



GOOD THINGS MULTIPLY

ANNUAL REPORT 2021

Banco Davivienda S.A.
Report of the Board of Directors and the CEO
to the Annual General Meeting 2021



Banco Davivienda S.A.

2021 Report of the Board of Directors and the CEO to the Annual General Meeting



CONTENT

About this Report	3		
Our Higher Purpose	4		
1. Message from the CEO	6		
Awards, Distinctions and Certifications	12		
2. Our Strategy	15		
Dialogue with our Stakeholders	19		
3. Results of our Management	24		
Main Figures	25		
Innovation	26		
Digital Transformation	28		
Retail Banking	30		
DaviPlata	34		
Commercial Banking	36		
Wealth Management	45		
International Banking	47		
Corporación Financiera Davivienda	50		
Sustainable Management	51		
4. Our Enablers			93
Human Talent			94
Enterprise Risk Management			104
Governance and Structure			111
5. Macroeconomic Environment and Financial System			122
Macroeconomic Environment and Financial System – Colombia			123
Macroeconomic Environment and Financial System – Central America			129
6. Financial Results			142
Consolidated Financial Report			143
Results by Segment and Perspectives			148
Individual Financial Report			151
Social Financial Statement			156
Appendices			157
Appendix 1. Davivienda TCFD Report 2021			158
Appendix 2. Independent Verification Memorandum			190
Appendix 3. GRI Content			194
Appendix 4. Transactions with related parties, significant transactions, and subsequent events			201
Appendix 5. Administrative matters			202
Appendix 6. Consolidated and individual financial statements			208
Appendix 7. Certification and Responsibility for Financial Information			223

ABOUT THIS REPORT

This report relates to the period from January 1st to December 31st, 2021 and covers our operations in Colombia and Central America.

We followed the GRI (Global Reporting Initiative) standard guidelines for the preparation of sustainability reports, based on material information for the Bank and its stakeholders. This report was verified by an independent third party who validated that its contents were in line with GRI standards.

We have maintained our commitment to sustainability by continuing our voluntary adherence to the Global Compact, our contribution to meeting the Sustainable Development Goals (SDGs) and our participation in benchmarking frameworks such as the Green Protocol, the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI) and the Task Force on Climate-related Financial Disclosures (TCFD).

In addition to the message from our CEO and the summary of the most relevant facts and figures for 2021, we describe our economic, environmental, and social management performance, during a year in which economic recovery played a key role in offsetting the adverse circumstances experienced in recent years. We also include a brief description of key drivers for our activity, such as human resources, risk management and corporate governance, framed within a summary of the economic environment in the countries where we operate.

Finally, we analyze our financial results and include a series of appendices complementing the above information, which are an integral part of this report.



This is an **interactive document** designed to improve your experience. Click on the section you want to visit and use the Home icon to return to the content table.





Our higher purpose

Enriching life with integrity

We achieve our shared Higher Purpose with our Business Group, through the essence of our culture coupled with our management model.

Organizational culture

A culture that brings together all the companies of Grupo Bolivar.

Our culture has enabled us to support welfare across the communities we serve, build wealth with families, develop businesses, and fund projects that add value to the countries where we operate.

Our mission

We deliver value to our customers, community, and investors through a team of committed and friendly people who are always willing to learn.

Our principles and values

We share and promote the principles and values established by Grupo Bolivar. We take pride in highlighting the core values that support our organizational culture: respect, equity, honesty, discipline, enthusiasm, joy, and cheerfulness.



Management model

We strive to deliver simple, reliable, and friendly experiences to our customers. We set out to do so relying on a human team that develops a value proposition based on innovation, risk management, efficiency, and synergy between companies.





TORRE CENTRAL DAVIVIENDA



1

MESSAGE FROM THE **CEO**

▶ MESSAGE FROM THE CEO



2021 continued to be a challenging year for everyone due to the evolution of the pandemic and economic recovery expectations. Conscious of our commitment with society, we mobilized all of our resources to increase the positive impacts, aligned with our higher purpose of enriching life with integrity.

This way, we continued to incorporate strategies focused on sustainability, innovation and our people across all our activities, aiming to exceed our stakeholders' expectations.

Today, we count with 19.8 million customers who have trusted us and believe in the transformative power of our experiences.

Thanks to this confidence, we maintain our leadership in Colombia and Central America, where we play the lead role in people's lives and business development by offering sustainable solutions which help them fulfill their goals.

“19.8 million customers trust us and believe in the transformative power of our experiences”.

JAVIER JOSÉ SUÁREZ ESPARRAGOZA
CEO, Banco Davivienda S.A.

Our commitment to a better world

A high sense of responsibility along with environmental awareness are some of the top characteristics of the management we pursue, which implies commitment and respect to those around us. Our business models and its transformative power enable us to continue fulfilling our purpose of enriching people's lives and the planet. In this way, we generate well-being and boost our stakeholders' progress, while, at the same time, assuring our continuity as a company in the future.

As a tangible result of this transformative, responsible and aware management, in 2021 we were included for the eighth consecutive year into S&P Global Dow Jones Sustainability Index, who also recognized us in their Sustainability Yearbook for the fifth consecutive year as one of the companies with the best sustainability practices in the world.

Everyday, we transform realities through our innovative financial products and services, whose tangible incentives contribute to changing the financial habits of customers. In 2021, our sustainable loan portfolio reached COP 11.1 trillion, growing by 8.1% over the year and representing 9.3% of our consolidated gross loans. We actively work to keep boosting sustainable finance in our financing, saving, insurance and investment products and services.





Digital transformation is one of our priorities and part of our essence. We get closer to our customers by offering them 100% digital solutions that make their lives easier.

We minimized the impacts derived from our operation, while maximizing the benefits and managing our risks and opportunities in a precise and timely manner. With this, in 2021, we reduced our carbon footprint by 33% compared to 2019, and offset 76% corresponding to our Colombian operation. Additionally, as an annex to this document, we published our first management report related to climate change, aligned with the TCFD¹ guidelines, which reflects our great commitment towards this world phenomenon.

Our responsible management also implies continuing to advance in equity, diversity and inclusion of our employees and customers, under the conviction that this starts with our own governing bodies and our workforce. Today, on average, 30% of the members of our Boards of Directors are women and 39% of management positions within our organization are held by women.

Moving on with the social front, initiatives like our youth Call Center and our segmented strategies of financial literacy stand out, these initiatives reflect our input towards work inclusion and financial health for everyone. On the other hand, with our Fundación Bolívar Davivienda, we advance in a decisive way in different programs with a high social impact, in which our Cultivarte centers stand out. These centers work towards the development of technical, artistic and social skills of children and young people.

All of the advancements and accomplishments achieved during 2021 regarding sustainability are a clear manifestation of our high grade of consciousness and sensitivity facing the challenges we have as a society. Towards the future, we will continue working for a joint solution of these problems, in hand with other players, who like us, recognize themselves as change agents.

Our bet for a digital world

In Davivienda we go beyond delivering financial products, offering our customers memorable experiences. For this purpose, digital transformation is one of our priorities and part of our essence.

In line with our vision, we get closer to our customers by offering them 100% digital solutions which make their lives easier. As a result, digital adoption continues growing with 88% of our customers considered digital, compared to 85% in 2020 and 76% in 2019 .

We are committed to finding new ways to reach people and businesses, so we can offer them valuable solutions. In this sense, in 2021 we developed more than 45 new products and functionalities inside our digital channels, and different automations based on RPA² and blockchain technology to make interactions with our customers truly unique.

We continue to position ourselves as leaders in the transformation of traditional banking. In 2021, 54% of our monetary transactions and 55% of our sales in Colombia were performed through digital channels. Similarly, digital deposits³ in Colombia increased 61% compared to the 2020 figure. Digital loans⁴ reached a COP 9.1 trillion balance, which represents a 170% growth over 2020.

We also delivered important progress for our Central American customers, where we highlight the launch of the mobile savings account, mobile loan and mobile credit card, as well as various features for individuals and businesses, such as QR payments and remittance transfers.

We will continue working hard to be close to our customers, with a friendly, trustworthy and unique digital offering which allows them to make their dreams come true.

1 TCFD: Task Force on Climate-related Financial Disclosures.
 2 Robotic Process Automation.
 3 Includes: Mobile Savings Account, Mobile Payroll Account, Digital Term Deposits, and DaviPlata.
 4 Includes: Consumer and Mortgage Mobile Credits.



DaviPlata, our digital native bank

Through DaviPlata we are changing the way in which people manage their money, and during 2021 we reached nearly 13.8 million customers with a simple solution enabling them to fulfill different needs.

We continue transforming society by leading financial inclusion in Colombia: by the end of December, 4.1 million people relied on DaviPlata as their only financial product, which allowed them to access the sector and broaden their possibilities moving forward.

We can proudly say we reached 98% of municipalities in Colombia and close to 40% of the country's adult population to place our digital native bank's capabilities at the service of individuals, small businesses and companies.

Within these capabilities we have subsidy distribution, through which the government has been able to deliver their help to vulnerable populations in an efficient and timely manner; as well as the Social Seller Profile and the Marketplace, which boosted the growth of companies and entrepreneurs, as well as economic reactivation.

With DaviPlata, we reached 13.8 million customers. At the end of the year, 4.1 million people relied on Daviplata as their only financial product.

This allowed us to consolidate ourselves as the second largest neobank in Latinamerica by number of users, closing the year with a total deposits balance of COP 881 billion (1.7 times the balance recorded in 2020), and transactional income totaling COP 83 billion, demonstrating progress in our monetization strategy.

We are committed to strengthening businesses and communities, and will continue working to offer solutions to make people's lives easier as well as promoting business growth through different abilities such as the integration in different types of ecosystems, and Daviplata's organizational and technological structure reinforcement.

Our partnerships and innovation ecosystem

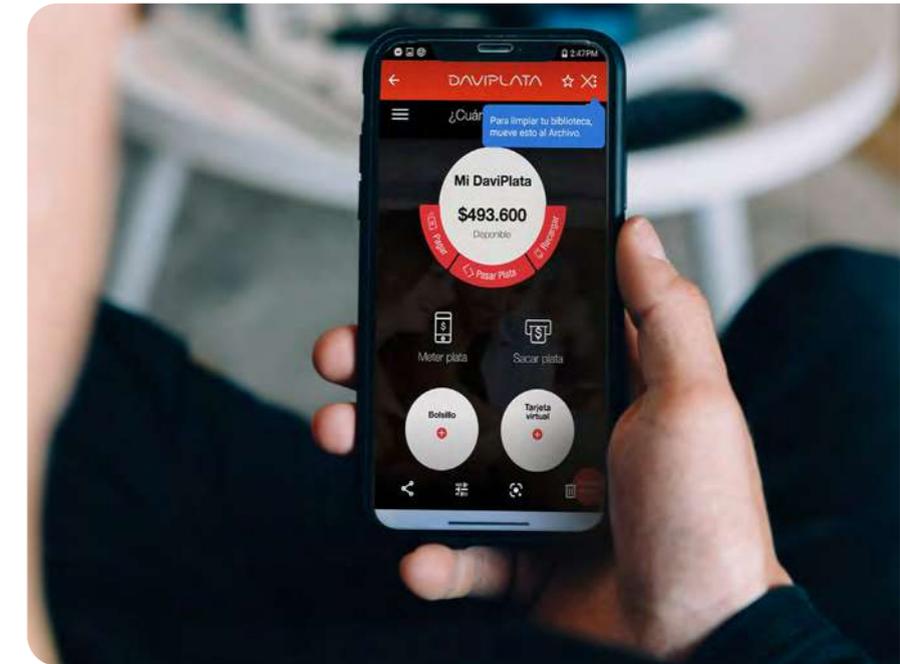
We believe in innovation as a driver to create a different reality, and we have made efforts to deliver new ways of doing things, generating initiatives and solutions that add real value.

We are committed to developing innovation skills in all levels of the organization to design new experiences for our customers, responding to the challenges presented to us by this changing environment.

Aligned with this commitment, we were certified as a R&D+i (Research & Development + Innovation) unit by the Science, Technology and Innovation Ministry in Colombia, and in hand with Grupo Bolivar we have positioned ourselves as a reference in intellectual property at a national level, radicating 5 patent requests and obtaining 1 at the end of 2021.

We also believe that the world is a place for cooperation, and in this sense, we are open to work with the best players to build ecosystems which offer a broad world of possibilities to our customers.

This way, we are contributing to building a smart city ecosystem together with Metro de Medellin, with whom we have developed the *CivicaPay* functionality, facilitating the mobility of Medellin citizens and enriching their experience with additional services.



REFERENCE IN INTELLECTUAL PROPERTY: RADICATING 5 PATENT REQUESTS AND OBTAINING 1.



**WE INCREASED OUR CONSOLIDATED GROSS LOANS BY 11.2%.
THE MORTGAGE PORTFOLIO GREW BY 17.4%.
THE CONSUMER PORTFOLIO BY 11.5% AND THE COMMERCIAL PORTFOLIO BY 7.8%.**



We also have an attractive and renovated offer for people to access financial services through RappiPay, our alliance with Rappi. In 2021 we received the Colombian Regulator’s authorization to create a new Digital Native Financial Entity with which we want to reach new population segments.

Consolidating our leadership

2021 started out with a more positive outlook, which is why the efforts previously focused on addressing the crisis shifted to finding alternatives to boost economic recovery.

In this sense, we increased our consolidated gross loans by 11,2%⁵, supporting the financing needs of individuals, homes and businesses. The mortgage portfolio grew by 17.4%, the consumer portfolio by 11.5% and the commercial portfolio by 7.8%, where we also strengthened SMEs financing, aligned with our goal of being the best offer for this important player in Latinamerican economies.

We are leaders in Colombia and Central America with a market share of 16%⁶ and 9.5%⁷ respectively, and we keep supporting families, remaining leaders in mortgage financing in Colombia.

Our financial results also showed positive trends: our profits amounted to COP 1.26 trillion over the year, yielding a 9.35% ROAE⁸, increasing nearly 6.17 percentage points above the figures reported in 2020.

In terms of capital adequacy, we closed 2021 with a Total Capital Adequacy Ratio of 18%⁹, exceeding regulatory minimums, reinforcing our financial strength.

⁵ Consolidated operation figures in Full IFRS.
⁶ Market Share in Colombia by Gross Loans and Securitized Portfolio as of December 2021. Source: Financial Superintendence of Colombia.
⁷ Local figures. Weighted Market Share in Costa Rica, El Salvador and Honduras.
⁸ 12 months Return On Average Equity.
⁹ Consolidated Total Capital Adequacy Ratio.





Davivienda, the first Colombian Bank to issue a perpetual AT1 bond for USD 500 million in the international markets.

Aligned with our purpose of developing innovation skills throughout the whole organization, we became the first Colombian Bank to issue in the international markets a perpetual AT1 bond for USD 500 million under Basel III standards. We obtained a demand of 3.5x the amount to be issued and an order book composed of investors from 26 different countries, which showed the trust of international markets in Colombia and our organization.

For our stakeholders

We highlight the efforts made by our people, who are essential to achieving our goals, and we will continue to strive for the well-being of each member of our community and their families. We will also continue attracting, training and retaining talent, strengthening the impact of our innovative, sustainable, and inclusive lifestyle.

We will continue shaping strategic partnerships with top players and directing our attention and actions towards the digital world that we envision for the future, strengthening our commitment to the countries where we operate and to all those who have decided to place their trust in us.

Javer José Suárez
JAVER JOSÉ SUÁREZ ESPARRAGOZA
 CEO Banco Davivienda S.A.



**COP 1.26
 Trillion
 2021 Net Profit.**



▶ AWARDS, DISTINCTIONS AND CERTIFICATIONS



DOW JONES SUSTAINABILITY INDEX AND S&P SUSTAINABILITY YEARBOOK.

For the eighth year in a row, Davivienda was included in the Dow Jones Sustainability Index, a global framework that acknowledges the Bank's comprehensive sustainability management. For the fifth year in a row, Davivienda was included in the Standard & Poor's Sustainability Yearbook.



R&D+i CERTIFICATION ISSUED BY THE MINISTRY OF SCIENCE

Davivienda was acknowledged by the Ministry of Science and Technology as an R&D+i Unit, confirming its leadership and commitment to innovation in Colombia. This certification is the result of the consolidation of an innovation model built thanks to the innovative mentality and the constant work of the Bank's teams, focused on supporting Colombians in building their wealth through easy-to-use banking, while contributing to national development.



EDGE CHAMPION

The International Finance Corporation (IFC)¹⁰ awarded Davivienda the EDGE Champion distinction for its continued commitment to the promotion and construction of green buildings that ensure the efficient use of natural resources by applying international EDGE certification standards.

FINAGRO

The Bank was distinguished by Finagro as one of the leading private banks in supporting the financing of Colombian producers.



BANCOLDEX

Bancoldex recognized Davivienda as the largest marketer of its sustainability and SME transformation lines of credit in 2021.



INTERNATIONAL BANKER AWARDS

Awards granted by renowned media and consultants in the financial sector.

- > Davivienda: Best Bank in Colombia for Davivienda Mobile
- > DaviPlata: Best retail banking innovation



¹⁰ IFC, a World Bank Group entity that promotes private sector development in emerging markets in 184 countries.





ENVIRONMENTAL FINANCE BONDS AWARDS

These awards are led by Environmental Finance, a European magazine, and for the first time included an award for the bond segment worldwide, awarding Davivienda, jointly with IDB Invest, a distinction in the Alliance of the Year in Social Bonds and Initiative of the Year in Social Bonds categories.



