Group entities, only **deceval**, **bvc** and CRCC have an investment portfolio, and they trade on the securities market according to their established policies, investment strategies and level of risk; different financial asset portfolios are managed within allowed limits and levels of risk.

**bvc** and **deceval** guidelines restrict portfolio investments to four asset classes: (i) COP treasury securities, (ii) UVR (Real Value Unit, a central bank accounting unit) treasury securities, (iii) Local private debt securities, and (iv) Derivatives. These assets meet the entities' liquidity requirements and appetite for risk.

In December 2020, **bvc**'s investment portfolio was worth \$2,807,468. **bvc** investments in 2020 increased the value of the investment portfolio by \$2,565,048 (1,058%) compared to December 2019.

In December 2020, **deceval**'s investment portfolio was worth \$10,205,376. The company's 2020 liquidity requirements reduced the value of the investment portfolio by \$14,245,119 (-58%) compared to December 2019.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

CRCC's investment policy determines that resources may be invested in i) República de Colombia issued securities with terms less than or equal to three years, and ii) Savings account deposits at banks with at least a AAA rating and a CAMELS equal to or greater than 3.5. In addition, the maximum duration is 1.5 years.

In December 2020, CRCC's investment portfolio was worth \$30,505,200. The company's investments in 2020 increased the value of the portfolio by \$2,592,940 (9.3%) compared to December 2019.

## Market risk

### Market risk to the investment portfolio

Market risk is defined as the probability that losses will be incurred due to adverse variables in the financial markets.

The different business areas and the treasury mitigate market risk by efficiently managing resources in accordance with investment strategy. Equally, risk departments contribute by measuring and monitoring risk. To do this, measurement tools were defined such as Value at Risk (VaR) and internal analytics.

**bvc** Group may be exposed to:

### Interest rate risk

Interest rate variations can devalue portfolios and affect their performance.

At December 2020, **bvc** Group subsidiary investment portfolios are exposed in the following short and long-term local currency fixed-rate fixed-income instruments that allow risk to be mitigated, as follows:

### bvc portfolio composition by type of rate:

Rate	Market value (COP thousand) 2020	Part. %	Market value (COP thousand) 2019	Part. %	Market value
Fixed-rate	\$ 2,807,456	100%	\$ 242,420	100%	2,565,046
FTD	-	0%	-	0%	-
CPI	-	0%	-	0%	-
IBR	-	0%	-	0%	-
<b>Total</b>	<b>\$ 2,807,456</b>	<b>100%</b>	<b>\$ 242,420</b>	<b>100%</b>	<b>2,565,048</b>

31 December 2020 31 December 2019

At 2020 year-end, compared to 2019, there was 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 2020 cash flow compliance.

### deceval portfolio composition by type of rate:

Rate	Market value (COP thousand) 2020	Part. %	Market value (COP thousand) 2019	Part. %	Market value
Fixed-rate	\$ 10,205,376	100%	\$ 20,923,030	86%	(10,717,654)
FTD	-	0%	-	0%	-
CPI	-	0%	2,021,900	8%	(2,021,900)
IBR	-	0%	1,505,565	6%	(1,505,565)
<b>Total</b>	<b>\$ 10,205,376</b>	<b>100%</b>	<b>\$ 24,450,495</b>	<b>100%</b>	<b>(14,245,119)</b>

31 December 2020 31 December 2019

At 2020 year-end, compared to 2019, there was 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 2020 cash flow compliance.



# Footnotes to the Consolidated Financial Statements

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The following table shows an analysis of **bvc** investment portfolio VaR sensitivity to possible variations in asset values due to changes in macroeconomic variables. Two stress scenarios were simulated in which the standard deviation of daily portfolio returns was taken to be 2-3x greater than that experienced in 2019 and 2020. A 99% level of confidence was assumed and **bvc** investment policy remained constant.

VaR Sensitivity Analysis

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%
31/01/2020	0.30%	31/01/2020	0.45%
28/02/2020	0.31%	28/02/2020	0.46%
31/03/2020	0.79%	31/03/2020	1.19%
30/04/2020	0.83%	30/04/2020	1.25%
31/05/2020	0.85%	31/05/2020	1.27%
30/06/2020	0.88%	30/06/2020	1.32%
31/07/2020	0.88%	31/07/2020	1.32%
31/08/2020	1.03%	31/08/2020	1.54%
30/09/2020	1.03%	30/09/2020	1.55%
31/10/2020	1.77%	31/10/2020	2.65%
30/11/2020	1.77%	30/11/2020	2.66%
31/12/2020	1.76%	31/12/2020	2.65%

VaR Sensitivity Analysis

Scenario 1: 2x increase in standard deviation		Scenario 1: 3x increase in standard deviation	
Date	bvc	Date	bvc
Average VaR 2019	0.38%	Average VaR 2019	0.57%
Average VaR 2020	1.32%	Average VaR 2020	1.99%

Estimated VaR with 99% confidence.  
NA = months with no investment

As can be seen, with variations that double 2019 and 2020's standard deviation, VaR does not exceed the 2% monthly limit, while variations that triple standard deviation generate an excess from October 2020. This was the result of placing volatility at a very high level to simulate the results of an adverse situation.

## deceval VaR

Average **deceval** monthly VaR was 0.53% in 2020, estimated using the standard deviation of daily portfolio returns.

VaR evolution for 2019 and 2020 is shown in the following table, with a 99% level of confidence.

Portfolio VaR

Date	deceval
31/01/2019	0.17%
28/02/2019	0.17%
31/03/2019	0.17%
30/04/2019	0.16%
31/05/2019	0.17%
30/06/2019	0.15%
31/07/2019	0.13%
31/08/2019	0.13%
30/09/2019	0.14%
31/10/2019	0.12%
30/11/2019	0.12%
31/12/2019	0.11%
31/01/2020	0.10%

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Portfolio VaR

Date	deceval
28/02/2020	0.09%
31/03/2020	0.11%
30/04/2020	0.70%
31/05/2020	0.69%
30/06/2020	0.71%
31/07/2020	0.71%
31/08/2020	0.71%
30/09/2020	0.74%
31/10/2020	0.75%
30/11/2020	0.76%
31/12/2020	0.77%

In 2020 and 2019, the established 2% limit was not exceeded.

The following table shows an analysis of deceval investment portfolio VaR sensitivity to possible variations in asset values due to changes in macroeconomic variables. Two stress scenarios were simulated in which the standard deviation of daily portfolio returns was taken to be 2-3x greater than that experienced in 2019 and 2020. A 99% level of confidence was assumed and deceval investment policy remained constant.

:

VaR Sensitivity Analysis

Scenario 1: 2x increase in standard deviation		Scenario 1: 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	0.33%	30/04/2019	0.49%
31/05/2019	0.34%	31/05/2019	0.50%
30/06/2019	0.31%	30/06/2019	0.46%
31/07/2019	0.27%	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%
31/01/2020	0.19%	31/01/2020	0.29%
28/02/2020	0.19%	28/02/2020	0.28%
31/03/2020	0.23%	31/03/2020	0.34%
30/04/2020	1.39%	30/04/2020	2.09%
31/05/2020	1.39%	31/05/2020	1.27%
30/06/2020	1.41%	30/06/2020	1.32%
31/07/2020	1.41%	31/07/2020	1.32%
31/08/2020	1.42%	31/08/2020	1.54%
30/09/2020	1.48%	30/09/2020	1.55%
31/10/2020	1.51%	31/10/2020	2.65%
30/11/2020	1.52%	30/11/2020	2.65%
31/12/2020	1.53%	31/12/2020	2.65%
Average VaR 2019	0.29%	Average VaR 2019	0.44%
Average VaR 2020	1.14%	Average VaR 2020	1.71%

Estimated VaR with 99% confidence.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

As can be seen, with variations that double 2019 and 2020's standard deviation, VaR does not exceed the 2% monthly limit, while variations that triple standard deviation generate an excess from October 2020. This was the result of placing volatility at a very high level to simulate the results of an adverse situation.

## CRCC VaR

Investment portfolio VaR is periodically revised by the investment committee with Valores Bancolombia that calculates this indicator daily over a 10 day horizon with 99% confidence. The established portfolio limit is 1.7%, the established limit for capital protection portfolios. The 2020 quarterly calculations are as follows:

Portfolio VaR	
Date	CRCC
31/03/2020	2.18%
30/06/2020	1.85%
30/09/2020	1.98%
31/12/2020	0.49%

The limit was exceeded in the first three quarters of 2020 due to rate instability during the pandemic. This was generalised across the entire market and all portfolios, regardless of their level of risk. However, in Q3 normal levels returned.

## Interest rate risk

CPI: The consumer price index measures average cost of a basket of goods and services representative of household consumption, expressed with regard to a baseline period or to raise funds on the money market.

IBR: The interbank rate is the price at which banks offer or raise funds on the money market

## Exchange rate risk

bvc Group hedges possible foreign currency outflows using natural hedges (income billed in foreign currency), derivatives, or foreign currency bank account balances.

An item is considered to be hedged as long as it is lower than the rate projected in the budget.

bvc Group currently has offshore accounts, and appropriates resources from these accounts in accordance with foreign exchange cashflow needs.

## Credit risk

bvc Group subsidiaries are exposed to credit risk, understood to be the possibility that the organisation suffer financial losses as a consequence of an 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 the securities' market price.

## Credit risk to the investment portfolio

bvc Group subsidiary credit risk is managed by determining counterparty and issuer quotas individually and by economic group, as a control measure on portfolio concentration and diversification.

Subsidiaries' Administrative and Finance Committees monitored compliance with investment policy in 2020 and 2019.

bvc and deceval investment portfolios use only AAA-rated or nation-level issuers.

The following table shows exposure by issuer and investment value:

## bvc portfolio

Bolsa de Valores de Colombia S.A.				
Issuer	Market value (COP thousand)	Part. %	Market value (COP thousand)	Part. %
National Banks	2,047,920	73%	-	0%
Special Public Institutions	511,430	18%	-	0%
National government	\$ 248,118	9%	\$ 242,420	100%
Financing companies	-	0%	-	0%
<b>Total</b>	<b>\$ 2,807,468</b>	<b>100%</b>	<b>\$ 242,420</b>	<b>100%</b>

31 December 2020

31 December 2019

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## deceval portfolio :

deceval				
Issuer	Market value (COP thousand)	Part. %	Market value (COP thousand)	Part. %
National government	\$ 10,205,376	100%	\$ 484,840	2%
National Banks	-	0%	21,728,689	89%
Special Public Institutions	-	0%	-	0%
Financing companies	-	0%	2,236,966	9%
<b>Total</b>	<b>\$ 10,205,376</b>	<b>100%</b>	<b>\$ 24,450,495</b>	<b>100%</b>

31 December 2020

31 December 2019

## Cámara de Riesgo Central de Contraparte portfolio by issuer:

CRCC				
Issuer	Market value (COP thousand)	Part. %	Market value (COP thousand)	Part. %
National government	\$ 30,505,200	100%	\$ 27,912,260	100%
National Banks	-	0%	-	0%
Special Public Institutions	-	0%	-	0%
Financing companies	-	0%	-	0%
<b>Total</b>	<b>\$ 30,505,200</b>	<b>100%</b>	<b>\$ 27,912,260</b>	<b>100%</b>

31 December 2020

31 December 2019

## 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 tables show the maturity of bvc Group subsidiary portfolio instruments:

## bvc:

Term	Market value (COP thousand) 2020	Part. %	Market value (COP thousand) 2019	Part. %
90-180 days	\$ 2,807,468	100%	\$ -	0.0%
Private debt	2,559,350		-	
Public debt	248,118		-	
180-360 days	-	0.0%	242,420	100%
Private debt	-		-	
Public debt	-	0%	242,420	
<b>Total</b>	<b>\$ 2,807,468</b>	<b>100%</b>	<b>\$ 242,420</b>	<b>100%</b>

31 December 2020

31 December 2019

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.

Diversifying the portfolio across various issuers and securities facilitates its management and liquidation in the event of an extraordinary liquidity need.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## deceval:

Term		Market value (COP thousand) 2020	Part. %	Market value (COP thousand) 2019	Part. %
<b>0-90 days</b>	\$	-	0.0%	\$ 11,624,694	47.5%
Private debt		-		11,624,694	
Public debt		-		-	
<b>90-180 days</b>		-	0.0%	12,340,961	50.5%
Private debt		-		12,340,961	
Public debt		-		-	
<b>180-360 days</b>		-	0.0%	484,840	2.0%
Private debt		-		-	
Public debt		-		484,840	
<b>1-2 years</b>		10,205,376	100%	-	100%
Private debt		-		-	
Public debt		10,205,376		-	
<b>Total</b>	<b>\$</b>	<b>10,205,376</b>	<b>100%</b>	<b>\$ 24,450,495</b>	<b>100%</b>

31 December 2020

31 December 2019

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.

## CRCC:

Term		Market value (COP thousand) 2020	Part. %	Market value (COP thousand) 2019	Part. %
90-180 days	\$	30,505,200	100%	\$ 27,912,260	100%
Private debt		-		-	
Public debt		30,505,200		27,912,260	
<b>Total</b>	<b>\$</b>	<b>30,505,200</b>	<b>100%</b>	<b>\$ 27,912,260</b>	<b>100%</b>

31 December 2020

31 December 2019

CRCC's investment policy determines that resources may be invested in i) Republic of Colombia issued securities with terms less than or equal to three years, and ii) Savings account deposits at banks with at least a AAA rating and a CAMELS equal to or greater than 3.5. In addition, the maximum duration is 1.5 years.

## Footnote 11 – Reclassification of previous financial statements

### Consolidated financial statement

Current tax assets and liabilities were offset on the bvc Group consolidated financial statement to 31 December 2019, in compliance with the tax authority and country of origin of these rights and obligations.

In accordance with current Colombian tax legislation, and that of countries in which subsidiaries operate, in 2020 bvc Group decided to adjust the offsetting of current tax assets and liabilities because the 31 December 2019 presentation was inadequate with regard to IAS 12 paragraphs 71 to 76. Each entity determined its own offset adjustment in accordance with its legal right to offset tax and assets and liabilities and other IAS 12 requirements.

bvc Group does not consider that the accumulated previous period corrections have a material impact on that period's financial statements.

## Footnote 12 – Cash and cash equivalents

The following table details cash and cash equivalents:

		31 December 2020	31 December 2019
Local currency banks	\$	92,731,766	14,110,792
Cash equivalent (2)		42,898,083	14,080,798
Foreign currency banks (3)		11,321,831	6,296,766
Cash in foreign currency		31,015	26,225
Petty cash		5,511	30,598
<b>Total</b>	<b>\$</b>	<b>146,988,206</b>	<b>34,545,179</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Cash and cash equivalents have no restrictions.

