

IDB Group, Banco de la República and Davivienda Launch Pilot Blockchain Bond in Colombia

- This is the first time blockchain technology will be implemented for the issuance, placement, negotiation, and pricing of a bond in Colombia.
- The pilot was authorized in LaArenera, the sandbox operated by the Supervisor (SFC) supporting financial innovation in the Colombian capital market.

IDB Group and Banco Davivienda will launch the first bond to be issued, placed, negotiated, cleared, and settled in blockchain technology through the use of smart contracts for the Colombian securities market.

This pilot deal will be the first step towards implementing this technology in the placement, negotiation, and pricing of such instruments in the capital market. Davivienda will issue the bond, and IDB Invest will subscribe to the entire issue. The bond will be listed on the high-value payment system of the Banco de la República.

This innovative pilot seeks to verify the benefits of this new technology in the life cycle of a security, from issuance to expiration. The benefits include a potential reduction of operational costs, faster processing, greater efficiencies in the traceability and safety of the operations, the elimination of information asymmetries, and better management of financial risks. All this contributes to a more efficient and integrated stock market while protecting investors.

Davivienda is reinforcing its leadership in the issuance of bonds in Colombia. It is the first bank to link advanced blockchain technology to guarantee security, monitoring, and transparency in its products and services. The bank has made significant investments in infrastructure and equipment, ensuring its users simple, trustworthy, friendly, and transformative experiences that make Davivienda a benchmark in digital banking in the region.

The IDB Group will contribute technical support for implementing the proof of concept, with advice on regulatory and technological aspects relevant to structuring the bond in blockchain technology. Additionally, the LACChain platform, launched by BID Lab, will handle the issuance, placement, negotiation, and pricing, leading to the bond's full traceability in blockchain technology.

With a proof of concept that may last about six months, Davivienda and the IDB Group seek to create a commercial, operational, technological, and regulatory framework that may handle "real" operations of debt instruments through blockchain technology and the use of smart contracts.

Banco de la República will act as an observer node in the blockchain network. Their participation in the technological experiment seeks to understand better the process of issuing and trading securities in a decentralized way in blockchain technology in the

primary and secondary market and the operational challenges of the project, and the regulatory needs.

About the IDB Group

The Inter-American Development Bank is the primary source of financing for development in Latin America and the Caribbean. The group helps improve lives by providing financial solutions and development expertise to private and public sector clients. The group comprises the IDB, which has worked with governments for 60 years; IDB Invest, which collaborates with the private sector; and IDB Lab, which experiments with innovative ways to drive more inclusive growth.

About Banco Davivienda

At Davivienda, we believe in a financial world that simplifies the lives of people, communities, businesses, and cities. As a result, today, we are a team of more than 17,200 people in Colombia, Panama, Costa Rica, Honduras, El Salvador, and Miami, innovating, investing in knowledge, talent, and technology, collaborating and implementing the best practices worldwide. We do all this to offer simple solutions and exclusive offers to more than 18.0 million customers, enabling greater financial inclusion and sustainable development. We are currently the second-largest bank by portfolio in Colombia, with a network of 673 branches and about 2,719 ATMs in Colombia and our international subsidiaries. We are part of Grupo Bolívar.

About Banco de la República

The Banco de la República is an independent body from the other branches of public power, enjoying administrative, patrimonial, and technical autonomy while subject to its legal regime and exercises central banking functions. Its mission is to contribute to the well-being of Colombians by preserving the purchasing power of the currency, supporting sustained economic growth, contributing to financial stability, the proper functioning of payment systems, and adequate cultural management.