IX FINANCIAL INNOVATION AND INCLUSION AWARDS 2021

It acknowledges institutions in the region for outstanding innovative projects that generate businesses, manage financial risk associated with their activities, and simplify life for their customers. DaviPlata was recognized as Best Innovation in Technology.



BANKING TECH AWARDS

Awards organized by FinTech Futures, in the Best Green Initiative category. Davivienda won the Best Green Initiative award for contributing to sustainable development in Colombia and the countries where it operates.

FINANCIAL INNOVATORS OF THE AMERICAS AWARDS: FINTECH AMERICAS

These awards recognize and honor the most innovative bankers who are leading the transformation of their organizations and impacting the lives and experiences of their customers. DaviPlata was recognized as Best Disruptive Innovation Colombia, Best App and CEO of Latin America.



WORLD FINANCE BANKING AWARDS

These awards recognize leadership in overall sustainability finance, community support, resource management, transparency and reporting, project and infrastructure finance, and emerging market sustainability finance for top commercial banks.



- > DaviPlata: Best Commercial Bank (retail) in Colombia
- > Davivienda: Best ESG Strategy

ANALYST FORECAST AWARD

These awards recognize economic forecasters from over 90 countries for their accuracy regarding main macroeconomic indicators. Davivienda was recognized as Best Economic Forecaster in Colombia and Best Forecaster in Latin America.





GOOGLE CLOUD CUSTOMER AWARDS

The Google Cloud Customer Awards were launched in 2021 to acknowledge the most innovative, technically advanced, and transformative cloud implementations in the world, built on the Google Cloud platform. Davivienda was the only Colombian bank to be recognized.



BRINGING BANKING SERVICES CLOSER TO COLOMBIANS. ASOBANCARIA SUCCESS CASES

Asobancaria acknowledges projects that drive sustainable growth of the banking sector and the country. In 2021, Davivienda and Auna's Vital Pass initiative, a digital passport that enables people to access their Covid-19 vaccine records online, was the winner in the social dimension.

Davivienda, DaviPlata and Corredores Davivienda were awarded with 7 prizes by The European Magazine, because of their experience and excellence in the financial world.

GLOBAL BANKING & FINANCE REVIEW

The awards granted by Thomson Reuters' prestigious publication, The European Magazine, acknowledge companies, regardless of their size, that excel in particular areas of expertise and excellence in the financial world. Davivienda, DaviPlata and Corredores Davivienda received 7 awards:



Davivienda:

- > Best private bank Colombia 2021
- > Best bank for auto loans Colombia 2021

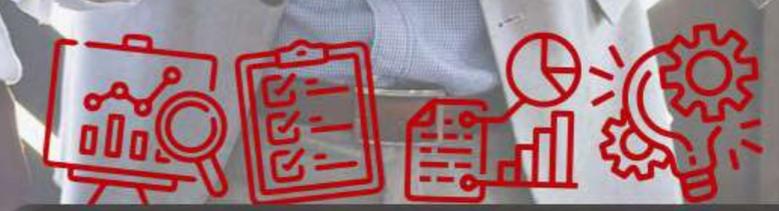
DaviPlata:

- > Best provider of financial inclusion technology solutions Colombia 2021
- > Best new payment solutions provider Colombia 2021

Corredores Davivienda:

- > National stockbroker of the year
- > Collective investment fund manager of the year
- > Colombian Capital Market Company of the Year





2

OUR STRATEGY

► OUR STRATEGY

We strive to achieve Grupo Bolívar's Higher Purpose:

Enriching life with integrity

To be successful, we embrace a culture based on our organizational principles and values: respect, equity, honesty, discipline, enthusiasm, joy and cheerfulness, all of which enable us to support the well-being of people, build family wealth, develop companies and finance projects that contribute to the countries where we operate.

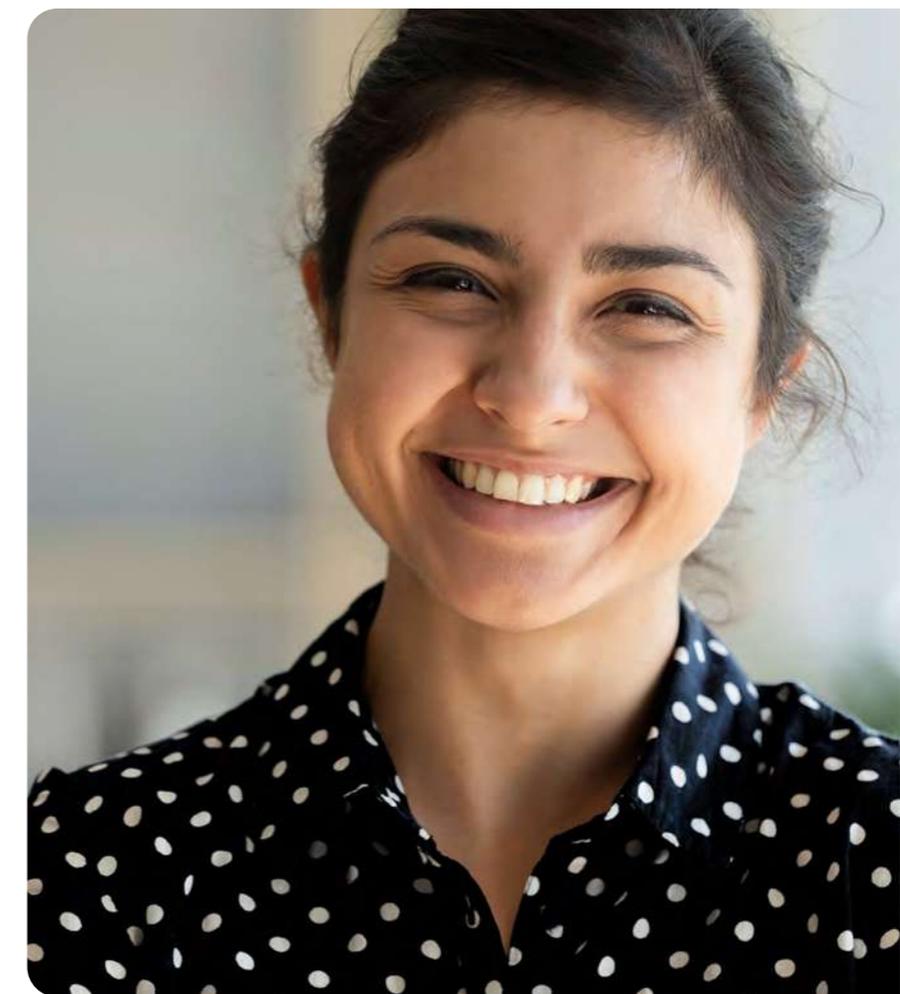
We devise and execute a strategy consistent with our business group's management model, developing a value offer that allows us to fulfill the needs of our customers, protecting them and their families, and helping them to build their wealth using our products, processes and services giving them positive experiences and establishing long-term relationships. For this purpose, we rely on a team of people characterized by integrity, commitment, and a constant willingness to learn.

Our strategic objectives are the goals we set out to achieve, thereby delivering more value to our stakeholders. We have defined the following:



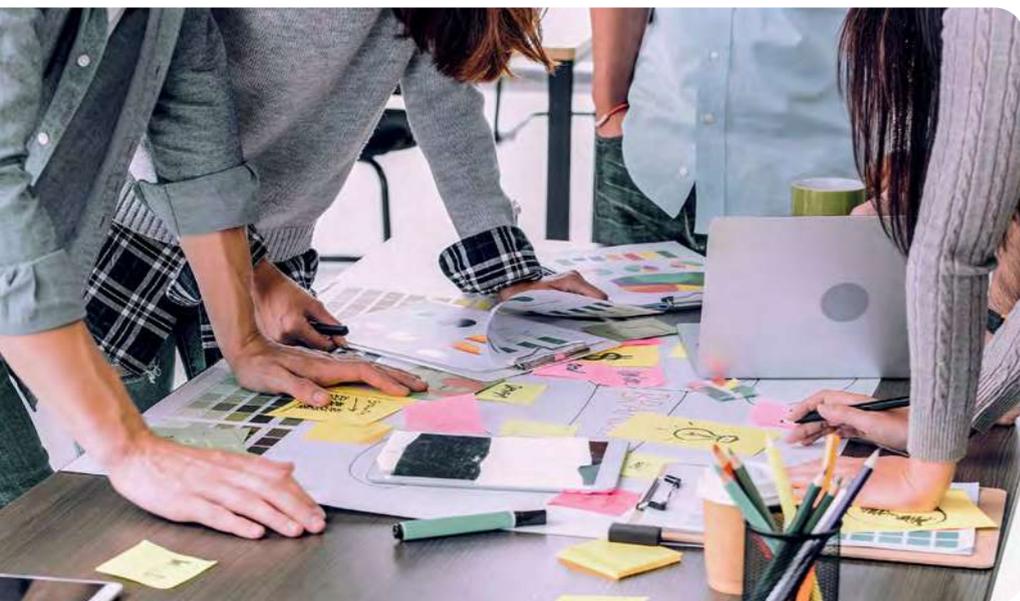
- **Corporate strategic goals**

- > **Sustainable management:** We achieve positive impacts on society and the environment, beyond our operations in the countries where we serve.
- > **Regional management:** We act as a single bank, identifying best practices and adapting to each market in the countries where we operate.
- > **Digital management:** We are a digital organization by nature, and we are innovative, agile, and flexible to simplify life for our customers.
- > **Leaders in customer service:** We are service-oriented; the core of our management model is based on serving our customers and providing them with simple, reliable, and user-friendly experiences.
- > **Human talent management:** We assemble the best team of professionals and strengthen their skills to attain what we set out to achieve.
- > **Risk management:** We all manage risk, foresee new opportunities and seize them, enabling business growth and sustainability.
- > **Effectiveness and efficiency:** We accomplish our goals, innovate and optimize processes to achieve the best use of resources under a cost-optimization approach.



• Strategic business goals

- > **Leader in retail banking:** We will succeed by being a digital organization by nature, which, through innovation, agility, and flexibility, will simplify the lives of our customers.
- > **Play a major role in corporate banking:** We will focus on strengthening our offering for the SME segment.
- > **Benchmark in Wealth Management:** We will become our clients' first choice for managing their wealth and financial needs abroad.



**WE SUPPORT
 PEOPLE'S WELL-BEING,
 FAMILY WEALTH,
 THE DEVELOPMENT
 OF COMPANIES
 AND THE FINANCING
 OF PROJECTS THAT
 ADD VALUE TO
 THE COUNTRIES
 WHERE WE OPERATE.**

• Strategic pillars

Our strategy is grounded on 5 focuses:

- > **Redefining customer experience:** We are a customer-oriented organization. We seek to deliver solutions to our customers through memorable experiences, beyond offering products and services.
- > **Strategic partnerships:** We expand our offering and are present in the day-to-day lives of our customers through strategic partnerships with top players in the region.
- > **Analytical skills:** Through the analytical skills we have developed across the organization, we deliver greater value to our customers and other stakeholders by leveraging the power of data.
- > **Exponential technology that is constantly being updated:** Additionally, one of our main drivers is the implementation of exponential technologies that allow us to play a leading role in the transformation process of traditional banking and to maintain our leadership that has been characterized by the creation of new businesses and new approaches to reach our customers.
- > **Attracting, training, and retaining the best human talent:** To maintain our leadership in a digital transformation landscape, we are strengthening our ability to attract, train and retain the best talent for all of our business units and commercial, operational, and cross-functional teams.



SUSTAINABILITY STRATEGY

We enrich the lives of people and the planet through the transformative power of our business models, while ensuring our long-term sustainability, responsibility towards our stakeholders and awareness of the environment.

- > **Transformation:** We transform lives through innovative financial products and services, with tangible incentives that drive sustainable environmental development.
- > **Responsibility:** We are responsible for minimizing the impacts derived from our operations and managing the risks and opportunities towards a more sustainable future.
- > **Awareness:** We raise awareness by fostering sustainable practices among our stakeholders and by designing strategic partnerships to contribute to the solution of global challenges.

The management of our strategy allows us to fulfill the following commitments, which we have voluntarily assumed:



Rating agencies

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



Reporting frameworks



Memberships

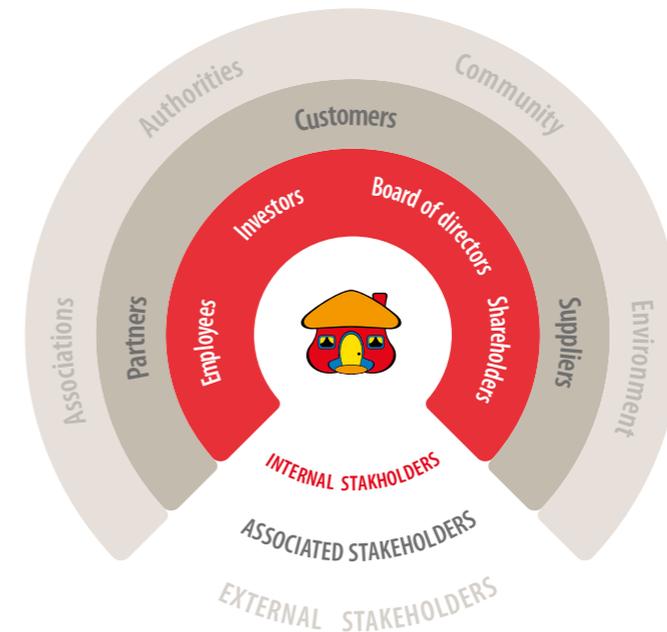


FINANCIAL ALLIANCE FOR WOMEN



► DIALOGUE WITH OUR STAKEHOLDERS

In 2021 we continued strengthening our relationships with our stakeholders, focusing on being timely and attentive to their needs. We understand that the key to creating long-term value with our stakeholders is to strengthen ties based on trust, through communication and transparency. Thus, we updated our stakeholder group this year, including partners and the environment, broadening our impact and using a more accessible language.



RELATIONS WITH OUR STAKEHOLDERS



Employees

Value proposition

We provide spaces for them to develop their skills, and a safe environment that fosters innovation and allows them to have a positive impact on society.

Relationship mechanisms

- Workplace
- Express Informer
- Training Platforms
- Development assessment
- One-on-one conversations
- Organizational climate survey
- Transparency line

Responsible parties

- Senior Management
- Leaders
- Dedicated technical teams in human talent

Performance in 2021

We achieved a 93% participation in our latest measurement of organizational engagement, confirming that Davivienda is a place where people feel comfortable.

Board of Directors

Value proposition

We facilitate informed, timely, and diverse decision making, enabling us to steer the company and its subsidiaries to deliver added value to our stakeholders.

Relationship mechanisms

- Board Meetings
- Board Support Committees

Responsible parties

- Board of Directors Chairman
- Principal and alternate members

Performance in 2021

New election of Board of Directors: 7 members and first woman as a principal member.

Shareholders and investors

Value proposition

We work to honor the trust placed in us by our shareholders and investors, seeking profitability and business growth based on good governance, ethics, and transparency, and providing them with clear, sufficient, and timely information.

Relationship mechanisms

- Annual General Shareholders' Meeting
- Quarterly and Annual Results
- Website and e-mail for investors

Responsible parties

- Senior Management
- Board of Directors
- Investor Relations and Capital Management

Performance in 2021

Report of quarterly and annual results in 2 languages.
471 interactions with investors through attendance to 14 events, 62 calls and 6 webinars.





Partners

Value proposition

We develop fair and clear agreements that allow us to achieve common goals and generate positive environmental, social and economic impacts.

Relationship mechanisms

- Annual Report
- Social media
- Press releases
- Events

Responsible parties

- Corporate and Business Vice-Presidency
- Retail Banking and Marketing Vice-Presidency

Performance in 2021

Along with one of our most important partners, IDB Invest, we are strengthening our sustainable management. In 2021 we achieved:

- First report on the use of Social Bond funds with a gender focus; and First TCFD report.
- Consultancy to strengthen SMEs owned by women and our green product lines.

Vendors

Value proposition

We promote the competitiveness and sustainability of their companies, offering equitable business opportunities and creating spaces for capacity building, seeking mutual benefit.

Relationship mechanisms

- Website for vendors and contract supervisors
- E-mail address
- On-site inspections
- Annual training and support event

Responsible parties

- Administrative Management
- Contract Supervisors
- Transparency Line
- Legal Vice-Presidency

Performance in 2021

7 vendors submitted their projects for the Davivienda 2021 Vendor Recognition, Under the Sustainability category, which focused on socially responsible and environmentally correct projects.

Customers

Value proposition

We offer a wide range of inclusive, competitive, accessible, innovative, and sustainable products and services, generating long-term business relationships based on trust.

Relationship mechanisms

- Office
- Chat
- Call center
- Email
- Text messages
- Social media
- Hotline

Responsible parties

- Dedicated sales force
- Call center
- Retail Banking and Marketing Vice-Presidency (Service Director)

Performance in 2021

In 2021 we established a new customer service model, defining the relationships we expect to build with our customers: 90% self-management through our digital platforms, 9% online assistance and only 1% with a specialized back-office team for more complex cases.

81.7 score in the Customer Satisfaction Survey 2021.





Community

Value proposition

We enrich people's lives by facilitating their development, well-being and access to financial services, while transparently reporting on our management.

Relationship mechanisms

- Social programs
- Social media
- Corporate pages
- Domo i
- Events
- Mass media
- Program management in association with Fundación - Bolívar Davivienda
- DaviPlata ecosystems

Responsible parties

- Sustainability Management
- Fundación Bolívar Davivienda
- Marketing Direction
- Public Relations Management
- Employees
- DaviPlata

Performance in 2021

284 thousand people benefited from our community engagement initiatives.
USD 4.87 million invested in social initiatives in the countries where we operate.