- (1) The increase principally corresponds to payment received for the Sophos S.A.S. sale, and cash recognised from the CRCC business combination.
- (2) bvc Group keeps its cash and cash equivalents at AAA-rated financial institutions.

The following are mutual investment funds classified as cash equivalents on 31 December 2020 and 2019:

Fund	Rating		31 December 2020	31 December 2019
Fondo de Inversión Fonval-bvc (2.1)	AAA	\$	15,389,617	3,096,252
Fondo Inversión Abierto Alianza (2.1)	AAA		13,090,120	5,870,209
Fiducienta Bancolombia (2.1)	AAA		13,039,904	12,508
Fondo BBVA Fam	AAA		1,213,018	3,556,925
Fondo Fonval Credicorp Capital-deceval	AAA		156,440	1,529,468
Payulatam			7,066	13,580
Fondo Capital Trust	AAA		1,918	–
F.C.O Fiducienta	AAA		–	1,856
<b>Total investment funds</b>		\$	<b>42,898,083</b>	<b>14,080,798</b>

- (2.1) Increase corresponds to transfer of funds from the Sophos Solutions S.A.S. sale to these accounts. The purpose of mutual funds is to obtain higher returns.

At 2020 and 2019 year-end, banks presented reconciling entries for \$1,627 and \$1,504, respectively. The principal variation corresponds to debt allocation on 31 December 2019.

31 December 2020					
	Number	< 30 days	Number	> 30 days	
Deposits pending identification	\$	–	–	3	1,427
Debt allocation		1	200	–	–
	\$	<b>1</b>	<b>200</b>	<b>3</b>	<b>1,427</b>

31 December 2019

	Number	< 30 days	Number	> 30 days	
Deposits pending identification	\$	–	–	4	1,443
Debt allocation		1	61	–	–
	\$	<b>1</b>	<b>61</b>	<b>11</b>	<b>1,443</b>

- (3) The following foreign currency balances were held at year-end 2020 and 2019, re-expressed in COP using the certified exchange rate:

Currency	31 December 2020	31 December 2019
US dollars USD	3,432.5	3,277.14
Chilean pesos CLP	4.83	4.48
Mexican pesos MXN	172.27	173.54

The re-expression process uses USD as the base, regardless of the currency of origin.

31 December 2020

Entity	USD	COP
Banco de Bogota Miami	2,646,163	\$ 9,082,956
Bancolombia Panamá	562,450	1,930,609
Citibank	88,121	302,475
JP Morgan	1,687	5,791
<b>Total</b>	<b>3,298,421</b>	<b>\$ 11,321,831</b>

31 December 2019

Entity	USD (000)	CLP (000)	MXN (000)	COP
Banco de Bogota 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
FX in transit	112	–	–	365,401
Time Deposit - Bancolombia Panamá	74	–	–	241,583

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Entity	31 December 2019			
	USD (000)	CLP (000)	MXN (000)	COP
Banistmo Panamá	39	–	–	126,317
BBVA Bancomer México	–	–	65	11,765
Investment fund (Savings fund)	–	–	34	5,905
<b>Total</b>	<b>1,467</b>	<b>123,641</b>	<b>5,412</b>	<b>6,296,766</b>

## Footnote 13 – Restricted cash

Restricted cash is used to comply with short-term payment commitments. Financial investments classified as cash equivalents must be easily convertible to a specified cash amount and the risk of a change in value must be insignificant. Cash equivalent investments usually have short terms: three months or fewer from acquisition.

At 31 December 2020, the restricted cash balance was \$171,301,874 corresponding to collateral received from CRCC members. Collateral backed by cash may be remunerated in accordance with CRCC Bylaws article 2.7.5.

A member's cash collateral resources are subject to remuneration unless the member has stated that they do not agree. To 31 December 2020, remuneration was executed in an OMO on the Banco de la República remunerated deposit account at a rate of 0.72%. The economic benefits were distributed among the members that had constituted the collateral and that did not object to remuneration.

Restricted cash composition is as follows:

	Rating	31 December 2020	
<b>Restricted cash</b>			
Collateral in UDA		\$	149,993,389
USD collateral at Citibank	AAA		6,867,485
Monetary contraction deposits (1)			14,441,000
<b>Total</b>		\$	<b>171,301,874</b>

(1) In accordance with CRCC general collateral investment policy, an OMO was executed on 31 December on a Banco de la República remunerated deposit account.

Collateral received by CRCC is restricted to being used only in the case of noncompliance by any of the parties executing transactions using the CRCC.

## Footnote 14 – Financial investment assets

Investments at fair value on 31 December 2020 and 2019:

Concept	31 December 2020	31 December 2019
Domestic treasury securities (2)	\$ 40,958,694	72,7260
<b>Securities guaranteed by financial sector entities</b>		
Private debt securities (1)	2,559,350	18,850,063
Bonds (1)	–	5,115,592
<b>Total securities guaranteed by financial sector entities</b>	<b>2,559,350</b>	<b>23,965,655</b>
<b>Total current investments</b>	<b>43,518,044</b>	<b>24,692,915</b>
Private capital fund	2,439,802	2,610,183
Other securities	15,685	15,685
<b>Total noncurrent investments</b>	<b>2,455,487</b>	<b>2,625,868</b>
<b>Total financial investment assets</b>	<b>\$ 45,973,531</b>	<b>27,318,783</b>

(1) Term deposits and bonds were redeemed in 2020 to comply with obligations such as tax payments and shareholder dividend payments.

(2) (2) The increase principally corresponds to \$30,505,200 in CRCC treasury securities; deceval has \$10,205,376 in treasury securities as collateral in the equity segment general collateral fund.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Financial investment assets are AAA and AA+ in accordance with credit risk management policy, as indicated in Footnote 10.

The following are details of credit quality determined by independent risk rating agencies:

Rating	31 December 2020	31 December 2019
Issued and guaranteed by the nation or the central bank	\$ 40,958,694	727,260
Investment grade	4,999,152	26,575,838
Unrated	15,685	15,685
	<b>\$ 45,973,531</b>	<b>27,318,783</b>

The bvc Group investment portfolio by term was as follows on 31 December 2020 and 2019:

31 December 2020	< 1 year	> 1 year	Total
Term deposits	\$ 2,559,350	–	2,559,350
Treasury securities	40,958,694	–	40,958,694
Other investments	–	2,455,487	2,455,487
<b>Total portfolio</b>	<b>\$ 43,518,044</b>	<b>2,455,487</b>	<b>45,973,531</b>

31 December 2019	< 1 year	> 1 year	Total
Term deposits	\$ 18,850,063	–	18,850,063
Bonds	5,115,592	–	5,115,592
Treasury securities	727,260	–	727,260
Other investments (1)	–	2,625,868	2,625,868
<b>Total portfolio</b>	<b>\$ 24,692,915</b>	<b>2,625,868</b>	<b>27,318,783</b>

(1) Corresponds to bvc's XM capital, and private and investment funds.

At 31 December 2020 and 2019, there no were no restrictions on investments, except domestic treasury securities used as collateral on derivative future hedge transactions using CRCC.

At 31 December 2020 and 2019, the bvc Group investment portfolio showed no signs of impairment

## Footnote 15 – Net trade and other accounts receivable

Trade and other accounts receivable balances on 31 December 2020 and 2019:

Concept	31 December 2020	31 December 2019
Clients (1)	\$ 17,789,869	44,879,722
Securities exchange brokerage firms	1,364,683	1,399,944
Securities and share issuers (2)	251,730	789,483
Accounts past due	6,134	30,148
Total trade debt	19,412,416	47,099,297
Prepayments and advances	86,304	158,086
Tax prepayment	148,431	799,907
Employee accounts receivable	95,523	617,489
Other debts	656,414	992,769
Total other accounts receivable	986,672	2,568,251
Trade and other accounts receivable impairment	(746,642)	(1,299,133)
<b>Total</b>	<b>\$ 19,652,446</b>	<b>48,368,415</b>

(1) The reduction in accounts receivable corresponds to the sale of Sophos Solutions S.A.S.

(2) bvc Group measures impairment using the simplified method of expected loss, as indicated in IFRS 9. The following table shows the evolution of portfolio impairment:

	31 December 2020	31 December 2019
Starting balance	\$ 1,299,133	1,027,722
Impairment in the period	392,295	353,417
Derecognition Sophos Solutions S.A.S.	(374,688)	–
Derecognition in the period	(399,700)	(5,144)
Recoveries	(170,398)	(76,862)
<b>Total impairment</b>	<b>\$ 746,642</b>	<b>1,299,133</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Impairment by subsidiary is as follows:

		31 December 2020	31 December 2019
Bolsa de Valores de Colombia S.A.	\$	540,667	790,974
Sophos Solutions S.A.S.		–	374,688
<b>deceval S.A.</b>		205,572	133,076
precia S.A.		220	395
CRCC S.A.		183	–
<b>Total impairment</b>	<b>\$</b>	<b>746,642</b>	<b>1,299,133</b>

Debt by age:

Trade debt by age is as follows:

31 December 2020							
	Not yet due	31-60 days	61-90 days	91-180 days	181-360 days	> 360 days	Total
Trade debt (1)	\$ 17,318,388	945,480	213,921	250,875	271,965	411,787	19,412,416
Trade debt impairment	(15,322)	(10,801)	(2,045)	(78,018)	(228,669)	(411,787)	(746,642)
<b>Net trade debt</b>	<b>\$ 15,760,753</b>	<b>934,679</b>	<b>211,876</b>	<b>172,857</b>	<b>43,296</b>	<b>–</b>	<b>17,123,461</b>

31 December 2019							
	Not yet due	31-60 days	61-90 days	91-180 days	181-360 days	> 360 days	Total
Trade debt	\$ 39,732,497	3,606,061	1,383,003	776,235	301,727	1,299,775	47,099,297
Trade debt impairment	(1,990)	(11,074)	(560)	(3,394)	(2,176)	(1,279,939)	(1,299,133)
<b>Net trade debt</b>	<b>\$ 39,730,507</b>	<b>3,594,987</b>	<b>1,382,443</b>	<b>772,840</b>	<b>299,551</b>	<b>19,836.00</b>	<b>45,800,164</b>

(1) The reduction in accounts receivable corresponds principally to the sale of Sophos Solutions S.A.S.

## Footnote 16 – Other non-financial assets

Other non-financial assets on 31 December 2020 and 2019:

		31 December 2020	31 December 2019
<b>Current</b>			
Deposits received (1)	\$	5,465,013	–
<b>Total current</b>		<b>5,465,013</b>	<b>–</b>
<b>Noncurrent</b>			
Services – software maintenance		6,821,632	7,610,931
Insurance and deposits (2)		1,739,582	495,034
Social club shares		358,845	358,120
Deposit received (1)		5,484,792	–
Other assets		147,064	358,478
Subscriptions, memberships and contributions		112,552	132,075
<b>Total noncurrent</b>		<b>14,664,467</b>	<b>8,954,638</b>
<b>Totales</b>	<b>\$</b>	<b>20,129,480</b>	<b>8,954,638</b>

(1) The sale of Sophos Solutions S.A.S. included contractual commitments corresponding to monies payable to bvc to hedge any possible actions that may arise. The agreement signed between bvc and Sophos Solutions S.A. states: "half the final bvc amount retained on the first anniversary of the closing date and if that date is not a business day on the very next business day after the closing date, less the amounts of any definitive claims and the amounts of pending claims that correspond to bvc on said date." The money that will be paid in December 2021 as stated in the contract, is presented in these financial statements as current, and the balance as noncurrent.

(2) At 31 December 2020 the following policies were active: Global banking, civil responsibility and fully comprehensive. Premiums rose this period due to market conditions.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 17 – Investments in associates and joint ventures

bvc Group investments in associates and joint ventures:

Entity	Type	31 December 2020	31 December 2019
Cámara de Riesgo Central de Contraparte de Colombia S.A. (1)	Associate	\$ –	35,801,819
Cámara de Compensación de Divisas de Colombia S.A. (1)	Associate	–	2,769,600
Set Icap FX S. A.	Joint venture	6,782,728	5,549,620
Set Icap Securities	Joint venture	1,012,517	1,233,564
Derivex S.A. (2)	Joint venture	–	–
		\$ 7,795,245	45,354,603

- (1) In 2020, the group increased its holding in CRCC from 47.28% to 54.30% and took control of CRCC; CRCC became a bvc Group subsidiary and is included in the consolidated figures. In December 2020, CRCC and CCDC merged into one entity; CRCC absorbed CCDC and the latter disappeared as a legal entity.
- (2) (2) The equity method is not being recognised for Derivex because the loss exceeds the holding, as mentioned in IAS 28 paragraph 38; Equity method recognition will recommence once profit equals the non-recognised loss.

bvc Group carries out a homogenisation process with its associates and joint ventures with regard to policies used for similar operations with similar characteristics. Associate and joint venture individual financial statements include IFRS conversion adjustments to Colombian principles where required and the necessary reclassifications are made to standardise accounting policies and valuation criteria used by bvc, prior to measurement using the equity method with unified criteria.

At 31 December 2020 and 2019, investments in associates and joint ventures showed no signs of impairment.

Evolution of investments in associates and joint ventures:

Associate or joint venture	Holding 31 December 2020	Value 31 December 2019	Additions	Dividends (1)	Equity method income	Change of investment category	Value 31 December 2020
Cámara de Riesgo Central de Contraparte de Colombia S.A. (1)	0%	\$ 35,801,819	10,540,994	–	443,286	(46,786,099)	–
Cámara de Compensación de Divisas de Colombia S.A. (3)	0%	2,769,600	473,759	(800,462)	590,546	(3,033,443)	–
Set Icap FX S.A.	49.82%	5,549,620	–	(4,860,068)	6,093,176	–	6,782,728
Set Icap Securities S.A.	50.00%	1,233,564	–	(339,834)	118,787	–	1,012,517
<b>Total</b>		\$ 45,354,603	11,014,753	(6,000,364)	7,245,795	(49,819,542)	7,795,245

Associate or joint venture	Holding 31 December 2019	Value 31 December 2018	Dividends (1)	Equity method income	Value 31 December 2019
Cámara De Riesgo Central de Contraparte de Colombia S.A.	32.63%	\$ 34,743,997	(1,466,923)	2,524,745	35,801,819
Set Icap FX S.A.	49.82%	4,665,947	(3,985,264)	4,868,937	5,549,620
Cámara de compensación de Divisas De Colombia S.A.	30.79%	2,515,264	(584,952)	839,288	2,769,600
Set Icap Securities S.A.	50.00%	1,144,192	(215,714)	305,086	1,233,564
Derivex S.A.	42.45%	75,410	–	(75,410)	–
<b>Total</b>		\$ 43,144,810	(6,252,853)	8,462,646	45,354,603

- (1) Dividends are recognised in accordance with each bvc Group associate or joint venture's distribution project, and differ from those disclosed in direct cash flow at 31 December 2020 and 2019 by \$9,236,534 (includes Sophos dividends from November 2020) and \$5,353,698, respectively, after tax.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

The following table shows bvc Group holdings in associates and joint ventures on 31 December 2020 and 31 December 2019:

Company	31 December 2020		31 December 2019		Share capital 2020
	%	Shares	%	Shares	
Cámara de Riesgo Central de Contraparte de Colombia S.A.	–	–	47.28%	13,173,209,671	51,270,006
Cámara de Compensación de Divisas De Colombia S.A.	0.00%	–	30.79%	856,327,780	–
Derivex S.A.	42.50%	304,000	42.50%	304,000	715,292
Set Icap FX S.A.	49.82%	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 income and asset and liability composition:

Company	31 December 2020			
	Assets	Liabilities	Equity	Profit & loss
Set Icap FX S.A.	\$ 19,068,037	6,115,957	12,952,080	12,208,543
Derivex S.A.	3,714,168	2,277,776	1,436,392	(809,666)
Set Icap Securities S.A.	2,559,859	218,962	2,340,897	237,576
<b>Total</b>	<b>\$ 25,342,064</b>	<b>8,612,695</b>	<b>16,729,369</b>	<b>11,636,453</b>

Company	Al 31 de diciembre de 2019			
	Assets	Liabilities	Equity	Profit & loss
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$ 65,886,137,581	65,833,237,312	52,900,269	5,579,075
Cámara de Compensación de Divisas S.A.	9,828,413	1,111,760	8,716,653	2,726,113
Derivex S.A.	3,688,546	2,021,865	1,666,681	648,742
Set Icap FX S.A.	15,760,201	5,261,053	10,499,148	9,755,607
Set Icap Securities	3,044,049	261,060	2,782,989	610,173
<b>Total</b>	<b>\$ 65,918,458,790</b>	<b>65,841,893,050</b>	<b>76,565,740</b>	<b>19,319,710</b>

## 31 December 2020

Associate or joint venture	Income	Income from interest	Depreciation and/or amortisation	Interest expenses	Income tax	Profit & loss
Set Icap FX S.A.	\$ 33,903,569	37,965	1,081,770	48,244	5,946,853	12,208,543
Derivex S.A.	157,461	45,356	17,166	132,331	2,301	(809,666)
Set Icap Securities S.A.	1,865,726	–	2,227	–	115,236	237,576
<b>Total</b>	<b>\$ 35,926,756</b>	<b>83,321</b>	<b>1,101,163</b>	<b>180,575</b>	<b>6,064,390</b>	<b>11,636,453</b>

## 31 December 2019

Associate or joint venture	Income	Income from interest	Depreciation and/or amortisation	Interest expenses	Income tax	Profit & loss
Cámara de Riesgo Central de Contraparte de Colombia S.A.	\$ 18,515,663	224,081	2,833,460	52,124	475,703	5,579,075
Cámara de Compensación de Divisas de Colombia 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
<b>Total</b>	<b>\$ 59,344,056</b>	<b>574,430</b>	<b>1,389,973</b>	<b>200,594</b>	<b>8,361,789</b>	<b>19,319,710</b>

**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, Bogota.

**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, Bogota.

**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.

# Footnotes to the Consolidated Financial Statements

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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 to 31 December 2020 and 2019.

## Footnote 18 – Capital gains

Capital gains to 31 December 2020 and 2019.

	31 December	
	2020	2019
Sophos Solutions S.A.S. <sup>(1)</sup>	\$ –	21,613,197
deceval S.A.	88,871,891	88,871,891
Cámara de Riesgo Central de Contraparte de Colombia S.A. <sup>(2)</sup>	30,779,825	–
<b>Total</b>	<b>\$ 119,651,716</b>	<b>110,485,088</b>

(1) On 1 December 2020, Sophos Solutions was sold and stopped being part of bvc Group.

(2) Evolution of capital gains:

	Balance 31 December 2019	Additions	Sale of investments	Balance 31 December 2020
Sophos Solutions S.A.S.	21,613,197	–	(21,613,197)	–
deceval S.A.	88,871,891	–	–	88,871,891
Cámara de Riesgo Central de Contraparte de Colombia S.A. <sup>(2)</sup>	–	30,779,825	–	30,779,825
<b>Total</b>	<b>110,485,088</b>	<b>30,779,825</b>	<b>(21,613,197)</b>	<b>119,651,716</b>

	Balance 31 December 2018	Additions	Sale of investments	Balance 31 December 2019
Sophos Solutions SAS.	21,613,197	–	–	21,613,197
deceval S.A.	88,871,891	–	–	88,871,891
<b>Total</b>	<b>110,485,088</b>	<b>–</b>	<b>–</b>	<b>110,485,088</b>

(2.1) In 2020 the following business combinations were executed:

a) bvc Group acquisition of controlling interest in CRCC, as follows:

CRCC	Value
Cash	\$ 6,901,018
Restricted cash	75,109,535
Financial assets	27,993,205
Accounts receivable	1,531,421
Material assets	2,276,453
Other assets	22,770,362
Liabilities	(7,873,925)
Collateral	(75,109,535)
Counterparty transactions	68,732,767,147
Counterparty transactions (CR)	(68,732,767,147)
Acquired intangibles	38,100,000
Deferred tax	(3,810,000)
<b>Total net assets</b>	<b>87,888,534</b>
Less fair value of acquired assets	121,099,996
Less capital gains on non-controlling stake	14,617,664
<b>Capital gains</b>	<b>\$ 18,593,798</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

b) In December 2020 CRCC absorbed CCDC:

CCDC		Value
Cash	\$	7,724,363
Accounts receivable		1,278,753
Material assets		100,276
Other assets		111,135
Accounts payable		(1,060,630)
Labour obligations		(129,981)
<b>Total net assets acquired</b>		<b>8,023,916</b>
<b>Assets and liabilities identified in the business combination</b>		
Intangibles		25,700,000
Deferred tax		(2,570,000)
<b>Total assets identified</b>		<b>23,130,000</b>
<b>Recognition adjustments</b>		
Property, plant and equipment		8,878
<b>Total adjustments</b>		<b>8,878</b>
Fair value of the acquired assets		43,348,821
<b>Business combination capital gains</b>		<b>12,186,027</b>

The business combination net capital gains are as follows:

CRCC business combination capital gains (a)	\$	18,593,798
CCDC business combination capital gains (b)		12,186,027
<b>Total capital gains</b>	<b>\$</b>	<b>30,779,825</b>

Capital gains resulting from the acquisition of subsidiaries is measured at cost less losses for accumulated impairment.

Capital gains are not amortised, rather the impairment is annually verified (or earlier if there are signs that an asset may lose value). The capital gains resulting from the business combination are assigned to one of the Group's cash-generating units or groups thereof. Internal capital gains are not recognised as an asset.

An annual evaluation of impairment was conducted in accordance with IAS 36 paragraph 104, to ensure that the recoverable amount of each cash-generating unit is greater than its book amount, and therefore that it is not impaired. Cash-generating unit recoverable amounts that contain capital gains were calculated in accordance with the Inverlink valuation that applied a free cash flow valuation methodology discounted by the WAAC, and using the discount rate and growth curve as suppositions. The five-year 2020-2025 projections were calculated using historical data and EBITDA margins.

# Footnotes to the Consolidated Financial Statements

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## Footnote 19 – Net intangible assets other than capital gains

	Software and licence costs	Projects in development (4)	Internally developed applications (projects in production)	Intangibles acquired during business combination	Client and technology relations	Acquired business and trademark value	Total
<b>Acquisition cost to 1 January 2020</b>	22,275,150	20,977,728	34,245,863	4,700,000	14,035,914	241,700,000	337,934,655
Additions (1)	1,457,263	20,865,895	–	–	–	–	22,323,158
Additions from business combination (2)	1,745,754	13,298,032	8,193,684	19,800,000	–	18,300,000	61,337,470
Additions from CRCC-CCD merger (3)	87,992	–	–	25,700,000	–	–	25,787,992
Transfers	2,161,788	(20,839,757)	18,677,969	–	–	–	–
Disposal of discontinued operations	(1,893,980)	(558,594)	(1,607,324)	–	(14,035,914)	–	(18,095,812)
Project disposal	–	(2,471,400)	–	–	–	–	(2,471,400)
Project losses	–	(9,437,409)	–	–	–	–	(9,437,409)
<b>31 December 2020</b>	<b>25,833,967</b>	<b>21,834,495</b>	<b>59,510,192</b>	<b>50,200,000</b>	<b>–</b>	<b>260,000,000</b>	<b>417,378,654</b>
<b>Accumulated amortisation</b>	<b>(20,770,983)</b>	<b>–</b>	<b>(8,948,000)</b>	<b>(4,700,000)</b>	<b>(13,486,334)</b>	<b>–</b>	<b>(47,905,317)</b>
Period amortisation charge	(1,291,455)	–	(6,178,419)	–	(549,580)	–	(8,019,454)
Charge for amortising additions from business combination	(1,430,915)	–	(3,637,298)	–	–	–	(5,068,213)
Amortisation charge CRCC-CCD merger	(28,762)	–	–	–	–	–	(28,762)
Disposal of discontinued operations	1,314,621	–	1,143,982	–	14,035,914	–	16,494,517
<b>31 December 2020</b>	<b>(22,207,494)</b>	<b>–</b>	<b>(17,619,735)</b>	<b>(4,700,000)</b>	<b>(0)</b>	<b>–</b>	<b>(44,527,229)</b>
<b>Net book amount 31 December 2020</b>	<b>3,626,473</b>	<b>21,834,495</b>	<b>41,890,457</b>	<b>45,500,000</b>	<b>(0)</b>	<b>260,000,000</b>	<b>372,851,425</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

	Software and licences	Projects in development	Internally developed applications (projects in production)	Intangibles acquired during business combination	Client and technology relations	Acquired business and trademark value	Total
Acquisition cost to 1 January 2019	19,738,584	11,984,327	25,909,371	4,700,000	14,035,914	241,700,000	318,068,196
Additions	2,541,960	17,329,893	–	–	–	–	19,871,853
Transfers	–	(8,336,492)	8,336,492	–	–	–	–
Disposals	(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)
Period amortisation cost and other charges	(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 December 2019	1,504,167	20,977,728	25,297,863	–	549,580	241,700,000	290,029,338

- (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 2020 the value was \$11,346,982 and on 31 December 2019 it was \$2,585,750.
- (2) These additions correspond to recognition of intangibles during the CRCC business combination.
- (3) Correspond to additions from merging Cámara de Riesgo Central de Contraparte and Cámara de Compensación de Divisas.

# Footnotes to the Consolidated Financial Statements

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## (4) The following projects are in development:

	31 December 2019	Additions	Business combination additions	Removals and/or transfers	31 December 2020
Amarú (deceval) (4.1)	\$ 17,593,889	2,002,969	–	(14,070,597)	5,526,261
Promissory notes (deceval)	713,996	2,331,761	–	(3,045,757)	–
Digital platform (deceval)	–	1,336,869	–	–	1,336,869
Temporary transfer of securities and OTC (deceval)	–	319,434	–	–	319,434
Banking As a Service (Sophos)	558,595	–	–	(558,595)	–
X-Stream Inet third phase (bvc)	684,965	1,618,729	–	–	2,303,694
Master Trader third phase (bvc)	650,535	4,982,744	–	–	5,633,279
Marketplace (bvc)	172,878	896,821	–	–	1,069,699
Digital platform (bvc)	–	946,495	–	–	946,495
RPA (bvc)	3,600	83,522	–	–	87,122
a2censo (bvc)	599,270	2,775,557	–	–	3,374,827
Other initiatives (bvc)	–	383,923	–	–	383,923
Depository integration (CRCC) (4.2)	–	497,765	116,242	–	614,007
Share clearing phase 2 (CRCC) (4.2)	–	1,051,031	10,920,458	(11,971,489)	–
Swaps 3 (CRCC) (4.2)	–	1,399,390	2,261,332	(3,660,722)	–
Analytics (CRCC)	–	54,600	–	–	54,600
Technological transformation (CRCC)	–	130,000	–	–	130,000
(precia)	–	54,285	–	–	54,285
<b>Total Projects</b>	<b>\$ 20,977,728</b>	<b>20,865,895</b>	<b>13,298,032</b>	<b>(33,307,160)</b>	<b>21,834,495</b>

	31 December 2018	Additions	Removals	31 December 2019
Amarú (deceval)	\$ 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
<b>Promissory notes deceval</b>	<b>64,814</b>	<b>649,182</b>	<b>–</b>	<b>713,996</b>
Marketplace- BID	–	450,562	(450,562)	–
RPA	–	3,600	–	3,600
a2censo	–	599,270	–	599,270
<b>Total Projects</b>	<b>\$ 11,984,327</b>	<b>17,329,893</b>	<b>(8,336,492)</b>	<b>20,977,728</b>

(4.1) In 2020, **deceval** S.A. decided to stop using TCS to develop the amarú project, and this created delays that directly affected the company's expenses due to the resulting impairment to progress. Pradera has been contracted as the new provider, and it is hoped that they will fully develop the second phase of the amarú project; this will improve the Colombian Securities Market's international rating after obtaining a better deposit risk rating using the Thomas Murray proprietary standard.

In December 2020, management evaluated the project and wrote off the capitalised components not considered intangible costs in accordance with IAS 38 (see Footnote 35). The recognised expense for intangibles is \$9,437,409. In addition, the IBM licence was reclassified as it will not be used in developing amarú phase 2.

(4.2) Corresponds to CRCC projects that became part of bvc Group following the business combination.