Authorities

Value proposition

We ensure timely compliance with our legal obligations and keep authorities informed of our actions and performance.

Relationship mechanisms

- Reports and briefings
- One-on-one conversations
- Direct interaction with regulators and authorities
- Participation via the trade associations we belong to

Responsible parties

- Legal Vice-Presidency
- Specific lines

Performance in 2021

We reviewed and managed more than 840 regulatory projects in the sector.
We rely on an assurance system that is in place to implement the different provisions that impact the Bank.



Trade associations and organizations

Value proposition

We promote collective actions that have a positive impact on public policies affecting the industry and promoting sustainability, generating value and contributing to competitiveness and development.

Relationship mechanisms

- Reports
- Committees and meetings
- Events
- Forums
- Media and communication

Responsible parties

- Public Relations
- Sustainability, Environmental and Social Risk Management

Performance in 2021

We were one of the winners of the "Bringing banking closer to Colombians" awards, granted by Asobancaria (Colombian Banking Association).



Environment

Value proposition

We strive to minimize the negative environmental impacts of our operations and to maximize the positive ones through our business activities.

Relationship mechanisms

- Investments
- Financing
- Volunteering activities
- Environmental programs and products
- Eco-efficiency
- Environmental and Social Risk

Responsible parties

- Business and Corporate vice-presidency
- Administrative Management
- Sustainability, environmental and Social Risk Management

Performance in 2021

76.4% offset by investing in forestry and clean energy projects.

COP 1.74 trillion in credit lines with environmental benefits.

We evaluated 338 loans worth COP 12.5 trillion under environmental and social risk criteria.





3

RESULTS OF OUR MANAGEMENT



► MAIN FIGURES 2021

Consolidated Figures

(in COP trillion, except percentages)

	2020	2021	Variation
Assets	136.4	152.7	11.9%
Gross loans	106.7	118.6	11.2%
Loan loss reserves	6.4	5.4	-16.0%
Deposits ¹¹	87.2	99.6	14.2%
Equity	12.7	14.3	12.3%
Net profit	0.41	1.26	209.1%
Total Capital Adequacy Ratio	12.31%	18.00%	N/A
Common Equity Tier One Capital Ratio (CET1)	8.26%	11.96%	N/A ¹²

	Banco Davivienda and National Subsidiaries	International subsidiaries	TOTAL
Branches	512	140	652
Customers	18.4 million	1.4 million	19.8 million
ATMs	2,145	541	2,686

Individual Figures

(COP trillion, except percentages)

	2020	2021	Variation
Assets	106.5	117.3	10.1%
Gross loans	83.1	90.9	9.3%
Loan loss reserves	6.1	5.3	-14.0%
Deposits	67.1	75.4	12.4%
Equity	11.4	12.8	12.8%
Net profit	0.2	1.2	425.5%
Total Capital Adequacy Ratio	15.32%	22.04%	N/A
Common Equity Tier One Capital Ratio (CET1)	9.83%	13.97%	N/A

Banco Davivienda	2020	2021
Branches	526	505
Customers	16.4 million	18.3 million
ATMs	2,201	2,145

Risk Ratings

	International Ratings			Local Ratings	
	S&P	Fitch	Moody's	BRC	Fitch
Long-term	BB+	BB+	Baa3	AAA	AAA
Short-term	B	B		BRC 1+	F1+
Outlook	Stable	Stable	Stable		Stable



¹¹ Deposits includes Savings account, Checking accounts and Term Deposits.

¹² Given the implementation of Basel III since January 1st 2021, capital adequacy ratios from 2021 cannot be compared to the ones presented in 2020.



► INNOVATION

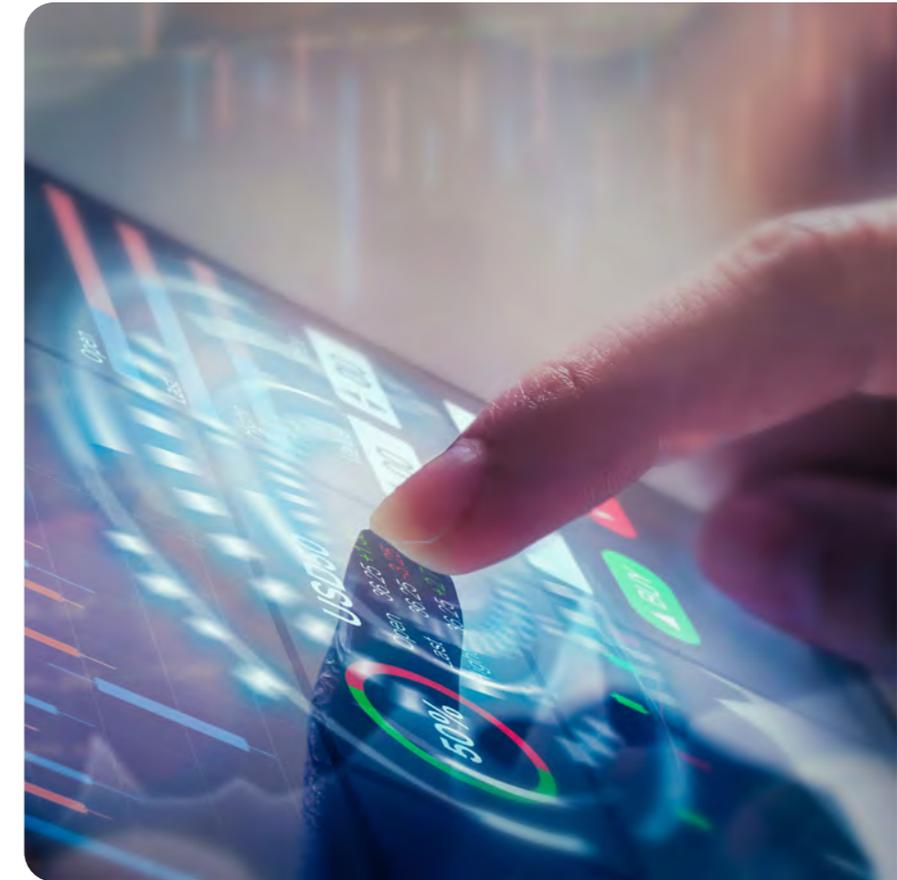
Davivienda and Grupo Bolivar regard innovation as an organizational skill that has been developed, consolidated, and strengthened over the past 13 years, driven by an Innovation Model that includes programs and structures that enable us to offer differentiated value propositions to the market.

After strengthening our Innovation Model, this year we were certified as a R&D+i (Research & Development + Innovation) unit by the Science, Technology and Innovation Ministry in Colombia for a 3 year period. This certification which positions us a national reference, was granted after a rigorous evaluation that contemplated 5 axes: strategy, interrelationships, resources, R&D+i activities, and market results.

The following are the results that support this recognition:

For Davivienda, innovation is an organizational skill: we have filed 5 patents, one of which was approved.

- > Grupo Bolivar has positioned itself as a benchmark in intellectual property and a pioneer in innovation in the financial sector. We have filed 14 patents, 4 of which were approved. Of these, Davivienda has filed 5 patents, one of which was approved. Additionally, in 2021 we registered 251 intellectual property assets.
- > We continued strengthening innovation skills through Skills i. We expanded our knowledge on exponential technologies, training leaders and other members of our organization at MIT, the world's most prominent technological institution, in topics such as cybersecurity, cloud, IoT, artificial intelligence and blockchain. Similarly, we strengthened the skills in exponential technologies of 33 senior management leaders from Davivienda Colombia and 15 from Central America, by providing specialized training in exponential technologies such as robotics, IoT, cloud, blockchain, Autonomous, AR/VR, artificial intelligence and 3D printing.
- > The 12th edition of the Grupo Bolivar 2021 Innovation Awards experienced the highest number of nominated achievements in its history and recognized the most innovative teams. Davivienda attracted 494 nominations, 225 of which were implementations carried out by Davivienda Colombia, 20 by national subsidiaries and 87 by Central American operations. Out of the 36 winners, 22 were Davivienda innovations, 2 by DaviPlata, one from Costa Rica and one from El Salvador, in the categories of Value Offering, Process Innovation and Organizational Innovation.



- > The Bank's work is ongoing through the Innovation Observatory, conducting 54 on-demand research projects to support business lines by identifying and anticipating trends worldwide. We also conducted theoretical and practical research with universities to address innovation challenges with the Bank's business lines. Similarly, after searching for more than 2,400 startups across 30 countries, we ran 10 trials with startups and launched 5 startups in the market in 2021, positioning Grupo Bolivar as a leader in innovation and digital transformation.
- > Finally, our commitment to the community has allowed us to continuously pursue relevant solutions. Guided by the SDGs (Sustainable Development Goals), **Social Skin** supports young people who lead innovative initiatives in 6 categories, enabling us to build a more equitable, sustainable, and inclusive region. In 2021 we completed 2,633 initiatives presented over 4 editions of Social Skin:

In 2022 we will continue to strengthen the innovative skills of Grupo Bolivar's teams, inspiring and supporting our companies to successfully navigate the various challenges ahead in order to remain at the forefront by offering simple, reliable, and user-friendly services, products and experiences to our customers.

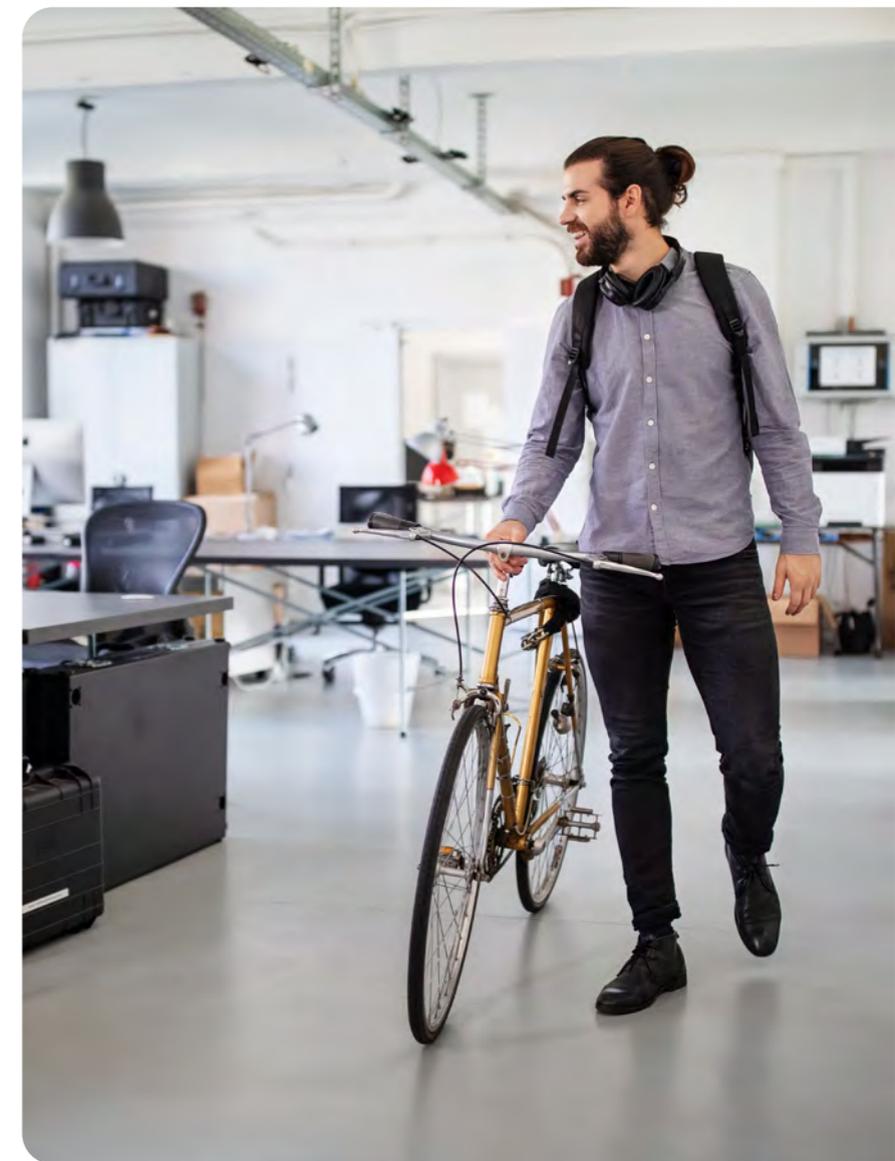


THROUGH SOCIAL SKIN WE SUPPORT YOUNG LEADERS OF **INNOVATIVE INITIATIVES**



637 projects

in Colombia, Panama, Mexico, Honduras, Guatemala, Costa Rica, El Salvador and Nicaragua. Among them, 15 initiatives from different countries qualified for the final, and 6 were selected as winners.



▶ DIGITAL TRANSFORMATION

In 2021 we consolidated new working methodologies and implemented new tools to properly manage the impact of the pandemic on both our customers and our employees.

Likewise, we continued to accelerate our digital transformation process across different areas, such as technology, processes, operations, and services, focused on improving our customers' experience and the efficiency of our products and service channels. We strengthened our digital channels, adopted exponential technologies, simplified, and robotized customer-facing processes, deepened the use of analytics, and developed more robust cybersecurity practices.

As a result, we deployed over 45 new products and features for our retail, corporate and wealth management banking channels, as well as for insurance, retirement, mortgage, investments, credit card sales, ATM services and partners. We also deployed over 21 service solutions to facilitate interaction with our customers, promoting self-service and providing them with clear and simple information.

We activated 10 new core systems that are now in the production stage to enhance our product and service offerings, including Daviplata's digital core, the new branches system, the human resources management system and the new open banking platform.

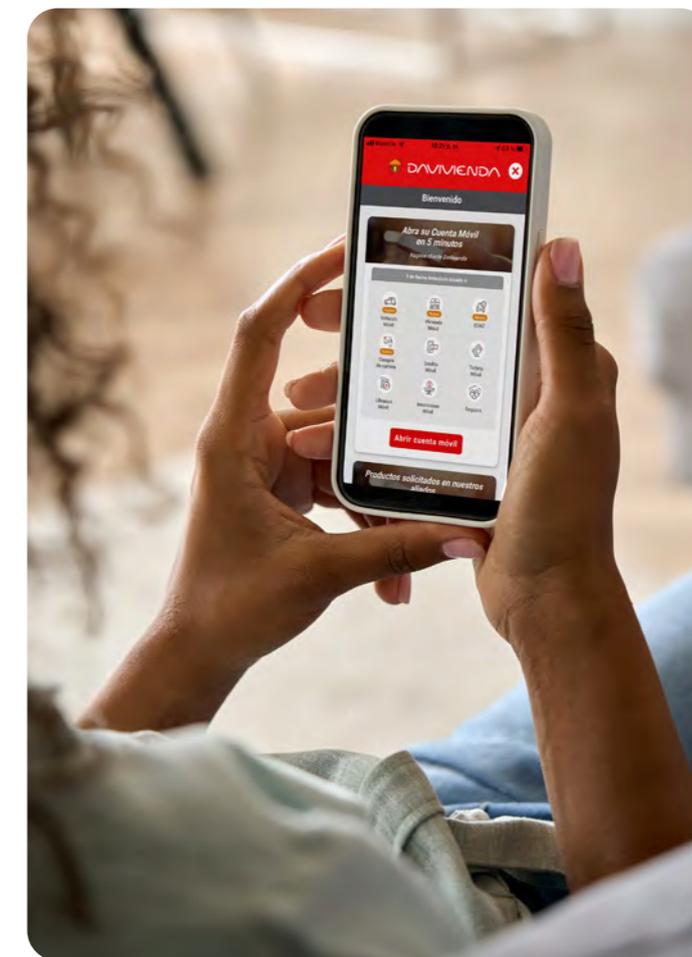
In order to enhance our ecosystem's security posture, we implemented 11 new solutions, such as risk engines across the various channels, fraud management systems and facial biometrics for DaviPlata and the Bank, both in our App and on the web.

54% of our monetary transactions and 55% of our sales in Colombia were performed through digital channels.

Additionally, we developed more than 28 technical improvements and automations powered by RPA¹³ technology to directly support operational and IT processes, estimating savings of nearly COP 65 billion over 3 years. We also implemented several blockchain-based solutions.

We enhanced our multi-cloud strategy by increasing the use of cloud services, thereby achieving sustainability and efficiency, and training of our human talent, which, in conjunction with our cloud migration program, increased our computing capacity by more than 40%.

We designed a set of homogeneous processes for our clients, regardless of geographical location or banking service. In Central America, we advanced initiatives in 7 areas, including the consolidation of digital web and app platforms, and the offer of digital lending and deposit products.



13 RPA: Robotic Process Automation



Operationally, we implemented over 30 processes, including the renovation of 1,013 ATMs over 3 years, reducing cash management costs by 12%. As a result, today 4 out of every 5 withdrawals and half of all deposits are made through this channel, bringing new income to the organization.

Likewise, we completed over 144 thousand updates, which reduced processing time at our on-site channels from an estimated 30 minutes waiting time for customers to 2 to 5 minutes, and cut the use of paper by 52%, while generating efficiencies valued at COP 3.7 billion per year.

We successfully managed to obtain confirmation from the customer through 100% digital mechanisms for 1 out of every 2 monitoring alerts, using bidirectional SMS¹⁴ and WhatsApp messaging. Furthermore, we transformed more than 300 processes handled by the petitions, claims, and complaints support community¹⁵, which used to take between 3 and 7 days, to be handled online in 78% of the cases.