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.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 20 – Net property, plant and equipment and right-of-use

Property, plant and equipment:

		Buildings and land	Computing and communications equipment	Furniture and fittings	Improvements to leased property	Right-of-use	Transport equipment	Total
<b>Acquisition cost</b>								
31 December 2019	\$	45,415,204	26,362,975	3,058,359	1,474,940	5,227,739	209,812	81,749,029
Additions (1)		163,549	1,900,777	12,555	–	121,443	–	2,198,324
Additions from CRCC business combination (2)		749,927	3,714,222	299,690	–	757,764	–	5,521,603
Additions from CRCC-CCD merger (3)		–	163,767	19,885	–	–	–	183,652
Disposal of depreciated assets		–	(205,232)	(73,453)	–	–	–	(278,685)
Disposal of assets from discontinued operations		(7,251,266)	(698,373)	(821,066)	(530,463)	(3,549,591)	–	(12,850,759)
31 December 2020	\$	39,077,414	31,238,136	2,495,970	944,477	2,557,355	209,812	76,523,164
<b>Accumulated depreciation</b>								
31 December 2019		(3,752,423)	(15,944,901)	(1,844,680)	(876,554)	(1,547,143)	(111,899)	(24,077,600)
Depreciation charge		(740,729)	(4,459,617)	(234,983)	(191,517)	(902,827)	(41,963)	(6,571,636)
Depreciation from business combination		(550,793)	(2,218,425)	(118,765)	–	(357,168)	–	(3,245,151)
Depreciation acquired from CRCC-CCD merger		–	(61,065)	(13,434)	–	–	–	(74,499)
Disposal of depreciated assets		–	194,180	67,327	–	–	–	261,507
Disposal of assets from discontinued operations		377,335	604,479	421,383	290,379	867,103	–	2,560,679
31 December 2020		(4,666,610)	(21,885,349)	(1,723,152)	(777,692)	(1,940,035)	(153,862)	(31,146,700)
<b>Accumulated impairment</b>								
		–	(7,428)	–	–	–	–	(7,428)
Net book value 31 December 2020	\$	34,410,804	9,345,359	772,818	166,785	617,320	55,950	45,369,036

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

	Buildings and land	Computing and communications equipment	Furniture and fittings	Improvements to leased property	Right-of-use	Transport equipment	Total
<b>Acquisition cost</b>							
31 December 2018	\$ 44,905,492	24,252,033	2,811,821	1,008,477	–	209,812	73,187,635
Initial IFRS 16 recognition	–	–	–	–	4,070,110	–	4,070,110
Additions	509,712	3,708,948	350,754	466,463	1,269,837	–	6,305,714
IFRS 16 adjustments	–	–	–	–	(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
<b>Accumulated depreciation</b>							
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 (4)	–	–	–	–	(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	–	(7,428)	–	–	–	–	(7,428)
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

(1) Property, plant and equipment additions are made according to the needs of the asset. This differs from direct method cash flow for disclosed fixed-asset purchase payments because only actual payments in the period are disclosed in cash flow. On 31 December 2020 and 2019 this value was \$3,257,480 and \$5,060,546, respectively.

Building and land additions correspond to bvc and CRCC improvements.

Right-of-use additions correspond to the renewal of bvc's contract with Promotora le Enseñanza, precio current contract adjustment, and the renewal of CRCC's contract with Teleport.

(2) Corresponds to asset recognition following the business combination between bvc and CRCC.

(3) Corresponds to asset recognition following the business combination between CRCC and CCDC.

(4) Corresponds to the value recognised by Sophos Solutions S.A.S, a company that from 31 December 2020 is no longer part of bvc Group following its sale.

At 31 December 2020 and 2019 bvc Group property, plant and equipment do not have any restrictions and show accumulated impairment of \$7,428; there are no indications that this value needs to be updated.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 21 – Financial liabilities

Current and noncurrent financial liabilities are as follows:

	31 December 2020	31 December 2019
Financial obligation <sup>(1)</sup>	\$ 7,846,664	9,671,909
Right-of-use liability <sup>(2)</sup>	622,205	1,556,779
<b>Total current</b>	<b>8,468,869</b>	<b>11,228,688</b>
Noncurrent		
Financial obligation <sup>(1)</sup>	13,284,875	12,080,354
Right-of-use liability <sup>(2)</sup>	77,321	2,346,067
<b>Total noncurrent</b>	<b>13,362,196</b>	<b>14,426,421</b>
<b>Total Financial liabilities</b>	<b>\$ 21,831,065</b>	<b>25,655,109</b>

(1) Financial liabilities:

	31 December 2020	
Entity	Interest rate	Capital and interest
Banco de Bogota S.A. <sup>(1.1)</sup>	CPI+3.5%	\$ 10,141,090
Bancolombia S.A. <sup>(1.2)</sup>	IBR+2.76%	1,461,047
Bancolombia S.A. <sup>(1.3)</sup>	IBR+2.5%	9,526,375
<b>Total Financial liabilities</b>		<b>21,128,512</b>
Bancolombia S.A. <sup>(1.4)</sup>	DTF+5.50 points	3,027
<b>Total leasing</b>		<b>3,027</b>
<b>Total Financial liabilities</b>		<b>\$ 21,131,539</b>

	31 December 2019	
Entity	Interest rate	Capital and interest
Banco de Bogota S.A. <sup>(1.1)</sup>	IPC + 3.5%	\$ 14,107,342
Bancolombia S.A. <sup>(1.4)</sup>	IBR + 1.6%	5,000,000
<b>Total bank loans</b>		<b>19,107,342</b>
<b>Financial leasing operations</b>		
Bancolombia S.A.	DTF+5.50 points	37,729
Banco de Occidente S.A.	IBR N.A.M.V + 3.37 points	<b>588,131</b>
Bancolombia S.A.	DTF +5.7 points	<b>490,666</b>
Bancolombia S.A.		<b>376,512</b>
Bancolombia S.A.	IBR N.A.M.V + 3.54 points	<b>1,151,883</b>
<b>Total financial leasing</b>		<b>2,644,921</b>
<b>Total Financial liabilities</b>		<b>\$ 21,752,263</b>

- (1.1) On 30 May 2018, Bolsa de Valores de Colombia S.A. acquired a financial obligation with Banco de Bogota 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.
- (1.2) In August 2020, deceval S.A. acquired a credit with Bancolombia with an indexed rate of IBR plus a spread of 2.76% over 12 months, payable quarterly.
- (1.3) In February 2020, bvc took out a loan with Bancolombia for \$11,207,500, payable quarterly over 5 years with a rate of IBR+2.5% and a promissory note as collateral.
- (1.4) deceval S.A. has one financial lease with Bancolombia. This lease has a financial part with a rate indexed to the annual fixed-term deposit rate less a spread of 5.50678 points. The contract is valid for 36 months from December 2017. At 31 December 2020 bvc Group sold Sophos Solutions S.A.S. and this is why there is a variation. Leases at 31 December 2020 and 2019 were as follows:
- (1.5) The five-month obligation acquired with Bancolombia S.A. in December 2019 for \$5,000,000 was paid in May 2020.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Financial liabilities by term, except right-of-use, are as follows:

31 December 2020						
Concept	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Total
Loans						
Capital	\$ 7,702,547	6,241,500	4,241,500	2,241,500	560,375	20,987,422
Interest	141,090	–	–	–	–	141,090
<b>Total loans</b>	<b>7,843,637</b>	<b>6,241,500</b>	<b>4,241,500</b>	<b>2,241,500</b>	<b>560,375</b>	<b>21,128,512</b>
Financial leasing	3,027	–	–	–	–	3,027
<b>Total</b>	<b>\$ 7,846,664</b>	<b>6,241,500</b>	<b>4,241,500</b>	<b>2,241,500</b>	<b>560,375</b>	<b>21,131,539</b>

31 December 2019						
Concept	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 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
<b>Total loans</b>	<b>9,107,342</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>–</b>	<b>19,107,342</b>
Financial leasing	564,567	468,070	391,365	289,696	931,223	2,644,921
<b>Total</b>	<b>\$ 9,671,909</b>	<b>4,468,070</b>	<b>4,391,365</b>	<b>2,289,696</b>	<b>931,223</b>	<b>21,752,263</b>

(2) Right-of-use liabilities to 31 December fell due to the Sophos Solutions S.A.S. sale.

At 31 December 2020 this corresponds to the financial leases of the following properties: Cr 7 # 71 -21 office 402, and punto bvc on Calle 72 primer piso, CRCC offices at Cr 7 # 71 - 21 office 1002 and deceval in the Santa Mónica Central building in Cali.

Right-of-use by term is as follows:

Right of use liability	31 December 2020	31 December 2019
< 1 month	\$ 71,479	136,094
1-3 months	142,107	272,137
3-12 months	408,619	1,148,548
<b>Subtotal current</b>	<b>622,205</b>	<b>1,556,779</b>
1-5 years	77,321	2,346,067
<b>Subtotal noncurrent</b>	<b>77,321</b>	<b>2,346,067</b>
<b>Total right-of-use liabilities</b>	<b>\$ 699,526</b>	<b>3,902,846</b>

In 2020 and 2019 all financial obligation covenants were met.

## Footnote 22 – Employee benefits

Employee benefits at 31 December 2020 and 2019:

	31 December 2020	31 December 2019
Consolidated vacations	\$ 2,474,040	3,841,635
Extra-legal benefits (1)	2,014,375	6,160,101
Consolidated severance funds	1,016,753	3,459,332
Severance fund interest	134,425	354,780
Unpaid salaries	12,365	194,146
Indemnity payments	–	250,000
<b>Total short-term</b>	<b>\$ 5,651,958</b>	<b>14,259,994</b>

The reduction in Employee benefits corresponds to sale of Sophos Solutions S.A.S.

(1) Corresponds to bvc and subsidiary performance-related bonuses, as follows:

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Concept		31 December 2020	31 December 2019
Cámara de Riesgo Central de Contraparte S.A.	\$	729,010	–
Bolsa de Valores de Colombia S.A. (1)		554,677	2,616,773
precia Proveedor de Precios Para Valoración S.A.		550,688	335,957
Depósito Centralizado de Valores S.A. (2)		180,000	2,588,124
Sophos Solutions S.A.		–	619,247
<b>Total</b>	<b>\$</b>	<b>2,014,375</b>	<b>6,160,101</b>

Labour obligations include consolidated social security payments that follow internal policy based on current labour laws.

- (1) Reduction at 31 December 2020 corresponds to variable remuneration payments defined by non-achieved results on the Balanced Scorecard.
- (2) In January 2020, \$2,889,363 in variable remuneration was paid corresponding to 2019. The balance on 31 December 2020 corresponds to a provision made for paying 2020's variable remuneration in 2021.

## Footnote 23 – Deposits

### Cash collateral

Cash collateral accepted by CRCC from liquidating members at 31 December 2020 is as follows:

		31 December 2020
Collateral UDA (1)	\$	164,432,945
Repo interest UDA (2)		1,444
USD Collateral (3)		6,865,000
<b>Total deposits</b>	<b>\$</b>	<b>171,299,389</b>

- (1) Collateral deposited in the Banco de la República UDA by CRCC members for CRCC transactions.

- (2) Interest earned when remunerating member collateral following an OMO on the Banco de la República remunerated deposit account.
- (3) USD collateral deposited by members for CRCC transactions.

## Footnote 24 – Trade and other accounts payable

Trade and other accounts payable at 31 December 2020 and 2019:

Concept		31 December 2020	31 December 2019
Costs and expenses payable (1)	\$	14,060,294	17,135,780
Other accounts payable (2)		1,586,926	3,666,693
Salary discounts and contributions (3)		232,231	1,544,916
Other		3,798	120,591
<b>Total</b>	<b>\$</b>	<b>15,883,249</b>	<b>22,467,980</b>

- (1) Costs and expenses payable:

Concept		31 December 2020	31 December 2019
Fees (1.1)	\$	5,371,500	1,982,352
Services (1.2)		3,991,951	7,128,463
Miscellaneous		2,622,584	2,548,650
Costs and expenses payable for service provision		1,892,876	3,174,921
Maintenance and repairs (1.3)		176,567	2,223,370
Insurance		3,541	49,689
Travel		1,275	28,335
<b>Total</b>	<b>\$</b>	<b>14,060,294</b>	<b>17,135,780</b>

- (1.1) Increase principally corresponds to: Sophos Solutions S.A.S. - \$2,682,864 in specialised project services, and OMX - \$446,735 for training on external indexes.
- (1.2) Variation corresponds to accounts payable to IBM capital de Colombia - \$2,600,023, and Digital

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

transformation - \$416,633 on 31 December 2019, that were paid in 2020.

- (1.3) Reduction in maintenance and repair principally corresponds to: Hewlett Packard \$734,819, Oracle \$289,764, Tibco \$311,987, Sophos \$344,690, and Informatica & Tecnologia \$69,259
- (2) Reduction principally corresponds to Tibco Software - \$1,067,355 and Mercado abierto - \$223,908, plus the Sophos Solutions S.A.S. sale - \$980,353.
- (3) Reduction principally corresponds to Sophos Solutions S.A.S. - \$1,282,713.

## Footnote 25 – Other non-financial liabilities

Other non-financial liabilities at 31 December 2020 and 2019:

Concept		31 December 2020	31 December 2019
Income tax	\$	2,649,856	1,894,728
VAT payable (1)		2,548,265	7,401,387
Commerce and industry tax		465,066	1,125,007
VAT retained		13,379	704,731
<b>Other</b>	<b>\$</b>	<b>5,676,566</b>	<b>11,125,853</b>

bvc Group classifies all of its tax obligations as other non-financial liabilities, except income tax.

- (1) Reduction principally due to sale of Sophos Solutions S.A.S.

## Footnote 26 – Prepaid income

Prepaid income is as follows:

		31 December 2020	31 December 2019
Starting balance	\$	1,985,849	980,946
Additions		22,807,746	22,745,036
Amortisation charge		(23,418,883)	(21,740,133)
Sophos Solutions sale reduction		(1,281,334)	–
<b>Total</b>	<b>\$</b>	<b>93,378</b>	<b>1,985,849</b>

Prepaid income at 31 December 2020 corresponds to invoices issued for securities registration and maintenance by deceval and bvc, and equity charges by precia. Income is amortised monthly until December. Reduction due to retirement of Sophos from bvc Group.

## Footnote 27 – Estimated liabilities and provisions

bvc Group estimated liabilities and provisions at 31 December 2020 and 2019:

	Future contingency payments	Provision for restructuring (1)	Dismantling services	Contingent tax liability	Contingent labour liability	Total
Balance 31 December 2019	\$ –	3,087,896	142,574	–	–	3,230,470
Increase in provisions	–	135,307	110,278	–	–	245,585
Recovery of provisions	–	(49,072)	–	–	–	(49,072)
Use of provisions (1)	–	(3,084,131)	–	–	–	(3,084,131)
<b>Balance 31 December 2020</b>	<b>\$ –</b>	<b>90,000</b>	<b>252,852</b>	<b>–</b>	<b>–</b>	<b>342,852</b>
Balance 31 December 2018	\$ 5,661,665	1,943,726	72,665	696,000	360,213	8,734,269
Increase in provisions	–	1,513,000	69,909	–	–	1,582,909
Recovery of provisions	(349,736)	–	–	–	–	(349,736)
Retirement and/or adjustment	–	–	–	(696,000)	(360,213)	(1,056,213)
Use of provisions	(5,311,929)	(368,830)	–	–	–	(5,680,759)
<b>Balance 31 December 2019</b>	<b>\$ –</b>	<b>3,087,896</b>	<b>142,574</b>	<b>–</b>	<b>–</b>	<b>3,230,470</b>

- (1) To 31 December 2020, \$348,824 had been used for redundancy payments, in accordance with the restructuring plan; the balance will be used in 2021.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 28 – Other liabilities

Other liabilities at 31 December 2020 and 2019:

Concept	31 December 2020	31 December 2019
Cooperation agreement (1)	\$ 2,832,415	1,191,634
Trade deposits received and accounts payable	122,084	163,363
<b>Total</b>	<b>\$ 2,954,499</b>	<b>1,354,997</b>

- (1) Corresponds to bvc - IDB cooperation agreement for the a2censo project, with the following conditions:
- (i) Signed 31 May 2018.
  - (ii) Disbursed money has no rate.
  - (iii) Resources will be returned 42 months after the contract date and are subject to results.

## Footnote 29 – Equity

bvc subscribed and paid-up capital is \$30,256,734, and authorised capital is \$35,000,000, represented by 70,000,000 ordinary shares worth \$500 each. At 31 December 2020 and 2019 there were 60,513,469 bvc Group shares in circulation

## Dividends paid

	31 December 2020	31 December 2019
Previous-year profits	\$ 50,586,007	39,142,489
Cash dividends paid during the year	Cash dividend of \$418 per share, paid on a total of 60,513,469 authorised, subscribed and paid-up shares.	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.
Shares in circulation	60,513,469	60,513,469
Liberation of or appropriation to reserves	25,291,377	5,860,082
Total dividend (1)	25,294,630	33,282,407
<b>Payment per share</b>	<b>\$ 418</b>	<b>550</b>

The dividends are in accordance with bvc's distribution project and differ from those presented in direct cash flow, in which paid values were recognised at 31 December 2020 and 2019 of \$24,383,488 and \$34,584,788 respectively.

## Reserves

Reserves are as follows:

Concept	31 December 2020	31 December 2019
Statutory reserve (a)	\$ 19,819,076	19,816,635
Voluntary reserve (b)	136,765,130	114,499,614
<b>Total</b>	<b>\$ 156,584,206</b>	<b>134,316,249</b>

### b) Legal reserve

(a) In accordance with current legislation, bvc Group and subsidiaries in Colombia must create a legal 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 \$2,441 in investment vehicles.

### (b) Voluntary reserve

At 31 December 2020, working capital reserves were \$136,765,130, including bvc reserves of \$132,863,611.

Reserves at 31 December 2020 and 2019, by company:

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Balance 31 December 2018	\$	105,030,156
Bolsa de Valores de Colombia S.A.		5,860,083
<b>deceval S.A.</b>		2,091,391
Sophos Solutions S.A.S.		1,083,740
precia S.A.		434,244
Balance 31 December 2019	\$	114,499,614
Bolsa de Valores de Colombia S.A.		25,291,377
Sophos Solutions S.A.S.		1,537,033
Sophos Solutions S.A.S. (1)		(5,198,895)
precia S.A.		614,032
<b>bvc plus</b>		7,323
<b>bvc pro</b>		7,323
Invesbolsa		7,323
Balance 31 December 2020	\$	136,765,130

(1) Reduction due to retirement of Sophos Solutions S.A.S. from bvc Group.

## Other comprehensive income and other equity

Other comprehensive income in 2020 and 2019:

Concept	Initial balance 2020	Increase	Reduction	Final balance 2020
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	–
<b>IFRS adoption variation bvc</b>	<b>(4,948,112)</b>	<b>–</b>	<b>–</b>	<b>(4,948,112)</b>
IFRS adoption variation Derivex	(6,000)	–	–	(6,000)
IFRS adoption variation CRCC	62,642	–	–	62,642
<b>IFRS adoption variation deceval</b>	<b>(3,521,094)</b>	<b>–</b>	<b>–</b>	<b>(3,521,094)</b>
Other equity	886,489	–	40,126	926,615
Sophos foreign business conversion difference	605,209	(605,209)	–	–
<b>Fair value deceval equity instruments</b>	<b>307,532</b>	<b>–</b>	<b>–</b>	<b>307,532</b>
<b>Fair value deceval debt instruments</b>	<b>139,620</b>	<b>–</b>	<b>–</b>	<b>139,620</b>
<b>Fair value adjustment deceval assets</b>	<b>534,406</b>	<b>–</b>	<b>–</b>	<b>534,406</b>
Recognition of CRCC other comprehensive income	444,647	(444,647)	–	–
Recognition of CCDC other comprehensive income	(414,829)	–	414,829	–
<b>deceval cash flow hedges</b>	<b>(20,621)</b>	<b>–</b>	<b>20,621</b>	<b>–</b>
<b>bvc cash flow hedges</b>	<b>(22,231)</b>	<b>–</b>	<b>22,231</b>	<b>–</b>
Other comprehensive income	1,573,733	(1,049,856)	457,681	981,558
Non-controlled other comprehensive income	–	–	–	–
Sophos foreign business conversion difference	–	(534,329)	–	–
Total other comprehensive income	–	(1,584,185)	457,681	–
Excess paid by <b>bvc</b> for share purchases	(16,949,837)	–	–	(16,949,837)
Excess paid by Invesbolsa for share purchases	(132,072)	–	–	(132,072)
Variation CRCC business combination	–	(1,443,114)	4,524,000	3,080,886
Other equity interests	2,376,799	(2,377,265)	–	(466)
Other net equity	(14,705,110)	(3,820,379)	4,524,000	(14,001,489)
<b>Total other equity</b>	<b>(13,131,377)</b>	<b>(4,870,235)</b>	<b>4,981,681</b>	<b>(13,019,931)</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

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)
<b>IFRS adoption variation bvc</b>	<b>(7,472,892)</b>	<b>2,524,780</b>	<b>–</b>	<b>(4,948,112)</b>
IFRS adoption variation Derivex	(6,000)	–	–	(6,000)
IFRS adoption variation CRCC	62,642	–	–	62,642
<b>IFRS adoption variation deceval</b>	<b>(3,521,094)</b>	<b>–</b>	<b>–</b>	<b>(3,521,094)</b>
Total	\$ (1,638,291)	2,524,780	–	886,489
Other comprehensive income				
Sophos foreign business conversion difference	\$ 552,433	52,776	–	605,209
<b>Fair value deceval equity instruments</b>	<b>307,532</b>	<b>–</b>	<b>–</b>	<b>307,532</b>
<b>Fair value deceval debt instruments</b>	<b>139,620</b>	<b>–</b>	<b>–</b>	<b>139,620</b>
<b>Fair value adjustment deceval assets</b>	<b>534,406</b>	<b>–</b>	<b>–</b>	<b>534,406</b>
Recognition of CRCC other comprehensive income	444,647	–	–	444,647
Recognition of CCDC other comprehensive income	(414,829)	–	–	(414,829)
<b>deceval cash flow hedges</b>	<b>–</b>	<b>–</b>	<b>(20,620)</b>	<b>(20,620)</b>
<b>bvc cash flow hedges</b>	<b>–</b>	<b>–</b>	<b>(22,232)</b>	<b>(22,232)</b>
Other comprehensive income	\$ 1,563,809	52,776	(42,852)	1,573,733
Non-controlled other comprehensive income				
Sophos foreign business conversion difference	–	44,344	–	–
Total other comprehensive income	\$ –	97,120	(42,852)	–
Excess paid by bvc for share purchases				
Excess paid by Invesbolsa for share purchases	\$ (16,949,837)	–	–	(16,949,837)
Other equity interests	(132,072)	–	–	(132,072)
Other equity interests	2,376,799	–	–	2,376,799
Other 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)

## Footnote 30 – Ordinary income

Other ordinary income:

	31 December	
	2020	2019
Fixed-income	\$ 9,492,388	9,828,850
Equities	12,101,748	15,530,636
Derivatives and securities lending	2,317,377	3,036,297
<b>Capital market</b>	<b>23,911,513</b>	<b>28,395,783</b>
Issuer deposits and promissory notes	37,587,164	40,279,309
Securities registration and maintenance	17,520,829	15,924,908
Special operations	2,062,700	5,162,097
<b>Issuers</b>	<b>57,170,693</b>	<b>61,366,314</b>
Information publications and subscriptions	12,389,154	10,741,492
Terminals	1,130,577	891,057
EAS connection	1,671,195	1,539,631
Master Trader	5,689,357	5,455,922
Education	606,156	657,144
precia	10,732,478	8,345,000
<b>Knowledge and information</b>	<b>32,218,917</b>	<b>27,630,246</b>
<b>deceval post-trade</b>	<b>44,491,234</b>	<b>45,162,182</b>
CRCC clearing and settlement (1)	19,760,130	–
Other ordinary income	2,589,568	2,280,865
<b>Ordinary Income</b>	<b>\$ 180,142,055</b>	<b>164,835,390</b>

(1) Variation corresponds to CRCC income after the business combination in February 2020.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 31 – Net investment income

Investment income::

Concept	31 December	
	2020	2019
Investment value increase <sup>(1)</sup>	\$ 3,011,278	1,040,435
Financial income <sup>(2)</sup>	2,601,426	1,856,267
Dividends and equity	14,264	11,356
Profit (loss) from sale of investments	(1,110)	1,521
<b>Total</b>	<b>\$ 5,625,858</b>	<b>2,909,579</b>

(1) Investment value increase at 31 December 2020 and 2019

Class of security	31 December	
	2020	2019
CDP treasury securities	\$ 2,668,068	5,401
Currency forwards	343,210	278,450
Term deposits	–	756,584
<b>Total</b>	<b>\$ 3,011,278</b>	<b>1,040,435</b>

(2) Financial income at 31 December 2020 and 2019:

Concept	31 December	
	2020	2019
Financial returns	\$ 1,881,097	1,290,324
Other interest	720,329	565,943
<b>Total</b>	<b>\$ 2,601,426</b>	<b>1,856,267</b>

## Footnote 32 – Earnings and other income

Earnings and other income:

Concept	31 December	
	2020	2019
Exchange rate differences <sup>(1)</sup>	\$ 3,785,893	2,175,009
Recovered provisions accounts receivable	170,398	23,059
Government subsidies	74,292	48,594
Other income	11,101	1,001
Profit from sale of assets	174	10,098
<b>Total</b>	<b>\$ 4,041,858</b>	<b>2,257,761</b>

(1) Variation due to fluctuation in exchange rate used to measure foreign currency assets and liabilities. In 2020, we recognised accounts receivable in dollars from Bloomberg Finance L.P., Blackrock Institutional Trust, J.P. Morgan Chase & CO, and others.

## Footnote 33 – Employee benefits

Employee benefits:

Concept	31 December 2020	
	2020	2019
Salaries <sup>(1)</sup>	\$ 18,497,812	15,378,695
Wages <sup>(1)</sup>	16,973,004	14,468,435
Pension contributions	3,809,176	3,054,216
Other employee benefits	2,562,968	1,786,357
Parafiscal taxes	2,031,190	1,751,675
Bonuses <sup>(2)</sup>	1,646,202	2,574,211
Holiday pay	1,586,844	1,357,661
Severance	1,498,123	1,277,143
Statutory premium	1,488,565	1,263,382

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Health contributions	1,314,571	1,024,096
Training	880,664	706,194
Indemnity	749,014	1,693,466
Extra-legal premium <sup>(1)</sup>	309,109	2,744,547
Insurance	182,018	110,574
Severance interest	172,956	139,235
Sport and recreation	162,896	279,709
Overtime	120,662	115,529
Illness	92,340	63,531
Other contributions and assistance	70,277	75,031
Transport	10,402	7,271
Uniforms and delivery of investments	4,281	8,410
Nutritional subsidy	2,304	2,198
<b>Total</b>	<b>\$ 54,165,378</b>	<b>49,881,566</b>

- (1) Variation corresponds to bvc Group statutory and extra-legal salary adjustments.
- (2) Variable remuneration expenses fell by \$2,435,438 in 2020 compared to 2019, due to non-achieved Balanced Scorecard results.

## Footnote 34 – Depreciation and amortisation expenses

Depreciation and amortisation expenses:

Concept	31 December	
	2020	2019
Depreciation <sup>(1)</sup>	\$ 6,646,135	6,636,360
Amortisation <sup>(1)</sup>	7,997,893	8,432,659
<b>Total</b>	<b>\$ 14,644,028</b>	<b>15,069,019</b>

- (1) Reduction corresponds to sale of Sophos Solutions.

## Footnote 35– Other ordinary expenses

Other ordinary expenses:

	31 December	
	2020	2019
Service and maintenance <sup>(1)</sup>	\$ 25,579,480	13,548,513
Fees	21,105,633	22,689,525
Various <sup>(2)</sup>	15,722,777	6,241,793
Tax	3,667,420	3,444,612
Leases	2,298,318	2,002,207
Contributions and memberships	1,935,743	1,483,564
Marketing and publicity	1,472,238	1,572,890
Insurance	1,468,345	1,208,618
Debt impairment <sup>(3)</sup>	392,295	408,417
Stationary, supplies and photocopies	358,091	274,753
Liquidity provider <sup>(4)</sup>	349,833	–
Travel <sup>(5)</sup>	203,478	1,441,092
Meetings and symposia	128,870	141,117
Administration and mediation services	127,899	83,444
Public relations	92,097	196,549
Legal expenses	32,809	43,759
Installation and adaptation	23,841	145,226
Asset impairment	–	27,707
<b>Total</b>	<b>\$ 74,959,167</b>	<b>54,953,786</b>

- (1) Principal variation corresponds to \$8,475,880 in CRCC service and maintenance recognised after the business combination.
- (2) After analysing amarú project costs, management decided to write off 11,199,083 of the intangible asset (see Footnote 19).

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

- (3) Debt impairment disclosed on 31 December 2019 differs from the 2019 financial statements because of a reclassification of Sophos expenses as a discontinued operation, with a view to making this footnote comparable.
- (4) Expense corresponds to CRCC business combination and subsequent merger with CCDC.
- (5) Reduction corresponds to travel being suspended from March due to the COVID-19 global pandemic.

## Footnote 36 – Financing costs

Detail of financing costs in 2020 and 2019:

Concept	31 December 2020	
	2020	2019
Bank and other financial credit	\$ 1,470,037	1,182,738
Exchange rate differences	3,383,499	2,546,047
Bank charges	511,106	312,131
Property and right-of-use interest	131,511	128,933
<b>Total</b>	<b>\$ 5,496,153</b>	<b>4,169,849</b>

## Footnote 37 – Profit from discontinued operations

As mentioned in Footnote 38, the Group has discontinued the Sophos segment. The period's income statements, comprehensive income and cash flow have been modified to present the discontinued operations separately from continuing operations, in accordance with IFRS 5, as shown below. Management planned and executed the sale in the same year, in accordance with its strategic plan.