Through our NewCol project “We are transforming ourselves for our customers”, we joined efforts that resulted in the transformation of our call center and chat room by using tools featuring artificial intelligence and specialized advisors to provide quick and effective solutions to our customers. We promoted a self-service culture by creating the Regional IT Management Center for the Bank and its national and international subsidiaries, reducing costs by 40%, handling 32 thousand requests per month and reducing by 80% the time it takes to identify the main cause of high-impact problems.

The improvement process faced several challenges, including the need to stop using physical documents throughout the processes. By leveraging tools such as bots¹⁶ and analytical models, we implemented features for customer self-service and handling the high flow of calls and interactions in our digital channels.

In Central America, we focused on closing the gaps between different countries under the **One Bank strategy**, achieving important synergies. As a result, we were able to meet regulatory changes in each country with agility (to minimize the impact on project time)

and achieve digital adoption within and outside the organization (through motivation as a vehicle to become a new sustainable bank).

In 2021 we experienced a higher volume and frequency of cyber alerts; to respond to these events, we strengthened our capacity to process large volumes of data and launched Iris, our cybersecurity operating platform, which significantly reduced the impact of cyber-attacks experienced by the banking industry during the period and positioned us as a reference in the industry.

As a result, we were awarded important distinctions:

- > Google Cloud Customer Award, Financial Services category.
- > First place in the IX Financial Innovation Award, Technology category, for the DaviPlata project, as part of the Clab congress¹⁷, organized by the Latin American Federation of Banks.
- > 55th Banking Convention Award, Social Dimension category, for our Vitalpass initiative, a vaccination card powered by blockchain.

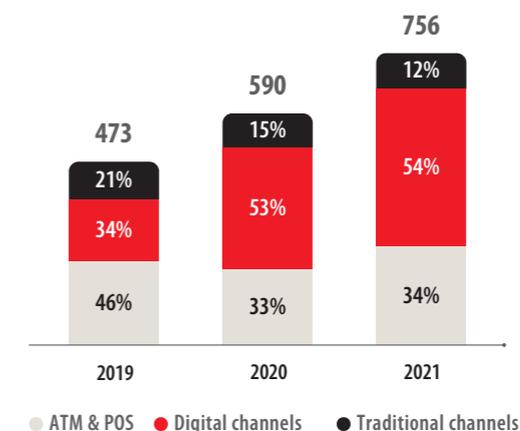
We will continue to work on different automation projects to improve our service, reduce risks and streamline our processes.

Additionally, we will focus on increasing our high availability in computing centers, the cloud and backup, thanks to technological developments in robotization and connectivity.

We will continue training our human team on various essential areas for this digital era, providing specialized knowledge and constant updates on new technologies, thereby strengthening our digital strategy while optimizing time and resources to offer more solutions to our customers.

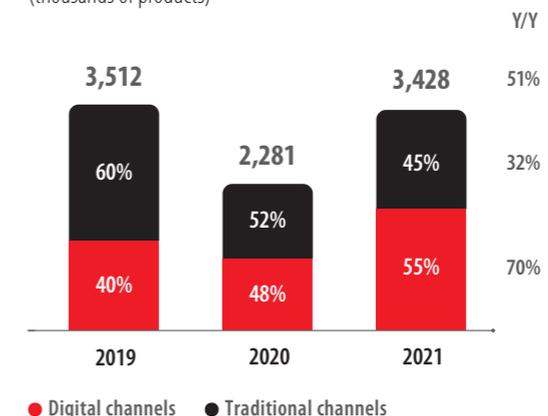
Transactional Mix - Colombia

(millions of monetary transactions)



Product Sales - Colombia

(thousands of products)



¹⁴ SMS= Short Message Service.
¹⁵ System of petitions, complaints and claims.
¹⁶ Bot = Autonomous program that can interact with systems or users through the internet.
¹⁷ Clab= Latin America Banking automation committee



▶ RETAIL BANKING

As part of our commitment to enrich the lives of our customers, in 2021 we continued to focus on developing products and solutions to help them fulfill their dreams through more alternatives. The consolidated balance of the retail banking portfolio (consumer and mortgage) closed at COP 65 trillion¹⁸, growing by 14.2% over the year.

In Colombia, our retail banking business closed with a COP 52.7 trillion balance, growing by 12.4% over the year, mainly due to an increase in fixed credit products. In international subsidiaries, retail banking closed with a USD 3.1 trillion¹⁹ balance and a 5.7% annual growth rate.

These results were achieved through a wide range of products aligned with the Bank's digital transformation, fulfilling our commitment to provide customers with the timely service and support they need, in the midst of the economic recovery landscape experienced during the last few months of the year.

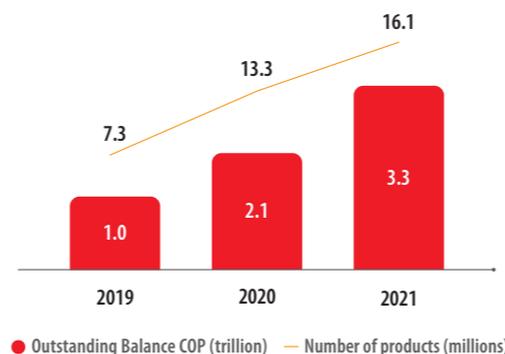
The world continues going digital; therefore, we continue building easy, friendly and intuitive experiences, coupled with innovative and attractive designs, providing our customers with 100% digital services allowing them to manage their transactions and financial data from their mobile devices, anywhere and at any time.

As part of our digital transformation strategy, we bridged an internal gap between digital and physical channels in 2021 through a service model that establishes the expected service model for our customers: 90% self-service through our digital platforms, 9% online assistance and only 1% with a specialized back-office team to handle the most complex cases.

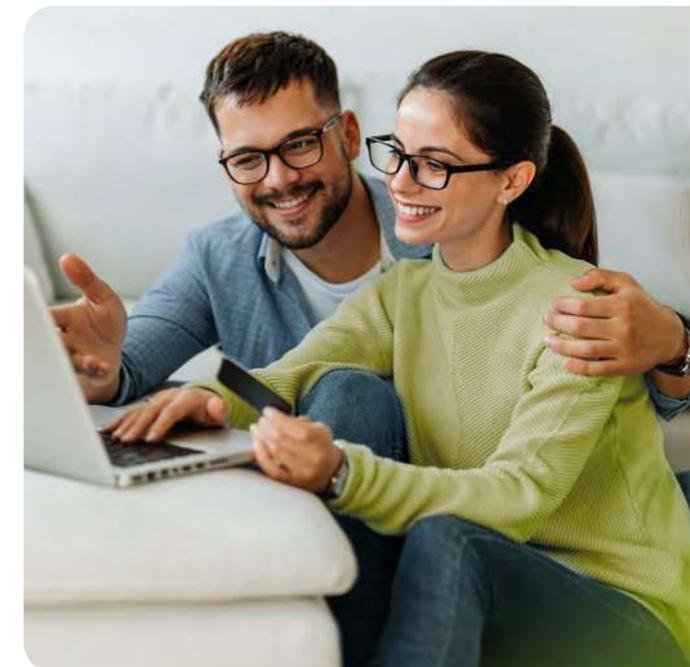
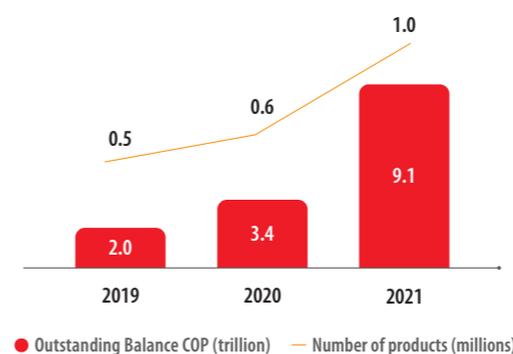
Thanks to these new developments, we have strengthened our relationship with our customers through apps, providing them with self-service capabilities and alternatives for managing their money.

We continue benefiting our customers by offering them an enhanced range of mobile products, along with constant innovation and transformation, which is reflected in a better customer experience and the strengthening of our relationships, a cornerstone to ensure our long-term sustainability. In 2021, 74% of our new customers joined us through digital channels.

Digital Deposits²⁰



Digital Loans²¹



IN 2021, 74% OF OUR NEW CUSTOMERS JOINED US THROUGH DIGITAL CHANNELS.

- ¹⁸ Consolidated operation figures in Full IFRS.
- ¹⁹ Consolidated operation figures in Full IFRS.
- ²⁰ Digital deposits includes Mobile Savings Account, Mobile Payroll Account, Digital Term Deposits, and DaviPlata.
- ²¹ Digital loans includes Mobile Loan, Mobile Loan Portfolio Purchase, Mobile Payroll Balance Transfer, Mobile Credit Card, Mobile Payroll Loan, Advanced Payroll, Naonocredit, and Vehicle Loans.



Culture and Innovation are embedded in Davivienda's DNA, which is demonstrated by the launching of new products on Davivienda's mobile App, totaling more than 20 and constituting the most comprehensive mobile offering in the country. In addition, we have reached new segments with our portfolio of accounts, payment methods, investments, loans, mortgage, and vehicle products, all available from a mobile device to apply in less than 5 minutes.

To successfully meet our customers' requests for any of our products and to ensure we provide the best service, we increased the number of agents in our call center to 624, who handled over 8 million calls in 2021. Our employees continuously receive training and instruction on customer service practices. This year, through the *A World Without Barriers* program, we also focused our efforts on proposing new accessibility practices to benefit people with disabilities, and we worked to continue improving other customer service channels based on the results of satisfaction surveys, in which we obtained a score of 89 points out of 100.

As a result, we were nominated for our innovation and digital offering in Fintech Futures' Banking Tech Awards.

In 2022, we will continue working on strategic points focused on the customer experience in our digital channels, including digital services and transactions, digital adoption, digital service model, cybersecurity, and experience design.

Digital loan products for retail banking / Main product launches



Credit card debt purchase through the App

- > Using a mobile phone and in under 5 minutes, our customers may settle the debts of their credit cards from other entities, with the available credit limit of their Davivienda cards at preferential rates.
- > Over 12 thousand transactions and COP 69 billion in other financial institutions' credit card balances.



Insurance marketplace

- > Using the Davivienda Mobile App, our customers are able to protect themselves and their loved ones in minutes: online life insurance, credit card protection, bicycle insurance, pet insurance, daily income, personal accidents, and compulsory vehicle insurance.
- > 6.7 thousand insurance policies sold through mobile devices.



Retirement account

- > In just a few minutes, our customers are able to open a dedicated account to receive their retirement payments, and they can use their account to make transactions, purchases and quickly obtain a pension advance.
- > We operate 100% digitally and reach 2.4 million retirees, including Colpensiones retirees, under 35 agreements.



International remittances

- > Receiving international remittances available for withdrawal in a matter of seconds; deposits may be made to an account or to DaviPlata, with withdrawal options at any of our branches.

WE REACHED NEW SEGMENTS THROUGH OUR ACCOUNTS' PORTFOLIO, PAYMENT METHODS, INVESTMENTS, LOANS, MORTGAGE, AND VEHICLE PRODUCTS, ALL OF THEM AVAILABLE FROM ANY MOBILE DEVICE TO BE REQUESTED IN LESS THAN 5 MINUTES.



CONSUMER

Our consolidated consumer portfolio grew 11.5% over the year, closing at COP 34.6 trillion²².

The consumer portfolio in Colombia²³ reached a COP 27.4 trillion balance and recorded a 10.5% annual growth. Our market share in this segment stood at 15.3% in December 2021, positioning us as the second largest in the financial sector.

In our international subsidiaries, the consumer portfolio closed with a USD 1.7 billion balance, a 6% growth.

These results, boosted by the expansion of our mobile products offering, led to an increase in sales of these products, a competitive offer for employees and retirees which enabled us to revitalize a strategy involving payroll loans, and campaigns to deepen our customer base through a solid offer of fixed credit.

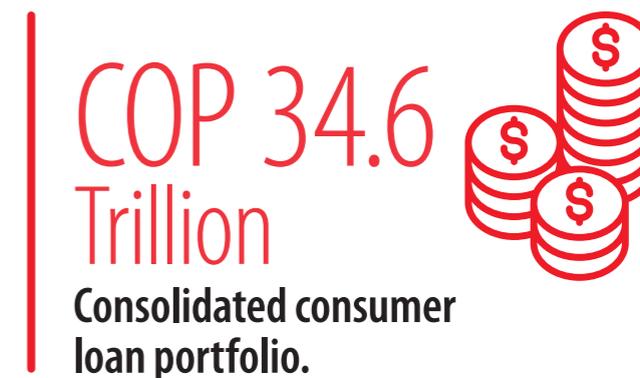
Deposits expanded by 20% relative to 2020, primarily fueled by our Mobile Retirement Account, which accounted for 69% of new accounts, and the Mobile Term Deposit product.

In 2021, we also supported our customers to buy a new vehicle, achieving a COP 2.3 trillion portfolio balance and a 3.5% increase compared to 2020. Mobile Vehicle Loan, our 100% mobile vehicle loan for purchasing a vehicle with approval and disbursement completed in just minutes, accounted for 25% of product disbursements, reaching COP 315 billion.

During 2021 we continued to consolidate our offer so that Colombians are able to finance an electric or hybrid vehicle under preferential conditions, promoting the use of electric transportation, increasing consumer awareness of this technology and the use of clean energy, benefiting the environment.

Thus, we doubled the number of loans for electric and hybrid vehicles relative to the previous year, with a portfolio totaling COP 104 billion and a 98% growth in disbursements, while contributing to an annual reduction of 302 tons of CO₂²⁴.

This year, we supported economic recovery along with the National Guarantees Fund (FNG)²⁵, providing our self-employed customers with loans backed by this fund for working capital and to meet the most pressing needs, both in the business and in the household. In 2021 we disbursed COP 71 billion, using 100% digital, online, paperless processes, with immediate disbursement into Davivienda accounts and same day pairing with the FNG.



WE SUPPORTED ECONOMIC REACTIVATION: 71 BILLION COP CREDIT DISBURSEMENTS, PROVIDING OUR SELF-EMPLOYED CUSTOMERS WITH 100% DIGITAL PAPER-LESS LOANS THE SAME DAY AS REQUESTED.

Disbursements under the economic recovery program in collaboration with the National Guarantees Fund

	2020	2021	TOTAL	2021 participation
Disbursements amount	34.9k	8.7k	43.6k	20%
Amount in million COP	357k	71k	429k	16%

²² Consolidated operation figures in Full IFRS.
²³ Individual figures of Colombia under local accounting.
²⁴ Approximate estimation.
²⁵ National Guarantees Fund (FNG), Entity through which the government facilitates access to credit for Colombian independent workers, companies and households, through the granting of guarantees.





MORTGAGE

Since it is our priority to help more families to fulfill their dream of owning their own home, especially among the most vulnerable sectors of the population and female heads of household, in 2021, our consolidated mortgage portfolio grew by 17.4%, closing at nearly COP 30.4 trillion.

Additionally, we continued improving the customer experience through our digital and traditional channels such as sales rooms, branch network and mobile mortgage app (the latter in Colombia), strengthening processes, training, partnerships, and relationships with our main partners in the housing construction business, which, added to the reactivation of the sector, allowed us to disburse historic amounts and to establish ourselves as the leading bank in mortgage financing in Colombia. By the end of 2021, our own portfolio balance reached COP 24.3 trillion²⁶, a 16.8% increase over the figure recorded in 2020. With a 26.1%²⁷ market share in this segment, we are helping more than 57 thousand families to build their wealth.

- **Social housing and Social housing for women**

By the end of 2021, our Social housing (VIS)²⁸ portfolio totaled COP 6.9 trillion, growing 11.3%²⁹ year-on-year. Moreover, for several years we have actively participated in government housing programs aimed at helping thousands of families to fulfill their dream of owning their own home. Within the *Mi Casa Ya* program, targeted at households with incomes up to 4 minimum wages, for whom the Government subsidizes the down payment of their property and a reduced interest rate, our market share is now 24%; and in the *Mi Casa Ya - Interest Rate Support program (Frech II)*, we are the leading bank, with a 40% market share.

We continued reinforcing our gender-based financing approach in the low-income housing segment, in which we closed 12 thousand deals over the year totaling COP 674 billion.

Davivienda, leader in mortgage financing in Colombia: COP 24.3 Trillion in loan portfolio, 16.8% annual growth and 26.1% marketshare.

- **Residential leasing**

This segment reached a COP 12.8 trillion balance, growing 16.8% year-on-year. Disbursements totaling COP 3.9 trillion helped 15 thousand households to achieve their dream of buying a home.

- **Traditional housing**

Mortgage loans totaled COP 4.6 trillion at the end of 2021, a 26.1% increase. Throughout the year, we disbursed nearly COP 2.1 trillion.

- **Mobile mortgage**

As part of our mobile strategy, we continued improving and reinforcing this product to give more Colombians the opportunity of financing the purchase of their home from their mobile devices, through our transactional app. The results obtained in this first year were successful, recording COP 2.5 trillion in approved loans.



²⁶ Individual figures of Colombia under local accounting.

²⁷ Figure as of December 2021.

²⁸ VIS: Social Housing in Colombia. New residential housing with a value of less than 135 current legal monthly minimum wages (135 current legal monthly minimum wages amounted to COP 127.7 millions in 2021).

²⁹ Individual figures of Colombia under local accounting.



► DAVIPLATA

In 2021, we continued consolidating our digital native bank and enabling greater access to the financial sector for more people and businesses by offering innovative solutions that reduce the use of cash and contribute to economic recovery.