Concept	31 December 2020	31 December 2019
Operating income	\$ 142,991,904	117,009,727
Costs	(91,277,378)	(74,621,484)
Administrative and sales expenses	(22,047,950)	(19,082,999)
Tax on discontinued operations	(9,678,920)	(8,629,544)
Discontinued minority operation	(9,261,421)	(6,510,728)
Reversal of intangible amortisation	(490,190)	(1,099,161)
<b>Profit and loss</b>	<b>10,236,045</b>	<b>7,065,811</b>
Income from discontinued operations <sup>(1)</sup>	86,883,018	–
Income tax	(10,316,906)	–
<b>Profit and loss discontinued operations</b>	<b>86,802,157</b>	<b>7,065,811</b>
<b>Other comprehensive income</b>		
Conversion difference	(1,139,538)	97,120
<b>Total comprehensive pre-tax income from discontinued operations</b>	<b>\$ 85,662,619</b>	<b>7,162,931</b>
Net operating cash flow	\$ 17,697,718	11,784,658
Net investment cash flow	(1,263,377)	(2,732,865)
Net financing cash flow	(12,109,882)	(7,671,638)
<b>Net cash flow from discontinued operations</b>	<b>4,324,459</b>	<b>1,380,155</b>
Exchange rate differences on cash and cash equivalents	(264,249)	57,497
Cash and cash equivalents at the start of the period	5,284,564	5,002,583
<b>Net discontinued operation cash flow</b>	<b>\$ 9,344,774</b>	<b>6,440,235</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

(1) Profit from the sale of discontinued operations is as follows:

Concept	Value
<b>Final adjusted sale price</b>	<b>\$ 125,632,490</b>
(-) Expenses corresponding to % acquired	(3,051,454)
<b>Net sale price</b>	<b>122,581,036</b>
Final deferred deposit payment	(10,930,027)
<b>Value paid on 31 December 2020</b>	<b>111,651,009</b>
<b>Assets</b>	
Accounts receivable	\$ 39,199,993
Property, plant and equipment	8,619,142
Intangible assets	2,121,393
Capital gains	21,613,197
Other assets	289,325
<b>Total assets</b>	<b>71,843,050</b>
<b>Liabilities</b>	
Operational lease liabilities	(1,427,501)
Financial liabilities	(2,118,985)
Accounts payable	(12,410,228)
Employee benefits	(10,477,619)
Other liabilities	(1,070,301)
<b>Total liabilities</b>	<b>(27,504,634)</b>
Non-controlled interest	(17,985,172)
Cash and cash equivalents	9,344,774
<b>Book value of net assets sold</b>	<b>\$ 35,698,018</b>
<b>Pre-tax profit on sale</b>	<b>86,883,018</b>

## Footnote 38 – Financial information by segment

Operating segments are bvc Group components participating in commercial activities that generate income and expenses for which financial information is available and regularly revised by the bvc Group Board of Directors.

Each segment's income generating products and services are described in Footnote 7.4.22.1.

At 31 December 2020, bvc Group had five operational segments: bvc, **deceval**, **precia**, other investment vehicles and CRCC (acquired February 2020).

At 31 December 2019, bvc Group entities were: bvc, **deceval**, **precia**, other investment vehicles and Sophos (sold on 30 November 2020 as part of the vertical integration strategy for capital market infrastructure).

Other investment vehicles creates and participates 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 bvc Group management uses to identify reportable operating segments

The operating segments above are based bvc Group organisational strategy with regard to 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.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Assets and liabilities at 31 December 2020:

	bvc	deceval	precia	CRCC	Other*	Eliminations	Consolidated 2020
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	\$ 120,252,561	8,838,346	3,337,584	13,107,948	1,451,769	(2)	146,988,206
Restricted cash	–	–	–	171,301,874	–	–	171,301,874
Financial asset investments	2,807,468	10,205,376	–	30,505,200	–	–	43,518,044
Trade and other accounts receivable	5,973,531	9,493,178	1,212,554	1,173,154	–	257,716	18,110,133
Counterparty transactions	–	–	–	65,655,527,491	–	–	65,655,527,491
Other assets	7,741,746	935,155	134,030	1,184,999	–	(2,384,499)	7,611,431
<b>Noncurrent</b>							
Financial asset investments	2,455,487	–	–	–	–	–	2,455,487
Investments in associates, joint ventures and subsidiaries	472,520,023	13,633,630	–	–	20,527,133	(498,885,541)	7,795,245
Capital gains	–	–	–	12,186,028	–	107,465,688	119,651,716
Intangible assets other than capital gains	35,017,772	13,063,220	665,691	44,812,529	–	279,292,213	372,851,425
Property, plant and equipment	19,561,273	25,170,587	440,862	1,645,804	–	(1,449,490)	45,369,036
Other assets	8,960,004	5,156,274	–	(658,144)	–	1,706,333	15,164,467
<b>Total assets</b>	<b>\$ 675,289,865</b>	<b>86,495,766</b>	<b>5,790,721</b>	<b>65,930,786,883</b>	<b>21,978,902</b>	<b>(113,997,582)</b>	<b>66,606,344,555</b>
<b>Liabilities</b>							
<b>Current</b>							
Financial liabilities	\$ 6,745,054	1,774,981	156,914	147,187	–	(355,267)	8,468,869
Employee benefits	1,652,190	2,304,521	550,688	1,144,559	–	–	5,651,958
Trade and other accounts payable	8,566,142	5,458,162	210,342	1,739,866	24,985	(116,248)	15,883,249
Deposits	–	–	–	171,299,389	–	–	171,299,389
Counterparty transactions	–	–	–	65,655,527,491	–	–	65,655,527,491
Other liabilities	6,310,280	3,566,887	907,793	1,000,548	(3,825)	(469,596)	11,312,088
<b>Noncurrent</b>							
Financial liabilities	13,284,875	–	77,322	0	–	(1)	13,362,196
Other liabilities	5,335,891	5,475,241	146,619	2,971,379	–	27,819,084	41,748,213
<b>Total liabilities</b>	<b>\$ 41,894,432</b>	<b>18,579,792</b>	<b>2,049,678</b>	<b>65,833,830,419</b>	<b>21,160</b>	<b>26,877,971</b>	<b>65,923,253,453</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Assets and liabilities at 31 December 2019:

	bvc	deceval	Sophos - discontinued operations	precia	Other*	Eliminations	Consolidated 2019
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	\$ 11,888,133	15,001,093	5,284,564	983,324	1,388,065	–	34,545,179
Restricted cash	–	–	–	–	–	–	–
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 assets	7,766,486	81,682	2,564,051	120,865	–	(2,064,815)	8,468,269
<b>Noncurrent</b>							
Financial asset investments	2,625,868	–	–	–	–	–	2,625,868
Investments in associates, joint ventures and subsidiaries	30,254,581	8,656,837	–	–	1,341	6,441,844	45,354,603
Capital gains	88,871,890	21,613,198	–	–	–	110,485,088	110,485,088
Intangible assets other than 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 assets	446,803,985	5,781,005	555,172	–	20,778,262	(464,408,602)	9,509,822
<b>Total assets</b>	<b>\$ 555,998,072</b>	<b>111,371,701</b>	<b>49,263,431</b>	<b>3,550,601</b>	<b>21,167,668</b>	<b>(117,277,877)</b>	<b>632,243,498</b>
<b>Liabilities</b>							
<b>Current</b>							
Financial liabilities	\$ 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	7,891,158	10,233,959	4,891,470	435,882	–	36,839,914	60,292,383
<b>Noncurrent</b>							
Financial liabilities	10,362,464	310,907	3,843,012	233,247	–	(382,466)	14,367,164
Other liabilities	6,699,635	7,338,665	915,117	161,155	32,003	(15,114,564)	32,011
<b>Total liabilities</b>	<b>\$ 45,884,208</b>	<b>30,521,818</b>	<b>25,444,620</b>	<b>1,637,318</b>	<b>32,007</b>	<b>13,791,613</b>	<b>124,481,479</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Income and expenses at 31 December 2020:

	bvc	deceval	Sophos	precia	CRCC	Other*	Eliminations and/or adjustments	Consolidated
								<b>31 December 2020</b>
<b>Continuing operations</b>								
<b>Ordinary income</b>								
Fixed-income	\$ 9,752,844	–	–	–	–	–	–	9,752,844
Equities	12,433,781	–	–	–	–	–	–	12,433,781
Derivatives and securities lending	2,380,650	–	–	–	–	–	–	2,380,650
<b>Capital market</b>	<b>24,567,275</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24,567,275</b>
Issuer deposits and promissory notes	–	35,893,573	–	–	–	–	1,693,593	37,587,166
Securities registration and maintenance	15,824,477	1,732,948	–	–	255,000	–	(26,930)	17,785,495
Special operations	2,062,700	–	–	–	–	–	–	2,062,700
<b>Issuers</b>	<b>17,887,177</b>	<b>37,626,521</b>	<b>–</b>	<b>–</b>	<b>255,000</b>	<b>–</b>	<b>1,666,663</b>	<b>57,435,361</b>
Information publications and subscriptions	11,549,942	–	–	–	–	–	–	11,549,942
Terminals	1,054,109	–	–	–	–	–	–	1,054,109
EAS connection	1,558,101	–	–	–	–	–	–	1,558,101
Master Trader	5,304,278	–	–	–	–	–	–	5,304,278
Education	606,153	–	–	–	–	–	–	606,153
Pricing information	–	–	–	10,842,616	–	–	(110,137)	10,732,479
<b>Knowledge and information</b>	<b>20,072,583</b>	<b>–</b>	<b>–</b>	<b>10,842,616</b>	<b>–</b>	<b>–</b>	<b>(110,137)</b>	<b>30,805,062</b>
Post-trade	–	49,604,936	–	–	–	–	(1,816,188)	47,788,748
Technology and innovation	–	–	–	–	–	–	–	–
Clearing and settlement	–	–	–	–	16,462,618	–	–	16,462,618
Other ordinary income	974,451	227,702	–	–	2,284,573	–	(897,158)	2,589,568
<b>Total ordinary income</b>	<b>63,501,486</b>	<b>87,459,159</b>	<b>–</b>	<b>10,842,616</b>	<b>19,002,191</b>	<b>–</b>	<b>(663,397)</b>	<b>180,142,055</b>
Investment income	723,116	1,018,174	–	59,651	2,374,135	1,495,177	(36,513)	5,633,740
Other earnings or income	30,149,102	2,255,578	–	124,607	243,836	–	(28,731,265)	4,041,858
<b>Total income</b>	<b>94,373,704</b>	<b>90,732,911</b>	<b>–</b>	<b>11,026,874</b>	<b>21,620,162</b>	<b>1,495,177</b>	<b>(29,431,175)</b>	<b>189,817,653</b>

# Footnotes to the Consolidated Financial Statements

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	bvc	deceval	Sophos	precia	CRCC	Other*	Eliminations and/or adjustments	Consolidated
<b>Costs and expenses</b>								
Costs	–	–	–	–	–	–	–	–
Employee benefits	(15,752,192)	(28,643,391)	–	(3,996,001)	(5,768,224)	–	(5,570)	(54,165,378)
Depreciation and amortisation	(7,913,829)	(2,659,597)	–	(395,576)	(3,910,439)	–	235,413	(14,644,028)
Other ordinary expenses	(29,264,928)	(34,876,460)	–	(3,616,032)	(6,629,580)	(39,468)	(532,699)	(74,959,167)
Non-ordinary expenses	(1,164,849)	(251,497)	–	(7,423)	–	–	782,583	(641,186)
<b>Total costs and expenses</b>	<b>(54,095,798)</b>	<b>(66,430,945)</b>	<b>–</b>	<b>(8,015,032)</b>	<b>(16,308,243)</b>	<b>(39,468)</b>	<b>479,727</b>	<b>(144,409,759)</b>
<b>Operating profit</b>	<b>40,277,906</b>	<b>24,301,966</b>	<b>–</b>	<b>3,011,842</b>	<b>5,311,919</b>	<b>1,455,709</b>	<b>(28,951,448)</b>	<b>45,407,894</b>
<b>Operating profit</b>								
Associate and joint venture equity method profit	7,019,282	545,665	–	–	–	–	(319,152)	7,245,795
Income from increase in fair value of investments	29,789,613	–	–	–	–	–	1,989,982	31,779,595
Financial costs	(3,442,496)	(2,018,434)	–	(90,727)	(692,850)	(37)	740,509	(5,504,035)
<b>Pre-tax profit</b>	<b>73,644,305</b>	<b>22,829,197</b>	<b>–</b>	<b>2,921,115</b>	<b>4,619,069</b>	<b>1,455,672</b>	<b>(26,540,109)</b>	<b>78,929,249</b>
Income tax	(13,130,836)	(6,837,806)	–	(1,093,356)	(1,605,329)	(29,670)	10,316,907	(12,380,090)
<b>Net annual profit continuing operations</b>	<b>60,513,469</b>	<b>15,991,391</b>	<b>–</b>	<b>1,827,759</b>	<b>3,013,740</b>	<b>1,426,002</b>	<b>(16,223,202)</b>	<b>66,549,159</b>
Profit from discontinued operations			86,802,161					86,802,161
<b>Profit</b>	<b>60,513,469</b>	<b>15,991,391</b>	<b>86,802,161</b>	<b>1,827,759</b>	<b>3,013,740</b>	<b>1,426,002</b>	<b>(16,223,202)</b>	<b>153,351,320</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Income and expenses at 31 December 2019

	bvc	deceval	Sophos	precia	Other*	Eliminations and/or adjustments	Consolidated 31 December 2019
<b>Continuing operations</b>							
<b>Ordinary income</b>							
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	–	–	–	–	–	–	–
<b>Capital market</b>	<b>28,395,784</b>	–	–	–	–	–	<b>28,395,784</b>
Issuer deposits and promissory notes	–	40,279,309	–	–	–	–	40,279,309
Securities registration and maintenance	15,860,130	–	–	73,247	–	(8,469)	15,924,908
Special operations	5,162,097	–	–	–	–	–	5,162,097
<b>Issuers</b>	<b>21,022,227</b>	<b>40,279,309</b>	–	<b>73,247</b>	–	<b>(8,469)</b>	<b>61,366,314</b>
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	–	(274,753)	8,345,000
<b>Knowledge and information</b>	<b>19,539,982</b>	–	–	<b>8,619,753</b>	–	<b>(529,489)</b>	<b>27,630,246</b>
Post-trade	–	46,590,876	–	–	–	(1,428,694)	45,162,182
Other ordinary income	1,343,187	1,009,539	–	–	–	(71,861)	2,280,865
<b>Total ordinary income</b>	<b>70,301,180</b>	<b>87,879,724</b>	–	<b>8,693,000</b>	–	<b>(2,038,513)</b>	<b>164,835,391</b>
Investment income	1,359,177	1,525,435	–	98,110	1,426,009	(1,498,135)	2,910,596
Other earnings or income	913,796	1,573,221	–	37,891	–	(267,147)	2,257,761
<b>Total income</b>	<b>72,574,153</b>	<b>90,978,380</b>	–	<b>8,829,001</b>	<b>1,426,009</b>	<b>(3,803,795)</b>	<b>170,003,748</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

	bvc	deceval	Sophos	precia	Other*	Eliminations and/or adjustments	Consolidated 31 December 2019
<b>Costs and expenses</b>							
Employee benefits	(23,699,570)	(22,781,599)	–	(3,410,808)	–	10,411	(49,881,566)
Depreciation and amortisation	(7,003,693)	(2,795,484)	–	(339,189)	–	(2,093,854)	(12,232,220)
Other ordinary expenses	(29,628,639)	(22,251,009)	–	(3,707,739)	(52,616)	686,217	(54,953,786)
Non-ordinary expenses	(174,560)	(3,814)	–	–	–	–	(178,374)
<b>Total costs and expenses</b>	<b>(60,506,462)</b>	<b>(47,831,906)</b>	<b>–</b>	<b>(7,457,736)</b>	<b>(52,616)</b>	<b>(1,397,226)</b>	<b>(117,245,946)</b>
<b>Operating profit</b>	<b>12,067,691</b>	<b>43,146,474</b>	<b>–</b>	<b>1,371,265</b>	<b>1,373,393</b>	<b>(5,201,021)</b>	<b>52,757,802</b>
<b>Operating profit</b>							
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, <b>bvc</b> Group-controlled organisations, and associates	265,081	–	–	–	–	–	265,081
Financial costs	(2,179,916)	(1,955,242)	–	(98,464)	(69)	62,824	(4,170,867)
<b>Pre-tax profit</b>	<b>17,902,957</b>	<b>42,008,444</b>	<b>–</b>	<b>1,272,801</b>	<b>1,373,324</b>	<b>(5,242,864)</b>	<b>57,314,662</b>
Income tax	(143,516)	(13,184,122)	–	(658,820)	(8,542)	1,062,532	(12,932,468)
<b>Net annual profit continuing operations</b>	<b>17,759,441</b>	<b>28,824,322</b>	<b>–</b>	<b>613,981</b>	<b>1,364,782</b>	<b>(4,180,332)</b>	<b>44,382,194</b>
<b>Discontinued operations</b>							
Profit from discontinued operations	–	–	7,065,811	–	–	–	7,065,811
<b>Profit</b>	<b>17,759,441</b>	<b>28,824,322</b>	<b>7,065,811</b>	<b>613,981</b>	<b>1,364,782</b>	<b>(4,180,332)</b>	<b>51,448,005</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 39 – Income tax GRI 103-1, 103-2, 103-3, 207-3, 207-4