We added 2.2 million customers over the year, closing with 13.8 million users on our platform and reaching 98% of municipalities in Colombia. More than 1.3 billion monetary and non-monetary transactions were made through DaviPlata, nearly 1.7 times the number of transactions recorded in 2020. We also increased the number of DaviPlata e-cards by 42.8%, amounting to nearly 1.8 million at the end of December.

Deposits' balance reached COP 881 billion, 1.7 times the figure recorded in 2020, and transactional income amounted to nearly COP 83 billion. On the other hand, the platform continues to consolidate itself as an important digital sales channel for insurance products, after increasing eight times the sales made in the previous year.

Committed to the economic recovery of the country, we continued our partnership with the Colombian Government for the distribution of subsidies, supporting over 2.7 million people by distributing COP 2.5 trillion. We maintained our leading role in this important task, paying out more than 68% of the subsidies, 75% of which went to women.

Additionally, we continued working towards promoting financial inclusion in Colombia. At the end of December, nearly 4.1 million customers relied on DaviPlata as their only financial product. We successfully worked hand in hand with the Institute for Social Economy (Ipes) in 19 market centers in Bogota, promoting cash reduction.

Aligned with our groundbreaking vision of a cashless world, part of our management focused on further consolidating each of the features that integrate the DaviPlata app and its payment methods. As a result, invoice payments, top ups, purchases with our e-cards, with QR codes, through PSE and the payment button reached COP 1.25 trillion.

In an attempt to position ourselves as a tool for everyday life, we launched several products and features: the special credit card for DaviPlata customers issued by Davivienda, the compulsory vehicle insurance policy³⁰, the Marketplace for our customers to purchase financial and non-financial products and services within the App, and the Social Seller profile for our entrepreneurs, which enables them to build catalogs and create payment links to sell through digital platforms and collect payments directly in the application.



DaviPlata, committed to financial inclusion: 13.8 million users, 4.1 millions of them with DaviPlata as their only financial product, and presence in 98% of municipalities in Colombia.

³⁰ SOAT (in Spanish): Compulsory Third Party Insurance.



WITH *METRO DE MEDELLÍN*, WE DEVELOPED THE CÍVICA SUPERAPP, A CO-CREATION MODEL UNIQUE IN THE WORLD.



The new Marketplace is an App feature that brings the offer of our commercial partners closer to DaviPlata customers. By the end of 2021, over 45 brands of consumer bonds belonging to 8 categories had been integrated, allowing customers to pay with their available balance. Davivienda is committed to the digital transformation of the country by raising the profile of these businesses, connecting them with buyers and facilitating payments through simple, fast, and safe alternatives that add value to their businesses.

Through a partnership with the Medellín Metro, we developed the Cívica SuperApp to serve all the residents of Medellín and the Aburrá Valley, as part of a co-creation model unique in the world. This application integrates transportation system services with financial services to facilitate citizens' travel and money transactions. This is the first step towards developing a smart city ecosystem that integrates all the services citizens need in a single place.

In 2021 we continued to advance our partnership with Rappi to create a new Digital Native Financial Entity. We were authorized by the Colombian regulator to create the Rappipay financing company, allowing us to reach new segments of the population with a renewed offer.

In 2021 DaviPlata received international awards which encourage us to continue transforming banking and contributing to financial inclusion, the digital transformation of the nation and the wellbeing of Colombians.

We continued to strengthen DaviPlata in El Salvador: we closed 2021 as the bank with the largest number of simplified accounts, 79 thousand customers, a 35% growth and a balance of USD 763 thousand.

We will reach even more customers and contribute even more to financial inclusion. Innovation will remain as one of our pillars and we will continuously build innovative solutions for our clients and partners, supporting a country that is increasingly going digital.

We will continue to create innovative solutions for our customers, supporting the consolidation of an increasingly digital country.



► COMMERCIAL BANKING

In 2021 we continued to support companies as they continue recovering economically, offering them the tools required to continue their operations and achieve new goals. The balance of our consolidated commercial portfolio closed at COP 53.6 trillion, accounting for 45.2% of gross loans, growing by 7.8% year-on-year.

In Colombia, commercial banking closed at COP 39.2 trillion balance, growing 4.4%³¹ over the year, mainly driven by the performance of the SME segment. As of December 2021, our market share was 13.1%, positioning us as the third largest bank in Colombia within this segment.

In our international subsidiaries, the Commercial Banking portfolio closed at USD 3.2 billion, growing by 3.3% over the year.

As part of our commitment to sustainability, we promoted environmental protection in 2021 by financing projects committed to conservation, restoration, and the sustainable usage of natural resources. The green finance portfolio balance closed at COP 1.7 trillion.

We actively support business development through financial leasing for investment in productive assets. In 2021, the green leasing portfolio balance exceeded COP 60 billion, a 33% growth over the previous year. Through the Energy Efficiency and Renewable Energy Strategy, we supported our customers to mitigate environmental impacts and contribute to the sustainable development of the country by offering products such as Green Leasing.

Even though the economic impact is highly relevant, we believe that the most significant projects are those that yield the greatest social and environmental benefits. Particularly, we highlight two solar photovoltaic projects that have succeeded in encouraging more companies in their respective industries to enroll in this initiative:

COP 53.6
Trillion
Consolidated commercial
loan portfolio.



- > **San Sebastián sugar mill:** 195 thousand kwh/year were installed, equivalent to the reduction of 78.7 tons of CO₂ or the planting of 315 trees per year.
- > **Anserma Coffee Growers Association:** 123 thousand kwh/year were installed, equivalent to the reduction of 46.7 tons of CO₂ or the planting of 187 trees per year.

In addition to these environmental benefits, we strengthened our financial literacy programs to raise green technologies awareness among Colombians: we conducted more than 54 talks at events, associations, cooperatives, and companies, and we reached different agricultural and livestock sectors that include more than 700,000 families.

AT DAVIVIENDA, WE
SUPPORT PROJECTS WITH
POSITIVE SOCIAL AND
ENVIRONMENTAL IMPACT.

³¹ Individual figures of Colombia under local accounting.



CORPORATE AND BUSINESS SEGMENTS

In Colombia, the corporate portfolio closed at COP 24.5 trillion, while the business portfolio closed at COP 3 trillion. Overall, we served over 1,850 customers.

We continued supporting our corporate and business customers through the Debtors Support Program (PAD)³² (162 corporate clients representing COP 4.5 trillion in our portfolio) in Colombia. Additionally, we worked to promote reactivation, committed to financing businesses. In this sense, our business portfolio in Colombia presented a growth of 6.5% in the year.

INFRASTRUCTURE

We have positioned ourselves as a leading bank in the financing of high-impact infrastructure projects for Colombia’s development and in the participation in structured syndicated loans. We supported road, port, power generation and transmission, and real estate projects, among others, with syndicated corporate loans, refinancing, leveraged buyouts, among other relevant transactions.

We will continue to actively promote the development of Colombia’s transportation infrastructure, participating in regional and urban road, airport, railroad, and navigability projects.

COP 24.5
Trillion
Corporate Loan Portfolio in Colombia 2021.



CONSTRUCTION SEGMENT

In 2021 we maintained our leadership in the Construction segment in Colombia. Our portfolio closed with a COP 4.9 trillion balance, a 10.2% growth over the previous year.

Furthermore, we reaffirmed our commitment to finance sustainable projects, an initiative that started with the issuance of a Green Bond, promoting green building projects with LEED³³ and EDGE³⁴ certification among our builders, funding up to COP 769 billion. In 2021, 7 projects funded by Davivienda received EDGE certification, while 5 projects received design certification with the support of the IFC, thereby bringing green housing solutions to Colombian families, optimizing the use of our natural resources through buildings that reduce their environmental impact to a minimum.

We will continue working on this front, strengthening our policies, enhancing our procedures, and building capabilities to continue offering banking and financial products designed for sustainable construction.



Supporting high-impact infrastructure projects and sustainable construction.

- 32 PAD: Debtor Support Program. Set of measures that credit institutions determine to manage the financial commitments of debtors in the face of the impact on their income or ability to pay in the current pandemic situation.
- 33 LEED (Leadership in Energy & Environment Design): An environmentally sustainable building certification created by the U.S. Sustainable Building Council.
- 34 EDGE (Excellence in Design for Greater Efficiencies): Standard and international certification system for sustainable building created by the IFC.



SOME PROJECTS FUNDED BY DAVIVIENDA IN COLOMBIA, 2021



Mirador de Fontibón (VIS)
Constructora Capital Bogotá S.A.S.
Bogotá



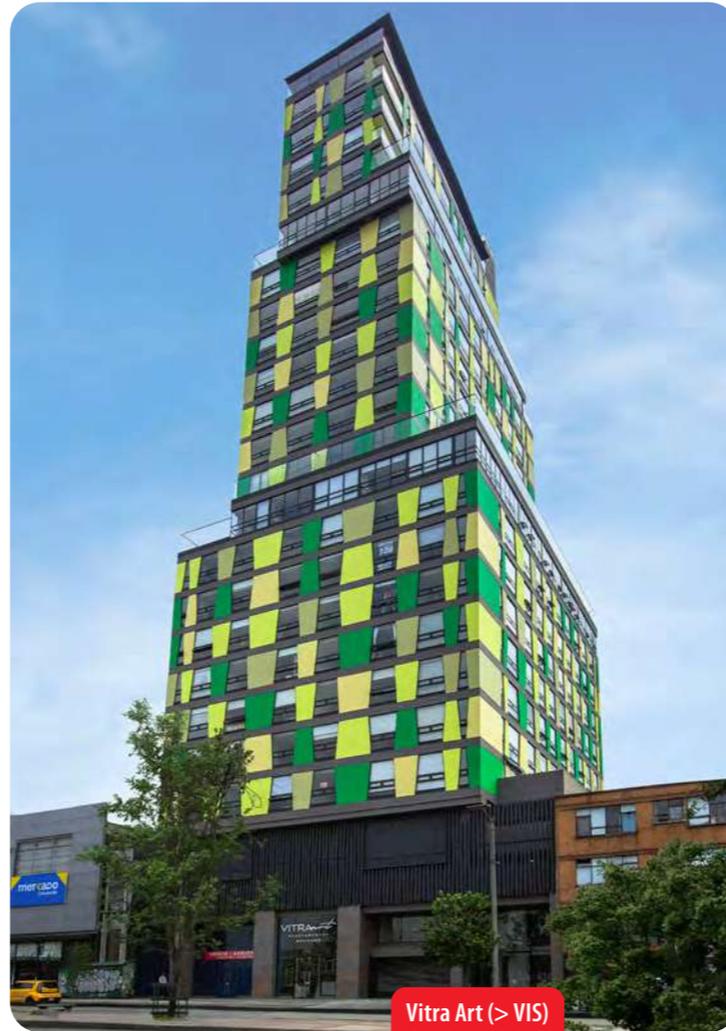
Living 127 (VIS / Renovation)
Constructora Bolívar S.A.
Bogotá



Mirador de Jaboque (VIS)
Incol S.A. - Quynza S.A.S.
Bogotá



Castellana Tower 100 (> VIS)
Contein S.A.S.
Bogotá



Vitra Art (> VIS)
Arcoinpro S.A.S.
Bogotá



Primera Candelaria (> VIS)
Constructora Kandelaria S.A.S - Korn Arquitectos
Bogotá





Veronés (VIS)
Triada S.A.S.
Mosquera, Cundinamarca



Amonte (> VIS)
Diseño Urbano S.A.S.
Sabaneta, Antioquia





Bora (> VIS)
Amarillo S.A.S.
Barranquilla



Reserva de Hungría (> VIS)
Constructora Hungría S.A.S.
Manizales



Parques de Bolívar (VIS)
Constructora Bolívar S.A.
Cartagena





SMEs SEGMENT

In 2021, we continued supporting companies affected by lockdowns and travel restrictions implemented in response to the pandemic, road closures, and civil unrest.

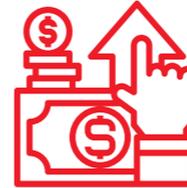
We implemented support measures offered by the Government, such as deferments, grace periods and flexible terms, among other actions. Additionally, relying on better coverages offered by the National Guarantees Fund and improved conditions for resources channeled through the rediscount banks, we implemented a number of strategies to reactivate economic activity and help our customers regain the momentum they had before the pandemic. Thus, the balance of this portfolio reached COP 6.7 trillion at the end of the year, serving nearly 40 thousand businesses.

We remain committed to gender equality: our women-owned SMEs loan portfolio accounted for 16% of the overall SMEs portfolio totaling more than COP 1.1 trillion in 2021. Likewise, we continue to work jointly with the Inter-American Development Bank (IDB³⁵) to understand the reality and needs of these companies, ensuring that the products and services we offer meet their expectations and requirements.

In an effort to support our customers in this segment, we held our second Davivienda SMEs fair in 2021, reaching more than 30 thousand small and medium-sized companies from all over the country, who were able to access loans totaling over COP 5 trillion. In this edition, agricultural and livestock businesses were featured and had access to credit limits, transactional offers and insurance options backed by Seguros Bolivar and other partners.

Despite a challenging year, we consolidated our position when it comes to supporting small and medium-sized enterprises. These results encourage us to continue transforming our offer and our processes, and to leverage our digital expertise to provide our customers with a product and service portfolio that is increasingly more user-friendly and focused, so as to effectively contribute to the growth and consolidation of the SMEs we serve.

COP 6.7 Trillion



SMEs loan portfolio in 2021, supporting almost 40k businesses.

Regarding environmental action, we will continue working to position ourselves as the best partner of our SMEs customers in their path towards reducing their carbon footprint and eliminating greenhouse gasses, by offering green credit lines and financial leasing to support their energy efficiency projects.



**COMMITTED WITH GENDER-EQUALITY:
OVER COP 1.1 TRILLION IN LOAN
BALANCE FOR WOMEN-OWNED SMEs.**

³⁵ IDB: Inter-American Development Bank: An international financial organization based in Washington D.C., that finances development projects and promotes trade integration in the region.





AGRIBUSINESSES

The Bank and Grupo Bolivar prioritize the growth of the agricultural sector; in 2021 our portfolio grew by 16% in comparison to the figure recorded in 2020 closing with a COP 5.1 trillion balance.

Furthermore, we positioned ourselves as the first private bank to place credit lines under subsidized development rate conditions, transferring subsidies to our clients amounting to nearly COP 10 billion, supporting them and delivering timely resources through special credit lines launched by Finagro³⁶, disbursing COP 129 billion and benefiting nearly 1,000 farmers.

We are still the largest distributor of the Agropecuaria card, financing working capital for 11.9 thousand farmers, reaching a COP 254 billion balance as of December 2021, which represents a 44% annual growth.

We are an important partner for the primary agricultural and agro-industrial sectors, which are essential in the country's value chain: we supported economic recovery and the growth of over 2.5 thousand companies through loans amounting to COP 136 billion at Davivienda SMEs fair.

We stand ready to continue driving economic recovery, offering swift solutions to encourage cashlessness and financial inclusion, especially among the country's small farmers, while financing highly sustainable and environmentally efficient projects.

COP 5.1 Trillion
in agribusiness loan portfolio and 16% annual growth.



³⁶ Finagro: Fund for the Financing of the Agricultural Sector, is a national mixed economy company organized as a credit establishment with a special regime, linked to the Ministry of Agriculture and Rural Development. Finagro promotes the Colombian rural sector with financing and development instruments that stimulate investment.



▶ WEALTH MANAGEMENT

We aspire to be our customer’s first choice for managing their wealth and financial needs domestically and abroad, providing them with specialized advisory and support in accordance with their risk profile, in addition to user-friendly and easy-to-use digital solutions.

2021 proved to be a challenging year for wealth management. The COP depreciation against the USD, inflation, rising interest rates set by the Central Bank, the loss of the country’s sovereign debt investment grade, in addition to an uncertain political environment characteristic of a pre-electoral year, led to a highly volatile market. Consequently, many investors sheltered part of their assets in bank deposit products and products with global exposure.

Davivienda strives to deliver a broad and robust value offer of products and services, both domestically and internationally, tailored to the needs of our customers and economic cycles. Thus, our assets under management totaled COP 67.7 trillion, including COP 37.6 trillion in Fiduciaria Davivienda and COP 30.1 trillion in Corredores Davivienda.

2021 was marked by an extraordinary increase in customer balances under management through our international subsidiaries: Davivienda Miami, Davivienda Panama, and Davivienda Corredores expanded by more than USD 205 billion, from USD 650 billion in 2020 to over USD 857 billion in 2021.

As part of the digital transformation of our business in Colombia, our customers are now able to open 7 new investment products through the Davivienda App, Davivienda.com and the Investment App, adding to our digital offerings. Similarly, we continue to advance in the digital adoption of our customers: 2 out of every 3 customers that joined our Superior Collective Investment Fund were digital.

We launched the “Goal-Based Investing” tool in the Davivienda App which, after just three months, succeeded in attracting our customers to start investing easily to make their dreams come true.

This tool enables customers to set a goal (amount) to be achieved within a certain time frame; then, through disciplined investment practices based on a combination of select portfolios based on their risk profile and investment horizon, customers are able to achieve their goals.



COP 67.7 Trillion

**Assets Under Management.
37.6 Trillion COP from Fiduciaria Davivienda and 30.1 Trillion COP from Corredores Davivienda.**

Digital transformation: Our customers are now able to open 7 new investment products through the Davivienda App, Davivienda.com and the Investment App.



The “Goal-Based Investing” tool enabled a broader access for our customers to the advice of our investment experts, giving them the opportunity to receive advice on their mobile devices through a bot³⁷ or, if they prefer, from specialized executives, and to diversify their investments, without requiring large amounts of resources.

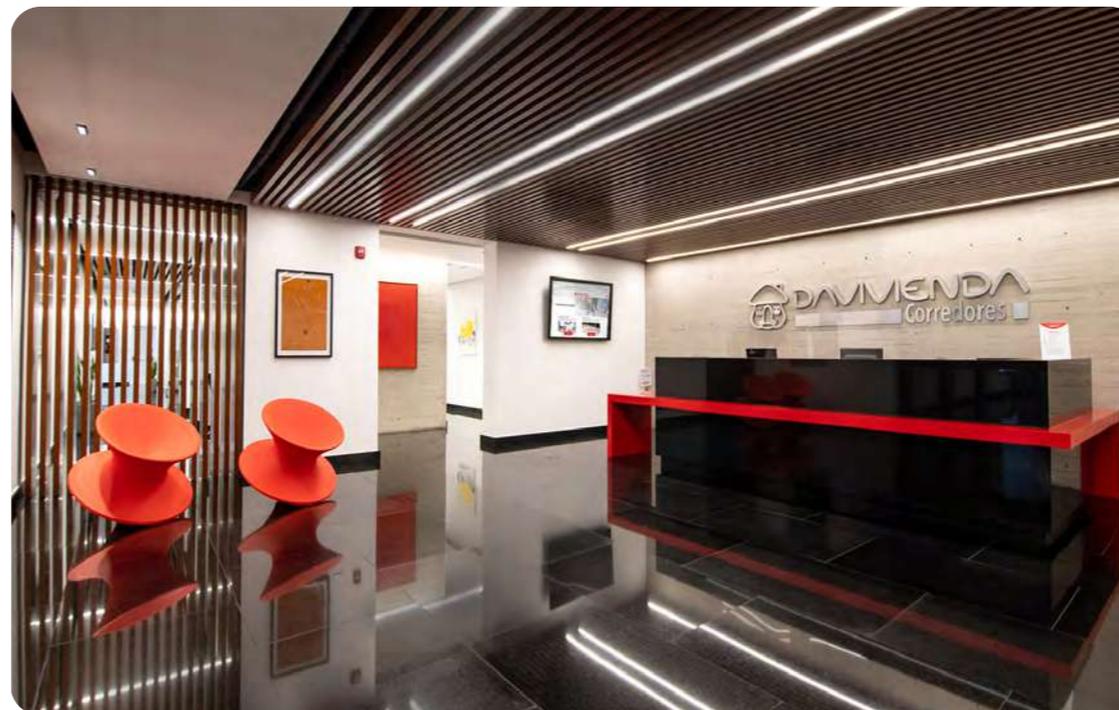
On the other hand, the Fici-R Real Estate Fund, part of Corredores Davivienda, excelled in the market due to its excellent performance and soundness, despite a year marked by high levels of market uncertainty; in addition, we strengthened our value offering with the new Alternative Fund 120.

In 2021, we consolidated the transformation of the Bank’s sales force specialized in investments, which grew from 52 to 105 executives, with the aim of providing our clients with comprehensive professional investment advice and support, particularly amid high volatility.

In regards to our 2 ESG portfolios (Environmental, Social and Governance), the global sustainable portfolio had a growth of COP 49 billion over the year, reaching COP 64 billion and 2.7 thousand members. On the other hand, the global stock portfolio reached a growth of COP 36 billion, to complete COP 69 billion and 6.2 thousand members.

We will continue searching for more diversification options for our customers through products that invest in alternative assets, in investment structures that guarantee capital, assets that invest in top trends and investments with the highest ESG ratings.

Furthermore, we will continue making new functionalities in the “Goal-Based Investing” tool, and incorporate local and international investment product offers into our digital channels.



THE “GOAL-BASED INVESTING” TOOL ENABLED A BROADER ACCESS FOR OUR CUSTOMERS TO THE ADVICE OF OUR INVESTMENT EXPERTS ON THEIR MOBILE DEVICES OR BY SPECIALIZED EXECUTIVES.

105 executives giving professional and comprehensive advice to customers regarding investments.



³⁷ Robo advisor: is a type of digital financial advisor which offers an algorithm based online investment portfolio management service and, usually, the supervision of a team of investment experts.



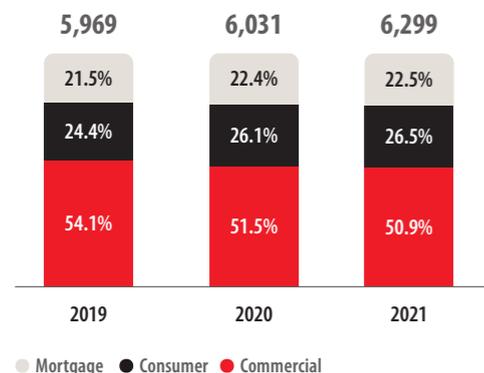
INTERNATIONAL BANKING³⁸

2021 was characterized by economic recovery across the Central American countries where we operate, mainly as a result of vaccination efforts and the easing of most of the restrictions implemented in response to the pandemic. Furthermore, we achieved positive results in terms of portfolio growth, profitability, and credit risk management, among others.

Within our loan portfolio, our retail banking segment expanded by 5.7% over the year, mainly due to growth in El Salvador and Honduras, where the consumer, credit card and mortgage portfolios rose. The commercial portfolio grew by 3.3%, despite a decline experienced by corporate customers in the international segment in Panama, which was offset by growth in Costa Rica and Honduras; consequently, our overall gross loan portfolio in Central America reached a balance of USD 6.3 billion, growing by 4.44% from 2020.

Gross loans by type

(In USD million, except percentages)

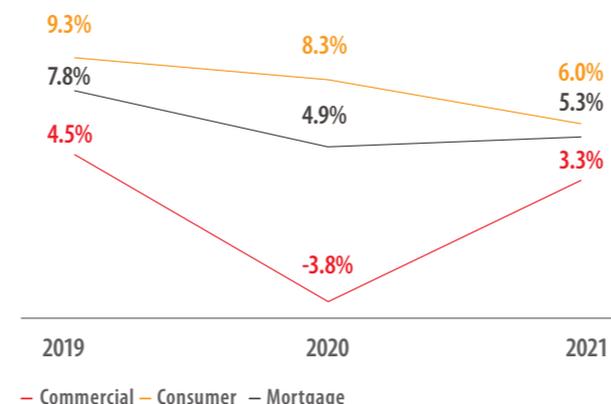


In 2021, profits reached USD 105.9 million, growing by 44% and 52% compared to 2019 and 2020, respectively. This performance is due to a reduction in provision expenses, an increase in operating income and lower financial expenses.

As a Multilatin bank, we have been able to outpace the industry in terms of portfolio growth, thereby increasing our market share in Costa Rica (40 basis points) and Honduras (40 basis points), where our market share was 8.8% and 7.4%, respectively. In addition, we maintained our market share in El Salvador and Panama, with 16.3% and 1.1%, respectively³⁹.

In 2021, PDL ratios stabilized and improved, returning to pre-pandemic levels.

Gross loans growth by type



USD 6.3 Billion
Gross loan portfolio in Central America. 4.4% year-on-year increase.

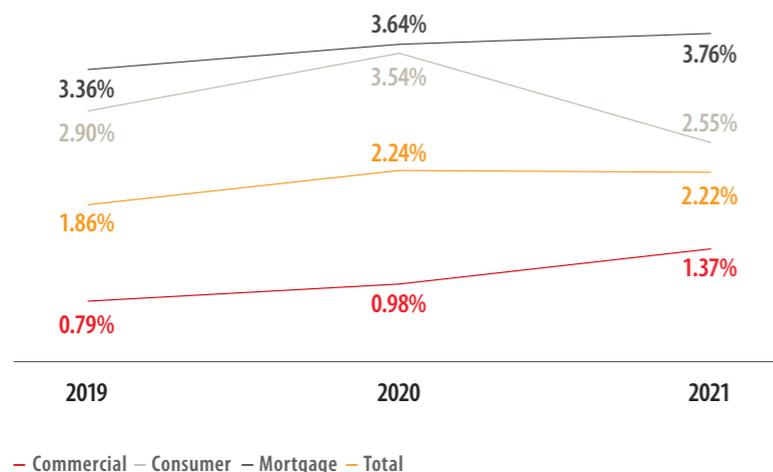


³⁸ Figures under IFRS accounting.

³⁹ Figures to the end of november 2021.



Asset Quality Behavior⁴⁰



In 2022, the Bank will be focused on improving its PDL ratios to reach or surpass pre-pandemic levels, and on achieving and maintaining strong portfolio growth indicators.

Digital channels played a key role in 2021, as our App and website became the main channels for customer transactions. Website transactions grew by 15%, while App transactions grew by 96%; currently there are over 940 thousand digital customers.

Over 79 thousand mobile accounts were opened in 2021, this is a 100% digital product. In terms of assets, mobile lending saw an increase of 7.2 thousand transactions, while mobile credit cards attracted nearly 5 thousand units.

In El Salvador, the Bank continues innovating through digital solutions that offer our customers the possibility of making secure and contactless payments from their mobile devices; thus, we launched QR Davivienda, enabling 4.4 thousand transactions over the second half of the year.

We also launched the Miami App, a new channel available to our retail and commercial banking customers. We implemented a new platform on our website in Honduras, El Salvador, and Miami, introducing new features, incrementing self-service capabilities for our customers.

Additionally, we reinforced our DaviPlata strategy; we plan to expand into the Honduran market in the first half of 2022, where we have found great potential on the remittance market, enabling us to decisively contribute to building equity and financial inclusion for individuals and families, supporting the Northern Triangle Alliance.



Our Apps and website, the main channels for our customers: 96% growth in website transactionality and 15% through our website. We count with more than 940 thousand digital customers.

⁴⁰ Measured as past due loans over 90 days.



We continue incorporating more 24/7 customer service channels and creating exceptional service experiences for our digital customers through our chat.

We strive to offer business customers a comprehensive set of payment solutions, enabling them to receive different types of electronic payments, reducing costs and boosting sales; in addition, we are working to enable them to manage their digital products, streamlining financial management.

By supporting ourselves with infrastructure adjustments and processes implemented in 2020, mainly in response to the covid-19 crisis, coupled with major progress in digital transformation, in 2021 we consolidated our operations with a substantial increase in digital transactions, even though traditional channels, such as ATMs and branches, also rebounded from the previous year.

In 2021, we ratified ourselves as a customer-centric bank, and as customer service leaders in the business segment, with over 11 points of difference in the NPS⁴¹ for the industry and more than 4 points in the retail banking segment. This was achieved thanks to our constant efforts to understand our customers and their needs, focusing on providing them with customer-centric

experiences, identifying their concerns, eliminating process friction from the root, measuring customer service satisfaction across all interactions, and proactively communicating relevant and timely information to our customers.

As part of the challenges that we have identified in our customer service strategy, we continue working on optimizing self-service platforms, online banking, and apps, adding new 24/7 customer service channels, and delivering remarkable service experiences to our digital customers through chat.

In 2021, we continued working on corporate issues, backed by our holding company and adhering to shared standards. The pandemic has not hindered progress on the technological, process, and service fronts, among others.

Thanks to our efforts, Davivienda Honduras "Virtual Executive" solution, introduced by Davivienda and ACF Technologies, was awarded second place in Digital Leadership and Performance, in the category "Best use of digital solutions for performance management", in the #LatamDigital2021 awards.



THE "VIRTUAL EXECUTIVE" SOLUTION FROM DAVIVIENDA HONDURAS WON SECOND PLACE IN DIGITAL LEADERSHIP AND PERFORMANCE, CATEGORY "BEST USE OF DIGITAL SOLUTIONS FOR PERFORMANCE MANAGEMENT", IN THE #LATAMDIGITAL2021 AWARDS.

⁴¹ NPS: customer satisfaction measurement, calculated using a question sent to them with the purpose of knowing if they would recommend a determined brand, product or service.





► CORPORACIÓN FINANCIERA DAVIVIENDA

In 2021, Corporación Financiera Davivienda (Davivienda’s merchant bank) remained complementing maintained its focus on complementing the Bank’s strategy, and its investments were focused on companies consolidated in the market and fintechs. The value of investments reached COP 205 billion at the end of the year, increasing by nearly COP 179 billion over 2020.



► SUSTAINABLE MANAGEMENT

OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Since 2015, when the United Nations launched the Sustainable Development Goals, we have incorporated objectives aimed at meeting these goals into our sustainability strategy. We contribute directly to these goals and specific targets.

Within a framework of global indicators, we contribute to human development, prosperity in the countries we serve, and the wellbeing of the planet. We have integrated SDGs contributions into the Bank's various material issues, and we monitor their progress. This has enabled us to assess products and initiatives in order to make decisions on best practices.

SDGs prioritized by Davivienda



MATERIALITY ANALYSIS

The materiality analysis is a key element of our sustainability strategy, highlighting the issues that are relevant to sustainable management.

We updated the entire materiality matrix in 2021, analyzing and reviewing relevant issues for our stakeholders on economic, social, and environmental matters where we have significant impact. As a result, we identified and prioritized the material issues that directly contribute to the achievement of our corporate strategy and to our sustainable development.

Our approach allows us to maintain ongoing conversations with our stakeholders to pinpoint their expectations and best practices for addressing risks and opportunities, adding value, and strengthening our ties. The main material topics are directly related to our organizational strategy. The scope of our materiality exercise and our strategy extends both to the Bank and its subsidiaries in Colombia, Honduras, Costa Rica, Panama, and El Salvador, for all strategic issues reported.

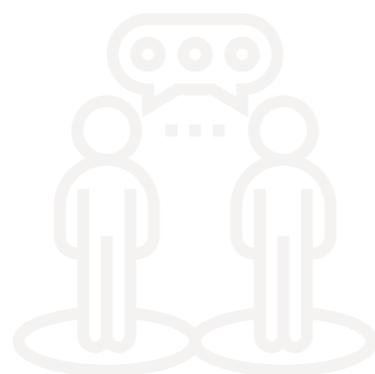


WE UPDATED THE MATERIALITY MATRIX ENTIRELY, REVIEWING THE RELEVANT ISSUES FOR OUR STAKEHOLDERS ON THE ECONOMIC, SOCIAL AND ENVIRONMENTAL ASPECTS IN WHICH WE GENERATE THE GREATEST IMPACT.



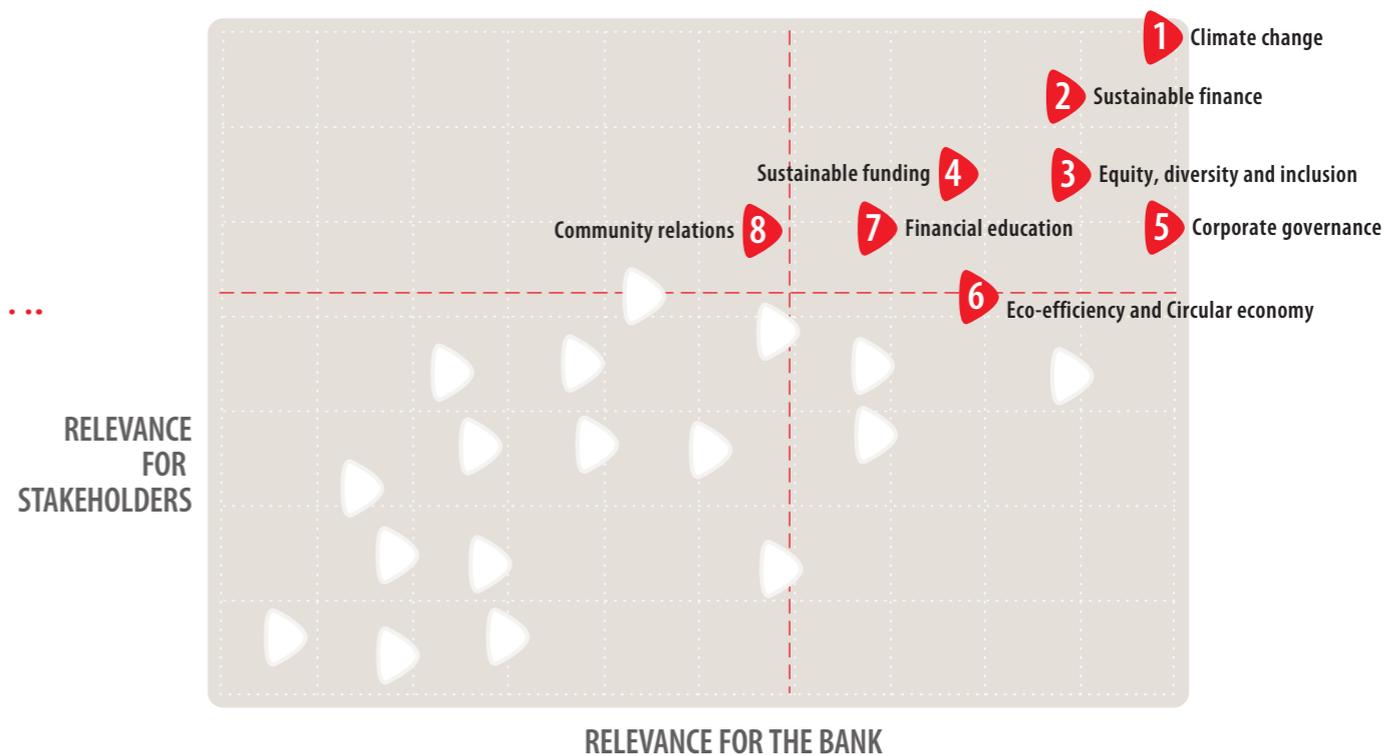
Stages of the materiality matrix

1. Identification	2. Prioritization	3. Approval
We considered organizational strategic objectives and our external commitments. We took into account the issues raised therein as priorities and lines of work in an attempt to align ourselves with the strategic aspects identified by the industry. Accordingly, we listed the issues associated with each type of referent, to validate such issues and to produce a final list to cover a number of relevant issues.	We assessed the relevance of these issues for our strategy and stakeholders, evaluating their impact on our strategic objectives, to prioritize the issues to be managed. For prioritization purposes, we looked at the frequency of the issues in different references, their relevance to our stakeholders and their alignment with our strategic objectives, searching for the greatest common ground and alignment.	We ratified our commitment to managing programs and initiatives under our sustainability strategy; therefore, these issues were approved by the Bank's senior management, ensuring that these issues are on the top of mind of our CEO and senior executives.