### Income tax components

In accordance with current tax law, bvc Group pays income and supplemental tax. In 2019 and 2020 the applicable rate was 33% and 32%, respectively. Tax on unexpected earnings is 10%.

The income tax calculation base may not be lower than 1.5% (2019) and 0.5% (2020) 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 Law 1314/2009, article 4.

In addition:

- (i) Income tax declarations from 2018 and 2019 are open to revision by the tax authorities. No extra tax is foreseen should an inspection occur.
- (ii) The following table details tax losses<sup>(1)</sup> to 31 December 2020:

Year of origin	Income tax loss	Loss readjustments	Limit on tax losses in merger by absorption processes	Tax losses to be offset (with no limit in years to be offset)	Tax losses to be offset in the next 12 years
2010	1,187,973	873,510	715,114	715,114	–
2011	1,237,502	909,928	744,928	744,928	–
2018	1,529,633	–	–	–	1,529,633
<b>Total</b>	<b>3,955,108</b>	<b>1,783,438</b>	<b>1,460,042</b>	<b>1,460,042</b>	<b>1,529,633</b>

Accumulated tax losses to 2016 can be offset against ordinary future liquid income at any time and without any percentage limit. Tax losses from 2017, 2018 and 2019 may be used to offset liquid income for the following 12 years.

[1] The formula specified in item 5, article 290, Law 1819, 29 December 2016, must be applied to offsettable losses at 31 December 2016.

- (iii) The following table details excess presumptive income<sup>(2)</sup> to 31 December 2020:

Year of origin	Excess presumptive income	Minimum base excess	Readjusted excess income	Limit on tax losses in merger by absorption processes	Excess presumptive income and minimum base subject to offset from 2017
2018	3,589,416	–	–	1,213,671	3,320,590
<b>Total</b>	<b>3,589,416</b>	<b>–</b>	<b>–</b>	<b>1,213,671</b>	<b>3,320,590</b>

Excess presumptive income may be offset against ordinary income for up to 5 years from its occurrence.

- (iv) Tax returns filed from 2016 onwards become final after 3 years, but some companies may be subject to the following terms:

Filing year	Finalisation term
2015	Returns that liquidate and/or offset losses become final after 5 years.
2016 to 2018	Returns showing tax losses become final after 12 years; if they offset tax losses the term is 6 years.
From 2019	Returns that show or offset tax losses become final after 5 years.

- (v) In tax year 2020, the company made use of the tax benefit contained in Tax Code article 256, that refers to investment in innovation or technological research and development.

Articles 256 and 258 of the Tax Code state that companies investing in innovation or research and development certified as such by the National Council for Fiscal Benefits in Science and Technology Innovation, can apply a tax discount equivalent to 25% of the invested amount in the tax year that the investment was made and for the subsequent 4 tax years.

Tax discounts expiring on:	2020	2019
31 December 2021	–	182,398
31 December 2022	1,729,466	3,562,371
32 December 2023	1,406,248	2,688,768
31 December 2024	1,820,896	–
	<b>4,956,610</b>	<b>6,433,537</b>

[2] The formula specified in item 5, article 290, Law 1819, 29 December 2016, must be applied to excess presumptive income at 31 December 2016.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Reconciliation of 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 2020 and 2019 at current rates, and the tax expenses recorded for the respective year.

	2020		2019	
	Values	Rates	Values	Rates
Profit from continuing operations	\$ 66,549,159		44,382,194	
Total income tax expenses	12,380,090	15.69%	12,932,468	22.56%
<b>Pre-tax profit</b>	<b>78,929,249</b>	<b>100.00%</b>	<b>57,314,662</b>	<b>100.00%</b>
Income tax at the company's domestic rate	25,257,360	32.00%	18,913,838	33.00%
Equity income	(2,318,654)	(2.94%)	(2,792,674)	(4.87%)
Non-taxable fair value income from permanent investments	(9,307,285)	(11.79%)	–	0.00%
Non-deductible expenses	1,800,282	2.28%	1,880,225	3.28%
Interest and other non-taxable income	(781,130)	(0.99%)	(481,863)	(0.84%)
Other concepts	805,358	1.02%	208,089	0.36%
Tax discount	(3,472,051)	(4.40%)	(3,537,087)	(6.17%)
Previous period current tax adjustment	268,582	0.34%	(15,019)	(0.03%)
Effect of rate variation on deferred tax	131,996	0.17%	(1,243,041)	(2.17%)
Changes to previous year estimate of deferred tax	(4,368)	(0.01%)	–	0.00%
<b>Total continuing operation income tax expenses</b>	<b>\$ 12,380,090</b>	<b>15.69%</b>	<b>12,932,468</b>	<b>22.56%</b>

Recognised income and complementary tax in the period is as follows:

	2020	2019
<b>Income tax expenses</b>		
Current period	11,915,189	13,037,604
Previous period adjustment	268,582	(13,229)
<b>Subtotal current tax</b>	<b>12,183,771</b>	<b>13,024,375</b>
<b>Deferred tax expenses</b>		
Origination and reversal of timing differences	(143,548)	553,794
Changes to non-recognised deductible timing differences	339,867	(645,701)
<b>Subtotal deferred tax</b>	<b>196,319</b>	<b>(91,907)</b>
<b>Total income tax expenses</b>	<b>12,380,090</b>	<b>12,932,468</b>

The company incurred no taxes that are 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 2020 and 2019, based on applicable tax rates in the years the timing differences will be reversed, as detailed below:

# Footnotes to the Consolidated Financial Statements

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	Balance 31 December 2018	Effect on income	Other effects	Balance 31 December 2019	Effect on income	Other effects (*)	Clearing house deferred tax PPA	Balance 31 December 2020
<b>Deferred tax asset</b>								
Intangibles	–	10,237	–	10,237	16,103	36,184	–	62,524
Other assets	1,265,310	103,727	69,258	1,438,295	(84,266)	(837,205)	–	516,824
Provisions	209,032	94,408	138,088	441,528	(120,443)	(279,568)	–	41,517
Property, plant and equipment	2,138,083	(306,328)	(302,046)	1,529,709	(90,210)	(1,039,968)	–	399,531
Accounts payable (Business combination)	445,722	–	–	445,722	–	(445,722)	–	–
Leases	–	7,755	–	7,755	(7,755)	–	–	–
Investments	470	(470)	–	–	–	–	–	–
Provisions for indemnity payments	641,483	190,517	–	832,000	(832,000)	–	–	–
Exchange rate differences	39,783	127,360	–	167,143	(130,409)	5,022	–	41,756
Excess presumptive income	675,831	(43,755)	–	632,076	(80,648)	444,749	–	996,177
Tax losses	359,653	99,237	–	458,890	(97,018)	535,031	–	896,903
Unused tax discounts	–	3,116,151	–	3,116,151	(1,690,234)	3,530,693	–	4,956,610
Implementation IFRS 16	–	11,703	–	11,703	8,516	5,599	–	25,818
Tax credits	–	9,437	–	9,437	(9,437)	–	–	–
<b>Subtotal</b>	<b>5,775,367</b>	<b>3,419,979</b>	<b>(94,700)</b>	<b>9,100,646</b>	<b>(3,117,801)</b>	<b>1,954,815</b>	<b>–</b>	<b>7,937,660</b>
<b>Deferred tax liability</b>								
Investments	(420,165)	217,853	–	(202,312)	(458,370)	(9,819)	–	(670,501)
Provisions	(106,577)	(14,057)	(217,810)	(338,444)	11,483	324,335	–	(2,626)
Intangibles	(1,587,107)	(1,737,425)	–	(3,324,532)	(218,368)	–	–	(3,542,900)
Intangibles (business combination)	(25,641,268)	775,501	463,846	(24,401,921)	–	231,925	(3,810,000)	(27,979,996)
Property, plant and equipment	(8,874,444)	169,128	57,515	(8,647,801)	21,181	1,594,325	–	(7,032,295)
Investment projects	(2,053,166)	(1,933,814)	–	(3,986,980)	3,601,627	(4,145,509)	–	(4,530,862)
Exchange rate differences	(211,769)	189,936	–	(21,833)	(36,071)	(1,438)	–	(59,342)
Commercial credit	(2,845,713)	(995,194)	–	(3,840,907)	–	3,840,907	–	–
Intellectual property rights	–	–	–	–	–	(2,570,000)	–	(2,570,000)
<b>Subtotal</b>	<b>(41,740,209)</b>	<b>(3,328,072)</b>	<b>303,551</b>	<b>(44,764,730)</b>	<b>2,921,482</b>	<b>(735,274)</b>	<b>(3,810,000)</b>	<b>(46,388,522)</b>
<b>Net total</b>	<b>(35,964,842)</b>	<b>91,907</b>	<b>208,851</b>	<b>(35,664,084)</b>	<b>(196,319)</b>	<b>1,219,541</b>	<b>(3,810,000)</b>	<b>(38,450,862)</b>

(\*) Other deferred tax effects in 2020 were generated by incorporating into the financial statements Cámara de Riesgo Central de Contraparte deferred tax and removing deferred tax associated with discontinued Sophos operations.

# Footnotes to the Consolidated Financial Statements

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## Current tax

Current tax assets and liabilities:

	2020	2019
<b>Current tax assets</b>		
Anticipated withholding	1,628,340	4,127,081
Self-withholding	9,370,524	8,675,940
Anticipated income and complementary	3,823,349	5,229,016
Tax credits	7,308,780	4,058,206
<b>Total current tax assets</b>	<b>22,130,993</b>	<b>22,090,243</b>
<b>Current tax liabilities</b>		
Income and complementary taxes	(27,384,919)	(22,104,220)
<b>Total current tax liabilities</b>	<b>(27,384,919)</b>	<b>(22,104,220)</b>
<b>Net current tax balance</b>	<b>(5,253,926)</b>	<b>(13,977)</b>

	2020	2019
<b>Current tax assets</b>		
Bolsa de Valores de Colombia S.A.	–	7,168,018
Sophos Banking Solutions S.A.S.	–	973,032
Cámara de Riesgo Central de Contraparte de Colombia S.A.	259,255	–
precia S.A.	–	1,884
Invesbolsa S.A.	3,931	–
<b>bvc Pro S.A.S.</b>	<b>29</b>	<b>–</b>
<b>bvc Plus S.A.S.</b>	<b>29</b>	<b>–</b>
Inverbvc S.A.S.	30	–
<b>Total current tax assets</b>	<b>263,274</b>	<b>8,142,934</b>
<b>Current tax liabilities</b>		
Bolsa de Valores de Colombia S.A.	(3,784,229)	–
<b>deceval S.A.</b>	<b>(1,244,109)</b>	<b>(4,776,910)</b>

	2020	2019
Sophos Banking Solutions S.A.S.	0	(3,375,046)
precia S.A.	(488,862)	–
Invesbolsa S.A.	–	(4,886)
<b>bvc Pro S.A.S.</b>	<b>–</b>	<b>(23)</b>
<b>bvc Plus S.A.S.</b>	<b>–</b>	<b>(23)</b>
Inverbvc S.A.S.	–	(23)
<b>Total current tax liabilities</b>	<b>(5,517,200)</b>	<b>(8,156,911)</b>
<b>Net current tax balance</b>	<b>(5,253,926)</b>	<b>(13,977)</b>

## Effect of deferred tax on each component of other comprehensive income

The effect of deferred tax on each component of other comprehensive income is as follows:

	31 December 2019			31 December 2020		
	Pre-tax amount	Deferred tax	Net	Pre-tax amount	Deferred tax	Net
Cash flow hedges	(42,852)	–	(42,852)	42,852	–	42,852
Pre-tax exchange rate difference profit (loss)	97,120	–	97,120	–	–	–
<b>Total</b>	<b>54,268</b>	<b>–</b>	<b>54,268</b>	<b>42,852</b>	<b>–</b>	<b>42,852</b>

In accordance with current Colombian tax law, 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 2020 and 2019 timing differences for the indicated items were 366,633,145 and 364,478,756, respectively.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Uncertainty on open tax positions

An evaluation of IFRIC 23 on tax uncertainties applicable from 1 January 2020, shows that at 31 December 2020, the company has no tax uncertainty that generates a provision, and therefore no risk of any additional tax burden.

## Realisation of deferred tax assets

We hope to continue generating taxable liquid income in future periods against which we can recover deferred tax assets. Estimated future income is based fundamentally on projections of company operations, and we expect the positive tendency to continue.

Estimates in these financial statements are based on recovering deferred tax assets to offset future taxes.

## Economic Growth Law – (Tax reform)

Law 1943/2018, modified Colombian tax law and gradually reduces income tax rates. It also gradually reduces presumptive income liquidation fees until they are finally eliminated in 2021.