Based on this process, we built our new materiality matrix considering the relevance for stakeholders and the relevance for the business, with the following result:

Materiality matrix



CLIMATE CHANGE

Our strategy aims at promoting climate change mitigation and adaptation efforts and projects, to facilitate the transition to a resilient, low-carbon economy.

Davivienda deems climate change as the most relevant material issue. Throughout the years, the bank has strengthened its strategy and participated in relevant forums on this matter, such as the Green Protocol, thereby promoting best practices among the banking sector in Colombia. Additionally, we fill out the CDP (Carbon Disclosure Project) climate change questionnaire and the Dow Jones sustainability questionnaire every year. The latter is a global benchmark that acknowledges our environmental performance. As part of our climate change strategy, we adhered to the TCFD⁴² in 2020, pledging to continue implementing actions to mobilize ourselves and our customers towards the achievement of global goals. In 2021 we published our first report in accordance with this reporting framework.

• Climate change management

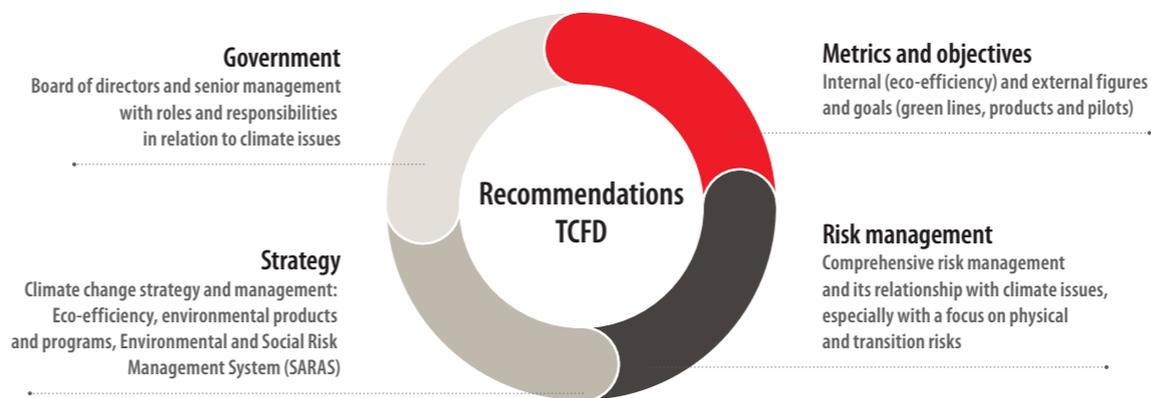
We manage climate change as a cross-cutting issue across the organization. Our strategy is strengthened through processes, products, programs, and initiatives that enable us to contribute to specific measures designed to mitigate or adapt, and to seize related opportunities, through the following processes:

1. Social and Environmental Risk Management System (SARAS)⁴³
Includes climate change risk assessment: physical and transitional.
2. Eco-efficiency
We manage the environmental impact associated with our operations.
3. Environmental products and programs
We finance climate change mitigation and adaptation projects.

We made significant progress in climate change management in 2021. Since our review of material issues, this issue has gained relevance and prompted us to consolidate and strengthen our climate change strategy in line with the recommendations provided by the TCFD. This is how we address our performance in accordance with recommendations focused on 4 relevant topics, which provide us with a comprehensive understanding.



Relevant climate change management issues



⁴² TCFD (Task Force on Climate-Related Financial Disclosures): A guide for identifying the opportunities, risks and impacts of climate change finance.

⁴³ SARAS (Environmental and Social Risk Analysis System): Series of policies, mechanisms and procedures to identify, evaluate and monitor potential environmental and social risks generated by a client or a project.



As part of the process to integrate the various elements involved in managing the risks and opportunities associated with climate change, we have identified that these have the potential to generate material financial impacts such as:

- > Increased income from product and service offerings.
- > Reduced direct and indirect operating costs.
- > Loss of income due to the impact of climate events.
- > Brand positioning by mitigating reputational risk.

These achievements have been enabled by our commitment to climate change issues. Since 2011, we have been actively engaged in climate change issues through our environmental policy, which we have strengthened by adopting best practices, such as those proposed by the TCFD.

Our performance has yielded significant results in this regard:

• **Governance**

The highest governance body, in terms of planning, control and follow-up on Climate Change related matters, is the Board of Directors, fulfilling the duties established in the bylaws and regulations, specifically those related to the strategy, monitoring, remuneration, and execution of governance matters related to climate change. Furthermore, there are committees in place to support the Board, such as the Corporate Governance and Sustainability Committee and the Corporate Risk Committee, which are responsible for establishing guidelines and following up on this matter. The presidential committee is another internal control body, which defines, approves, and manages policies and integrates such policies into the business strategy. These committees meet on a regular basis throughout the year.

The areas responsible for monitoring and compliance on Climate Change are the Sustainability Department, the Vice-Presidency of Credit Risk, and the Administrative Services Department, which coordinate and integrate internal and business actions in order to approach this issue at a

tactical and strategic level. Climate change risk management is included in the Environmental and Social Risk Management System - SARAS, which itself is part of the Comprehensive Risk System, the highest governance body for planning, control, and follow-up on Climate Change matters.

• **Strategy**

As part of our sustainability strategy and the identification of key areas for development in 2021, we recognized climate change as the most relevant or material issue given the impact we have as a banking entity, not only on our stakeholders, but also on the risks and opportunities posed to the business. Therefore, we continue to strengthen our commitment and transparency with climate change prevention and mitigation measures through our first TCFD report.

We are therefore working to strengthen our climate change strategy by managing material issues related to sustainable finance, sustainable funding, eco-efficiency, and circular economy.

In addition, we rely on expert consultants who support us in strengthening our strategy in the medium and long term.

• **Risk management**

Within the framework of climate change risk management, we increased our understanding of physical risks by identifying and classifying risk levels for flood and landslide hazards as part of the underwriting of loan applications and for the mortgage and construction portfolios. Additionally, we improved our ability to understand and integrate data from future climate scenarios.

In relation to transition risks, we structured a methodology that allows us to analyze, through heat maps, the associated risk levels. We have performed exploratory exercises for analysis and adjustments, to find the most suitable procedures that may be integrated into the current processes.



We identified climate change as the most relevant material issue due to the impact we have as a banking entity, not only on our stakeholders, but also because of the risks and opportunities that this means for the business.



• Metrics and objectives

To achieve a meaningful outcome, it is key to establish metrics to help us meet our direct and indirect targets. Currently our climate strategy is based on the following metrics and objectives:

- > Active participation in green credit lines, i.e., those that contribute to climate change mitigation and adaptation, totaling COP 1.74 trillion.
- > We reduced our carbon footprint by 32.6% compared to 2019.



COP 1.74
trillion
in green lines that
contribute to climate change
mitigation and adaptation.

Internal management - Operational eco-efficiency

(Figures in Ton CO₂eq, except percentages and MWh*)

Indicator	2019	2020	2021	Reduction (with respect to 2019)	2022 Target
Scope 1 Emissions from consumption of refrigerant gasses for air conditioning and power plant fuels (Tons CO ₂ eq)	2,904	2,596	2,620	9.8%	-1%
Scope 2 Emissions from electricity consumption (Ton CO ₂ eq)	7,005	4,894	4,668	33%	-4%
Scope 3 Emissions from consumption of reams of paper and air travel by employees (Tons CO ₂ eq)	1,278	345	247	80.7%	-17%
Total carbon footprint (Ton CO ₂ eq)	11,187	7,836	7,534	32.6%	
Carbon footprint offsetting	15.5%	35%	76.4%	-	-80%
Clean energy generation (MWh*)	59.3	53	140.3	-	+185%

*MWh: Megawatt, a unit equivalent to the energy required to maintain a constant power of 1 million watts (1 MW) for one hour.

External management / Green or environmentally beneficial credit lines

(Figures in COP billions)

	2019	2020	2021	Metas 2022
Green building	546.6	672.4	769.1	906
Renewable energies	26.4	178.1	19.9	73
Energy efficiency	2.6	239.1	206.7	499
Sustainable infrastructure	165.4	597.5	537.3	625
Clean production	7.2	1.2	0.9	135
Electric vehicles	23.6	50.4	106.5	2
Green mortgages		55.4	98.7	162
Green rediscount financing*	597.4	-	-	-
TOTAL	1,369	1,794	1,739	2,403

*As of 2020, the green rediscount financing figure is distributed among the various lines.



“At Davivienda we identify and mitigate environmental and social risks in the financing of projects and sensitive sectors.”

SUSTAINABLE FINANCE

Delivering financial solutions to our clients is one of our main objectives, especially when these solutions help prevent and mitigate environmental concerns, or when they promote social development through savings, financing, payment methods, and insurance products and services specifically aimed at contributing towards a sustainable economy.

These products and services are available in the retail and business banking units; we address the needs of our customers by offering them products and services designed to help them grow. The Corporate Governance and Sustainability Committee monitors our progress in the comprehensive management of sustainable finances.

Furthermore, to successfully integrate ESG criteria in the products we offer, our risk management department evaluates, using the Environmental and Social Risk Management System (SARAS), applications submitted by our business and construction customers to develop projects or activities that are environmentally sensitive, thereby identifying potential risks and making informed decisions.

We identify and mitigate environmental and social risk when we finance sensitive projects and industries. The SARAS is included in our comprehensive risk management process and is managed by the Environmental and Social Risk Department within the Vice Presidency of Credit Risk, under the supervision of the Corporate Risk Committee, the Credit Risk Committees and the Corporate Governance and Sustainability Committee. It covers the policies and procedures to be applied when underwriting loans in the corporate, construction, business, and leasing segments, when evaluating investment decisions, and for the strategic management of suppliers

The SARAS methodology has defined its scope, based on amounts, terms, sensitive activities and local regulations, as well as when required by credit approval agencies. Furthermore, it is aligned with the standards, performance norms, and exclusion list of the IFC. For large infrastructure projects, the evaluation considers the elements of the Equator Principles methodological benchmark, including due diligence by an independent advisor.

The following aspects are assessed:

- > Compliance with applicable local legislation
- > Labor and working conditions
- > Assessment and management of environmental and social risks and impacts
- > Resource use of efficiency and pollution prevention
- > Cultural heritage
- > Environmental and/or social certifications and awards
- > Community education and income programs
- > Indigenous peoples
- > Community health and safety
- > Climate change adaptation and mitigation
- > Land acquisition and involuntary resettlement
- > Biodiversity conservation and sustainable management of living natural resources
- > Promotion of best practices



COP 11.1 billion



in financing for sustainable projects. 8.1% increase over 2020 results.

The applicable methodology allows us, based on existing information, to classify environmental and social risks as A, B or C, taking into account the probability of greater or lesser environmental or social impact, the assessment of potential environmental and social risks, the issuance of an environmental and social opinion, the adoption of action plans when required, and the establishment of monitoring measures (covenants) to verify environmental and social performance over the term of the loan. For infrastructure projects (project finance), we support the process from the loan structuring stage. As part of the SARAS process, we include procedures and work plans for climate change and human rights risk management.

• Main achievements

- > In 2021 we continued strengthening our environmental and social credit lines in the countries where we operate. This portfolio accounted for 9.3% of loans in 2021. This resulted in COP 11.1 trillion in sustainable projects financed in 2021, an 8.1% increase over the previous year.
- > We assessed 338 projects totaling COP 12.5 trillion. New assessments increased by 56% and we continued monitoring 891 projects using SARAS in the countries where we operate.

These achievements stem from our business lines’ strong performance in the placement of our own resources, rediscounting resources and resources from multilateral entities (To learn more, visit our Sustainable Funding section).

Through our green credit lines, we promote sustainable development by financing energy efficiency projects, renewable energy, cleaner production, sustainable infrastructure, electric and hybrid vehicles, green mortgages, and sustainable construction. In Colombia, our overall portfolio balance for green or environmentally beneficial financing reached COP 1.7 trillion, while in Central America it reached USD 321 million.

Through our social credit lines, we have focused on closing gaps for first-time homebuyers through mortgage loans for low-income housing (VIS), including a credit line focused on women, as well as the Women-Owned SME credit line, which is already present in Colombia and El Salvador.



• Sustainable finance performance

Sustainable financing products

(Figures in USD million*)

Line of financing	Colombia	Costa Rica	El Salvador	Honduras	Panama	TOTAL
Green building	193.2	2.3				
Renewable energies	4.9	9.0	94.8	21.0	23.2	
Energy efficiency	9.2	5.4				
Sustainable infrastructure	30.4					
Clean production	0.2	53.7		12.3		
Electric vehicles	26.7	1.8			0.7	
Green Mortgages	24.8	5.1				
Green Financing Rediscounting	147.4					
Affordable housing (VIS)	954.0			54.0	1.6	
Affordable housing (VIS) for women	786.4					
Women-owned SMEs	301.3		36.1			
TOTAL USD Millions	2,041.7	77.3	130.9	87.2	25.6	2,787
TOTAL USD Billions	9,867.6	307.6	501.4	317.7	100.9	11,092

*Representative market rate as of December 2021: COP 3,981 per dollar.

More than USD 2 million in sustainable financing products in Colombia, in 2021.



Guadua, Social Housing project with EDGE certification.



Progress in sustainable financing

	In our commercial banking unit, including green lines and leasing, we have financed 159 projects with environmental benefits, 127 of which relate to renewable energy projects (solar and small hydroelectric power plants), achieving 21.3 MW of installed capacity. In addition, we financed sustainable housing and construction projects, under sustainable building projects with LEED or EDGE certification for residential and commercial use, reaching a COP 336.1 billion portfolio balance. Additionally, we financed COP 202.9 billion in green mortgages and electric and hybrid vehicles.
Colombia	Through green leasing, we supported our customers to mitigate the environmental impact associated with their activities under our Energy Efficiency and Renewable Energy strategy, aimed at financing photovoltaic solar energy, boilers, transformer replacement, electric vehicles and, in general, projects that include machinery or equipment, and that allow at least 15% energy savings. In 2021, the balances of these lines of credit totaled COP 59.5 billion. Furthermore, we financed COP 2.3 billion for electric vehicles production. Likewise, in conjunction with development banks, through rediscount portfolios (Bancóldex and Findeter), we offered special lines featuring attractive rates to our clients, along with analysis, disclosure, and advisory activities to adequately direct these businesses. In 2021, the portfolio balances of these credit lines with environmental benefits totaled COP 586.9 billion.
Costa Rica	In 2021, we promoted projects certified for sustainable construction, granting mortgage loans to 515 families through our green mortgages line. In addition, through eco auto, there are already over 400 hybrid and electric vehicles rolling down the roads throughout the country.
El Salvador	There are 15 active projects: 12 in solar energy, 2 in wind energy (pioneering in the financing of this type of energy generation in the country) and 1 in biomass energy. We estimate a reduction of more than 1 million tons of CO ₂ thanks to these projects. Under the "Partnership for Central America" program, Davivienda El Salvador became the first private bank to offer the largest guarantee program in Central America, USD 31 million, and will focus on financing SMEs led by women.
Honduras	We financed recycling operations (metals, aluminum, and plastic) and supported companies engaged in energy efficiency projects to upgrade to solar plants in their operations. In social matters, we made progress in financing productive sectors led by women, who account for 28% of the SME portfolio. Similarly, we helped Honduran families build their equity by providing subsidized social mortgage loans at preferential rates to over 3 thousand families with incomes below 4 times the minimum wage.
Panama	We continued developing proposals for financing clean energy, such as solar plants. In addition, we will seek partnerships with NGOs to encourage women's entrepreneurship. Regarding low-income housing, 140 families fulfilled their dream of owning their own home and, through the eco auto line, we financed the purchase of over 90 hybrid cars.



159 projects with environmental benefit in Corporate banking, between green lines and leasing. 127 of them correspond to renewable energy projects.

We will continue providing sustainable solutions to our clients and strengthening their skills and ours, as we generate positive impacts; one of our most significant goals is to increase the participation of our sustainable financing portfolio to 30% by 2030. We have set the following targets for 2022:

*Representative Market Rate as of December 2021: COP 3,981 per dollar.



Sustainable financing goals for 2022

	Colombia	Costa Rica	El Salvador	Honduras	Panama
Environmental	COP 2.4 trillion	USD 122 million	USD 90 million	USD 42 million	USD 31 million
Social	COP 9.4 trillion				
TOTAL	COP 12.8 trillion / USD 3.2 billion				

In addition to credit lines, we also offer deposit products that provide our clients with an environmental benefit. We strive to ensure that our products make it easier for our customers to make conscious and responsible decisions.