However, the law was declared unenforceable by the Supreme Court in Judgement C481 2019, and the government introduced a new tax reform that was approved on 27 December 2019 by Law 2010, known as the Economic Growth Law, that ratified the essential growth components of Law 1943/2018, and introduced some modifications, as follows:

- The rates determined by Law 1943/2018 are maintained: 2021 – 31%, 2022 onwards – 30%.
- The presumptive income rate for income tax calculation will fall to 0.5% in 2020 and 0% from 2021 onwards.
- 100% of taxes, rates and contributions paid in the tax year that are related to income generation continue to be deductible (except income tax); 50% of the financial transaction tax is deductible, regardless of whether it is income generating or not.
- 50% of 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 100% 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) 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 in Law 2010
- 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 regard 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, 201-2, 201-4, 415-1

Corresponds to the transfer of resources, services or obligations between related parties. bvc Group transfers between related parties are those that meet 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.

Transactions between related parties are made at fair value or market price.

Intercompany transactions are completed at market prices and treated as if between unrelated parties.

Intercompany and related party operation balances at 31 December 2020 and 2019:

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

Organisation	Relationship	31 December 2020		31 December 2019	
		Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Cámara de Riesgo Central de Contraparte de Colombia S.A. <sup>(1)</sup>	Associate	\$ –	–	22,031	–
Derivex S.A.	Joint venture	1,418,458	1,165	1,350,064	589
Deterioro Derivex S.A.	Joint venture	(1,101,780)	–	(1,101,780)	–
Set Icap FX S.A.	Joint venture	–	18,168	31,751	18,892
Set Icap Securities S.A.	Joint venture	8,761	–	14,939	–
Other [2]	Shareholders	515,392	–	508,330	5,567
<b>Total</b>		<b>\$ 840,831</b>	<b>19,333</b>	<b>825,335</b>	<b>25,048</b>

Organisation	Relationship	31 December 2020		31 December 2019	
		Income	Expense	Income	Expense
Cámara de Compensación de Divisas	Associate	\$ –	–	15,044	–
Cámara de Riesgo Central de Contraparte de Colombia S.A. <sup>(1)</sup>	Associate	–	–	465,992	4,184
Derivex S.A.	Joint venture	129,019	16,485	120,112	89,526
Set Icap FX S.A.	Joint venture	6,230,321	166,041	5,016,616	127,166
Set Icap Securities S.A.	Joint venture	224,752	2,236	113,266	4,598
<b>Total</b>		<b>\$ 6,584,092</b>	<b>184,762</b>	<b>5,731,030</b>	<b>225,474</b>

- (1) Corresponds to items at 31 December 2019 as an associate, before the CRCC business combination.
- (2) At 31 December 2020 and 2019 noncurrent accounts receivable of \$500,000 from related parties are recognised, corresponding to a transaction with key company personnel, and the net value of Derivex accounts receivable

## Key management personnel

Key management personnel balances are as follows:

	31 December	
	2020	2019
Value paid to key personnel (president, vice president, managers) <sup>(1)</sup>	\$ 16,757,345	19,043,564
Board of Director fees	1,951,273	1,182,525
	<b>\$ 18,708,618</b>	<b>20,226,089</b>

- (1) The reduction corresponds to employer substitution between **deceval** and **bvc** in 2020.

## Footnote 41 – Sublease

Derivex S.A. sublease:

On 1 August 2019, Bolsa de Valores de Colombia S.A. subleased to Derivex S.A. an area destined exclusively for use as the Derivex office, in exchange for a monthly payment.

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 Piedra Grande S.A.S. ----> 628.79 m<sup>2</sup>

**Total area subleased** to Derivex S.A. ----> 32.30 m<sup>2</sup>

**% total underlying asset** subleased ----> 5.14%

Derivex sublease	31 December 2019	Additions and/or movements	31 December 2020
+ Initial recognition	\$ 31,372	–	31,372
- Recognition of capital lease income	–	(14,198)	(14,198)
<b>Total sublease</b>	<b>\$ 31,372</b>	<b>(14,198)</b>	<b>17,174</b>
Interest and lease income			
Financial lease interest	\$ –	(7,397)	(7,397)
Lease income	–	(2,140)	(2,140)
<b>Total interest and sublease income</b>	<b>\$ –</b>	<b>(9,537)</b>	<b>(9,537)</b>

Derivex sublease	31 December 2019	
+ Initial recognition	\$	36,498
- Net current value adjustment to lease payment		(254)
- Recognition of capital lease income		(4,872)
<b>Total sublease receivable</b>	<b>\$</b>	<b>31,372</b>
Interest and lease income		
Financial lease interest	\$	(4,045)
Lease income		(811)
<b>Total interest and sublease income</b>	<b>\$</b>	<b>(4,856)</b>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 42 – Contingencies

GRI: 103-2, 419-1

Detail of contingencies at 31 December 2020 and 2019:

### bvc

Process	Plaintiff	Objective	Status	Amount	Probability of loss
Direct compensation	Carlos Jurí Feghall	The plaintiff alleges that CFS, AMV and <b>bvc</b> 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.	<p>On 6 October 2020, <b>bvc</b> legal representative Alberto Velandia was deposed.</p> <p>On 8 October, Susana Gómez and Celso Guevara gave testimony. The deposition of Mapfre Seguros' legal representative set for 8 October was suspended.</p> <p>On 26 November, the court issues an invitation to hear evidence on 3 December 2020.</p> <p>On 3 December 2020 a virtual hearing was held and allegations and judgement were dispensed with; a ten-day period was conceded for concluding arguments.</p> <p>On 15 January 2021, concluding arguments were presented.</p>	\$232,000,000.	Remote
Class action	Jorge Enrique Robledo y otros	A class action related to a sale of ISAGÉN shares that was managed by <b>bvc</b> .	<p>On 22 August 2017, the court rejects <b>bvc</b>'s appeal against its judgement of 22 March 2017 denying the impleader lodged by Mapfre Seguros Generales de Colombia S.A.</p> <p>At the start of 2018, ISAGEN S.A. E.S.P. requested succession to BRE COLOMBIAN INVESMENST L.P., and a response is pending.</p>	N/A	Remote
Environmental sanction	Secretaría Distrital de Ambiente (Local Environment Secretary)	An apparent breach of environmental law related to the <b>bvc</b> sign at the Calle 72 building being installed without the relevant permission from the Local Environment Secretary, in contravention of Law 1333/2019 article 18.	<p>On 12 July 2018 a memorandum was submitted requesting cessation of this environmental process. It has yet to be answered by the authorities.</p> <p>On 22 August 2019, 3 signs were registered with validity to 21 August 2013, 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.</p>	TBD	In 2021 the risk was rated at 50%

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## deceval

Process	Status	Probability of judgement in favour against
<p>Proceeding 2017-703, Bogota Civil Court 9. Transfer of abandoned and unclaimed property, securities, shares or equity to the ICBF.</p>	<p>The court ruled in favour of allowing Andrés Segura Segura to represent <b>deceval</b>; (ii) resolves <b>deceval</b>'s action and states that the motion for exclusion will be decided in the ruling; (iii) grants the appeal to not allow precautionary measures; (iv) Makes Eliecer Milkes curator. Dr Segura submits a report stating that the process is awaiting possession of the curator named on 4 November 2020, and that the risk of a ruling against <b>deceval</b> S.A. is low, especially in view of the fact that the plaintiffs reformed action removes <b>deceval</b> as the defendant.</p>	<p>Remote</p>

## precia – Proveedor de precios para valoración S.A.

Entity	Process	Objective
<p>Colombian Financial Superintendence</p>	<p>Administrative sanction</p>	<p>Process 2017083489-002-000, 14 July 2017. Conclusions have been submitted and a decision is awaited. precia external counsel Leonel Ariza is overseeing the process in accordance with established legal terms.</p> <p>In 2018, the Colombian Financial Superintendence 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 Trigo S.A. precia engaged Bernardo Salazar Parra at Botero, Tobón y Abogados S.A.S., and on 6 December 2018, a settlement was reached where precia agreed to compensate Trigo and the latter agreed to cease proceedings. The settlement was accepted by Court 43 on 17 January 2019, and the proceeding was closed.</p> <p>In 2020, no observations or fines were received from the supervisory bodies.</p>

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

## Footnote 43 – Relevant facts

### COVID-19 contingency

The current situation has impacted various economic sectors and **bvc** Group has adequately managed risk; special emphasis has been paid to identifying, measuring, controlling and monitoring operational risks inherent to our activities. This has allowed us to guarantee operations and offer our services to market 100% remotely, and we have worked on the following fronts:

1. **Employees:** Aligned with **bvc** Group values, our employees and contractors have been a vital resource during the crisis, and the health and wellbeing of them and their families is of primary importance. Since the start of the COVID-19 health emergency, 100% of our employees have worked remotely, with a framework for critical roles and operations. **bvc** and its subsidiaries are in constant communication with its employees and we have developed internal communications on measures and protocols with regard to: COVID-19 prevention and control, flexible / alternative working hours, tips for remote working, cybersecurity, online training, recreational activities, and other everyday corporate communications.

In addition, it is worth noting that salary and social security payments have continued as usual, and no salary reduction has been contemplated for employees; **bvc** Group has found efficiencies among services that can be postponed or that by their nature have generated savings.

2. **Business continuity:** To ensure that all markets managed by **bvc** Group function correctly, we have implemented technological and operational measures that have improved our resilience to the current situation and guaranteed continuity. We have given remote market access to 100% of our clients using technology frameworks, while increasing cybersecurity risk monitoring capacity, keeping our incident monitoring and disaster management equipment running during the emergency, and activating cloud storage systems. All of this has led to more efficient remote working.

By 2020 year-end, **bvc** Group had migrated all of its data to the cloud and employees were able to more efficiently do their jobs by staying connected in a home-office model.

The result of these initiatives is that to date no business continuity risk has materialised, all services are working on all available channels without any changes to market opening hours. The **bvc** Group Board of Directors has been kept informed of the situation and the action plans implemented. It is worth mentioning that **bvc** Group subsidiaries have implemented their own specific business continuity plans.

3. **Reputation:** **bvc** Group employs client monitoring protocols to mitigate reputational risk by continually monitoring the portfolio, providers and stakeholders in accordance with current operational and functional legislation.

Our internal processes track the market, and financially and qualitatively analyse each of our affiliates, participants and issuers using publicly available information to measure and prevent any situations of concern affecting the company, the industry or the market.

4. **Financial:** **bvc** Group has implemented measures to keep the financial situation healthy in the current situation, with regard to market, liquidity, credit, and interest and exchange rates:

- **Market risk:** To mitigate high price uncertainty **bvc** Group uses a portfolio management policy that was approved by the Finance and Administration Committee in December 2020. It establishes acceptable investment criteria for financial instruments that are adjusted to the company's acceptable level of risk.
- **Liquidity risk:** **bvc** Group strictly controls cash flow to ensure a solid net position. In addition, we have analysed different scenarios in which income falls, and better controlled costs and expenditure by suspending non-essential activities
- **Credit risk:** **bvc**, **deceval** and **CRCC** use a quota system to mitigate the risk that a financial transaction does not comply with obligations; quotas were updated by the Finance and Administration Committee in December 2020. **bvc** Group has continued to pay its Financial liabilities as normal, with no contingent changes. It is worth noting that the majority of **bvc** and **deceval** Financial liabilities are index-linked to the CPI or IBR and can, therefore, experience variations in interest payments.
- **Interest rate risk:** Interest rate risk from market uncertainty may affect index-linked assets and liabilities. Therefore, **bvc** Group continuously monitors its investments and investment strategies and makes decisions with regard to any type of change.
- **Exchange rate risk:** We saw high exchange rate fluctuation in 2020, and our hedging plan for the period ensured that we were able to make foreign currency payments using contracted exchange rates that were lower than market rates.
- At December 2020, all hedging contracts were settled.
- **Income risk:** During 2020 we compared actual and planned income behaviour. Ordinary income was 87% of plan, mainly due to the capital market.

Through 2020 year-end, and during the current period, **bvc** Group continues to continually monitor market and client behaviour with regard to the portfolio. In addition, a more stringent spending policy has been introduced that allows us to take decisions that maintain financial equilibrium.

# Footnotes to the Consolidated Financial Statements

At 31 December 2020 and 2019 | Data in thousands of Colombian pesos, unless stated otherwise

In the second half of 2020, we observed greater dynamism in the markets thanks to economic recovery, the expectation of a more favourable fiscal policy and the possibility of a vaccine, and investors were more confident about trading on the capital market.

The situation in 2020 had the greatest effect on **deceval**, **precia**, **Clearing House** (risk and FX that recently merged) and investment vehicle income.

In 2021, we will continue monitoring and controlling financial indicators, and keep track of **bvc Group's** forecast to enable us to react and take timely decisions.

## Footnote 44 – Events after the close of the consolidated financial statements GRI 102-7

No events that require disclosure occurred between the end of the reporting period on 31 December 2020 and the date of the external audit report.

## Footnote 45 – Approval of the consolidated financial statements

On 24 February 2021, in Act 289, the Board of Directors approved the publication and presentation to shareholders of these financial statements for the year ending 31 December 2020, in accordance with Commercial Code requirements..

# Implementation report on best corporate practices

# 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 2020

Report date: January 29, 2021

## 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 2.1.11 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 3.2.11., 3.2.2.1., 3.2.2.2., 3.2.3.1, 3.4.11 and 3.4.16.), and the communication channels and procedures that respond to shareholder requests, claims or proposals (Articles 3.1.11., 8.1.11, 8.1.12., 8.2.11., 8.3.11, 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 3.4.1.1 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/certificaci%C3%B3n-capital-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: December 14, 2005  
Amendment dates: 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](mailto:cbarrios@bvc.com.co), telephone: (+57 1) 3139800 Ext. 7167, or Fax: (+57 1) 3139766.

Similarly, pursuant to Articles 8.1.1. and 8.3.1.2 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](mailto: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: December 14, 2005  
Amendment dates: 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/portalbvc/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/portalbvc/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 5.31.3 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. 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 6.15.2.11 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 3.2.31 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 2:11.2 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 2.1.1.2 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 8.1.1.1 and 8.1.1.2 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 8.1.2 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 X

N/A \_\_\_

YES. Briefly describe:

## 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 4.1.2.3 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:**

Sl. 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 2:10.111 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 5:1 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 4.1.4.2 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 4.1.1.2 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 3.3.1.2 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 71 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 5.1 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 4.11.2 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 4.11.2 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:

## 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, 7:11.1 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 7:11.1 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 7:1.1.4 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 X 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 7.1.1.1); 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  $\frac{3}{4}$  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 X 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 5.3.1.3 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.

**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 4.51, 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 73.4 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 6.11.2 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 6:11.2 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 3.2.2.2 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 3.2.3.1 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