Sustainable deposit products

Deposit	El Salvador
Green accounts	USD 143.6 million in savings 38.7 thousand products opened
Green life insurance	USD 2.7 million in insurance premiums 1.5 thousand products opened

In our private wealth banking business, we robust a strong offering that delivers value to our clients, in line with our business strategy that seeks to diversify the types of assets in their portfolios. Our products enable them to invest in alternative assets, investment structures that guarantee capital, investments in major trends and investments with an ESG (environmental, social and governance) approach.

Sustainable investment: Dafuturo⁴⁴

Global Sustainable	2.7 thousand participants COP 64 billion COP 49 billion annual increase
Global Shares	5.2 thousand participants COP 69 billion COP 36 billion annual increase

• SARAS performance

We conduct annual evaluations and monitoring to verify environmental and social performance in the projects we finance (corporate, construction, business, and leasing).

New evaluations

(Figures in USD million)

	Colombia		Costa Rica		El Salvador		Honduras		Panama	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
A Category	61	0.6	5	87	1	15	0	0	1	874
B Category	246	1.4	9	39	9	53	6	29	0	0
C Category	0	0	0	0	0	0	0	0	0	0
TOTAL	307	2,024	14	131	10	68	6	29	1	874



WE NOT ONLY HAVE LINES OF CREDIT, WE ALSO HAVE DEPOSIT PRODUCTS IN WHICH OUR CUSTOMERS PERCEIVE AN ENVIRONMENTAL BENEFIT.

⁴⁴ Dafuturo Voluntary Pension Fund managed by Fiduciaria Davivienda S.A.

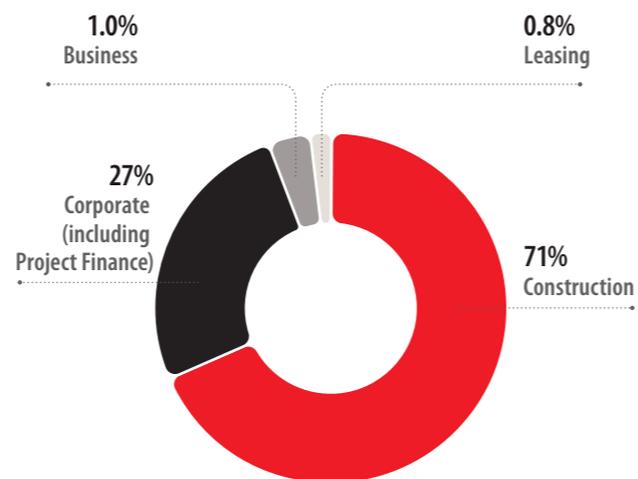




SARAS Distribution by segment

Colombia

307 projects assessed

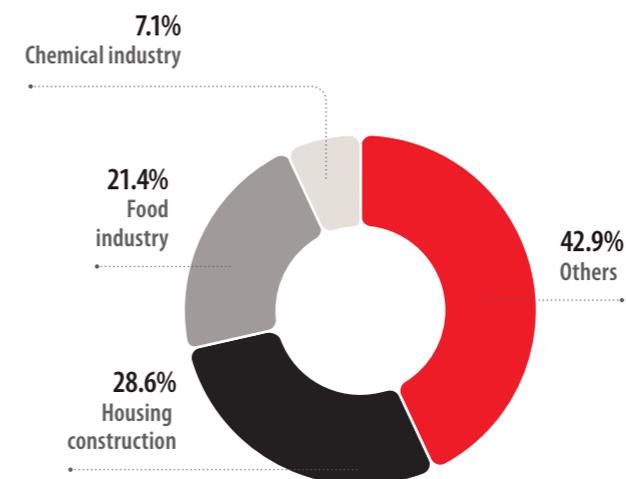


Segment	Assessments		Monitoring*
	Quantity	Amount (USD million)	
Corporate (including Project Finance)	33	0.55	171
Construction	262	1.45	492
Business	8	0.02	27
Leasing	4	0.02	5
TOTAL (USD million)	2,024		695
TOTAL (COP billions)	8,091		

*Monitoring refers to periodic reviews of existing loans.

Costa Rica

14 projects assessed



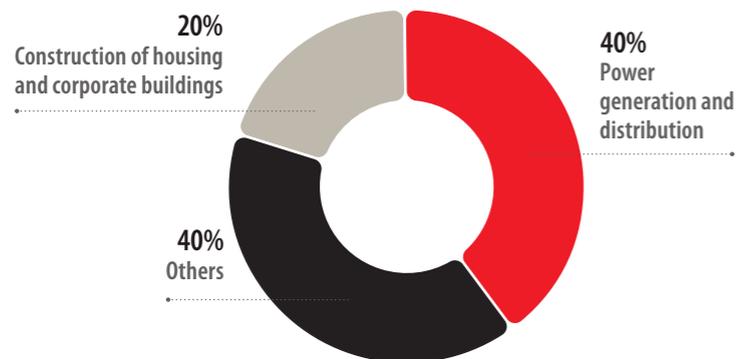
Segment	Assessments		Monitoring*
	Quantity	Amount (USD million)	
Corporate	5	87.0	48
Business	9	44.2	35
Total	131.25		83
Total (COP billion)	522.51		

*Monitoring refers to periodic reviews of existing loans.



El Salvador

10 projects assessed

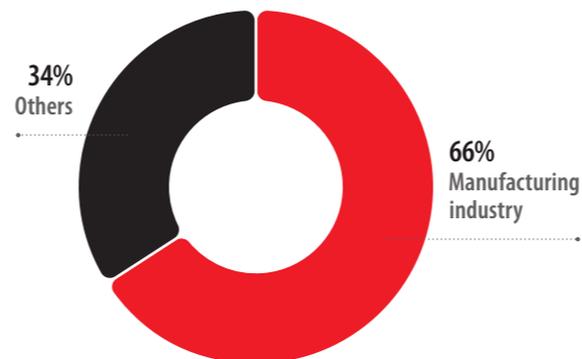


Segment	Assessments		Monitoring*
	Quantity	Amount (USD million)	
Multilatin	1	15	26
Corporate	9	52.56	39
Business	0	0	5
Total	10	67.58	70
Total (COP billion)	269.03		

*Monitoring refers to periodic reviews of existing loans.

Honduras

6 projects assessed

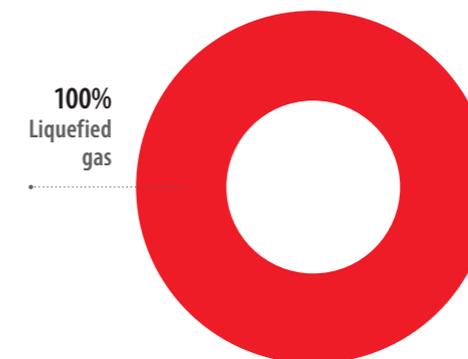


Segment	Assessments		Monitoring*
	Quantity	Amount (USD million)	
Corporate	6	29	34
Business	0	0	7
Total	6	29.00	41
Total (COP billion)	115.45		

*Monitoring refers to periodic reviews of existing loans.

Panama

1 projects assessed



Segment	Assessments		Monitoring*
	Quantity	Amount (USD million)	
Corporate	1	874	1
Construction	0	0	2
Business	0	0	1
Total	1	874	4
Total (COP billion)	3,479		

*Monitoring refers to periodic reviews of existing loans.





Our SARAS system for vendors was implemented in 2013, to promote a culture of appropriately managing environmental, social and climate change risks, as well as setting up systems that enable them to measure, manage and report on environmental indicators. In 2021 we assessed 61 vendors, 27 of which were classified in environmental and social risk category B (medium) and 34 in category C (low).

In 2021, we launched a joint work plan with Fiduciaria Davivienda under the Environmental Policy framework, to identify businesses subject to SARAS assessment, based on the fact that the client requested a loan from the Bank to finance its project and also set up a Structured Trust product with Fiduciaria Davivienda.

Following this review, we identified 168 businesses in common, representing 105 clients managed by Fiduciaria Davivienda and the Bank, and whose projects were evaluated under SARAS because they met the defined policies and included environmental and social characteristics.

Thus, we complied with the environmental policy established by Fiduciaria Davivienda and evaluated 9% of its customers for environmental and social risk.

Subsequently, it became evident that there is a need to create a work plan for a Phase II of this exercise, which will allow for a broader scope covering the structured trust business.

WITH SARAS, OUR GOAL IS TO APPLY THE ASSESSMENT TO 100% OF THE CREDIT APPLICATIONS THAT MEET THE CRITERIA.



• Human rights

We are committed to protecting and respecting human rights, as part of our human rights policy that ensures our stakeholders that our activities do not entail any type of human rights violation.

SARAS assesses potential risks to our employees, customers, vendors, and the community. The assessment includes a review of the potential and actual impacts of activities on human rights, as well as the monitoring of management measures to avoid or minimize risks, and to address adverse impacts.

Based on monitoring of our credit lines and vendors, there is no evidence of any residual high-level risks of human rights violations in 2021.

Regarding our clients, when assessing the environmental and social risk of loans, we are mindful that the financing does not have a negative impact on people, therefore:

- > We check that our clients are not adversely affecting the collective rights of ethnic minorities, and that they are respecting their right to prior consultation when required by law.
- > We encourage our customers to identify and mitigate potential opportunities to strengthen existing policies or create new ones that have not yet been prioritized, avoiding discrimination and inequality, promoting safe working conditions and environments, and the existence of constructive relationships among employees.
- > We are vigilant to ensure that the operations we finance do not involve child labor or any form of slavery.



• ESG Evaluation

We are guided by a responsible investment policy. We recognize that the environmental and social dimensions are essential for sustainable business development and community, shareholder, employee, and customer wellbeing. Therefore, investment decisions integrate these factors. Likewise, we conduct this evaluation for marketable assets, and we share these results with our clients for decision-making purposes. This policy is published on our website and may be accessed through the following link: <https://sostenibilidad.davivienda.com/>

We recognize that the environmental and social dimensions are essential for the sustainable development of companies and the well-being of the community, shareholders, employees and customers.



As part of our process to evaluate and assign investment limits to issuers in the financial and real sectors, both local and international, we have integrated environmental, social and governance (ESG) aspects, such as Board of Directors' responsibilities, diversity policy, risk management, codes of ethics and conduct, environmental management, climate change, philanthropy, labor practices and human rights, among others, which are embedded in an internal rating model that allows us to assign a final rating and set a limit.

To monitor the composition of our portfolios, we rely on a heat map⁴⁵ that allows us to visualize the status of the portfolio according to internally defined ESG rating criteria. As of December 2021, approximately 85% of Banco Davivienda's portfolio is comprised of issuers at "outstanding" and "acceptable" levels.

In 2021 we adjusted the ESG rating model for issuers by incorporating new evaluation aspects and weighting various topics in a differentiated basis for the Real Sector and the Financial Sector. This new evaluation was applied at the end of the year to issuers with assigned investment limits, covering 117 in the Financial Sector and 94 in the Real Sector.

The evaluation was performed based on the information reported in the 2020 management and/or sustainability reports submitted by each issuer. In 2022 we will continue to evaluate issuers that are approved for portfolios and to be marketed to clients.

• **Training**

EAs part of our desire to raise awareness about SARAS among our employees, in 2021 we conducted an annual training program entitled "No fear of risk: Environmental and social risk", reinforcing knowledge and highlighting case studies related to environmental and social incidents involving different economic sectors.

Training on environmental and social issues

Modality	Topic	Number of employees	Hours of training
Internal	No Fear of Risk	10.6 mil	1
	Green Financing	34	69
	SARAS Policy	84	49
	Data Analytics	4	297
	Climate change	18	24
External	Green building	8	20
	Human rights	8	13
	Green finance	4	3
	Environmental and social risks	12	17
	Sustainability	9	16
	Green taxonomy	3	4



In addition, we encouraged continuous training for SARAS team members, reinforcement learning with external training, and constantly enhancing existing procedures and policies.

In 2021 we made an adjustment to the ESG rating model of the issuers: we incorporated new aspects of evaluation and weighted the issues in a differentiated manner for the financial and the real sector.

⁴⁵ Heatmap: Type of graph that shows the results of a measurement by areas of different colors.



EQUALITY, DIVERSITY, AND INCLUSION

Davivienda is committed to strategies that seek to level the playing field for all and eliminate obstacles for our employees and customers who belong to minority population groups.

In 2021 we reaffirmed our commitment to diversity, equality, and inclusion for all our employees; there were several milestones that enhanced their lives and, in general, the lives of the companies and people who are part of our value chain.

- > We joined inclusive initiatives to benefit people with disabilities through the Inclusive Colombia program. This allowed us to provide people with disabilities with tools such as sign language interpreters and Braille signage throughout our various channels, such as our branches, in addition to the availability of approximately 700 accessible ATMs. Internally, we also offer courses for people with cognitive disabilities.
- > In 2021, a woman was appointed for the first time to the Board of Directors of Davivienda Colombia as a main member, providing women with representation in the organization's key decisions.

We are an inclusive organization that values diversity and promotes equal opportunity environments. Therefore, we monitor key indicators that allow us to identify opportunities and challenges in the areas of equality, diversity, and inclusion. That is why we count on a Diversity

and Inclusion Policy that clearly states the practices we have applied for years in terms of diversity at all levels: cultural, gender, sexual orientation, generational, skills, etc.

• Women and leadership at Davivienda

Committed to gender equality, we participate in training and mentoring sessions through our partnership with FAFW (Financial Alliance for Women), in order to acquire knowledge on topics such as the development and implementation of products and services for women, as well as strengthening on issues related to empowerment, women's development and gender strategy.

In 2021, 30% of the board members of our national and international subsidiaries were women.

Participation of women on our boards of directors 2021

Subsidiary	Women
Davivienda Colombia	14%
Davivienda Costa Rica	13%
Davivienda Honduras	38%
Davivienda El Salvador	40%
Davivienda Panama	29%
Fiduciaria Davivienda	20%
Corredores Davivienda	30%
Corporación Financiera Davivienda	40%
Cobranza Sigma	33%

FINANCIAL ALLIANCE FOR WOMEN

We are an inclusive organization, we value differences, and we promote environments of equal opportunities. Our Diversity and Inclusion Policy makes explicit the practices that we follow in terms of diversity in all fields.



Positions held by women in the organization

	Colombia		Costa Rica		El Salvador		Honduras		Panama		Miami	
	Women	Percentage	Women	Percentage	Women	Percentage	Women	Percentage	Women	Percentage	Women	Percentage
Management positions Directors / Managers / VP / EVP / President	123	44%	14	25%	9	25%	15	45%	4	31%	1	25%
Executive positions Professionals / Branch Managers / Administrative Managers / Chiefs / Coordinators / Specialists / Deputy Managers / Traders	3,464	57%	69	52%	683	60%	394	57%	5	50%	7	54%
Basic positions Analysts / Sales Advisors / Sales Executives	4,820	66%	484	62%	362	67%	310	60%	83	52%	15	60%
TOTAL	8,407	61%	567	58%	1,054	62%	719	58%	92	51%	23	55%



As a multi-Latin bank, we not only value cultural differences, but we also embrace them: in 2021, 61% of our workforce was made up of women, which helped facilitate their professional growth opportunities.

Women in the workforce

	Colombia	Costa Rica	El Salvador	Honduras	Panama	Miami	Promedio
Women	61%	58%	62%	58%	51%	55%	61%



IN DAVIVIENDA AND ITS SUBSIDIARIES, WOMEN HAVE DIRECT REPRESENTATION IN THE DECISION MAKING OF THE ORGANIZATION.



In addition, our workforce includes various generations that work together to enrich our business vision and help us to build solutions from different points of view.

Banco Davivienda / Generations

	Colombia	Costa Rica	El Salvador	Honduras	Panama	Miami
Baby boomers	395	16	29	9	3	7
Generation X	3,601	188	454	227	40	15
Millennials Y	8,237	659	1,074	876	131	19
Generation Z	1,459	110	153	135	8	1
TOTAL	13,692	973	1,710	1,247	182	42

In 2021 we employed people with disabilities and created spaces for their personal and professional growth, eliminating barriers and promoting inclusive practices.

Banco Davivienda / Inclusion

	Colombia	Costa Rica	El Salvador	Honduras	Panama	Miami
People with disabilities	5	1	23	0	1	0
Percentage	0.04%	0.1%	1.35%	0%	0.5%	0%

To promote equality, diversity, and inclusion across the board, we create opportunities for all:

> **Increasing and enhancing skills:** As part of our gender focus and skills enhancement approach, 32% of STEM (science, technology, engineering, mathematics) related positions are held by women. Women at Davivienda are able to advance in all roles and occupy strategic positions.

> **Davivienda at all stages of life:** In terms of wellbeing for all segments, we offer longer maternity and paternity leaves than those established by law, helping to strengthen family ties.



Generational integration enriches our business vision and helps us build solutions from different points of view.



To continue supporting all our employees and strengthening initiatives aligned with equality, diversity, and inclusion, in 2022 we will work with the Colombian Banking Association (Asobancaria) to harmonize goals for the industry. We will also focus on understanding and mainstreaming experiences in the countries where we operate.

SUSTAINABLE FUNDING

We continue expanding our responsible and sustainable investment activities; our commitment is to continue allocating resources to finance activities and projects that yield environmental, social, and governance benefits, along with investment strategies based on ESG criteria and other associated products. Our shared value approach to this objective is to encourage and develop business models that solve social and environmental problems in the countries where we operate.

- **Multilateral resources**

In 2021, we strived to obtain resources and diversify capital based on ESG criteria, managing financing for projects that yield social and environmental benefits. These resources allowed us to develop strategies to bridge social and economic gaps for companies and individuals, focusing especially on women; we also supported projects that mitigate the impacts of climate change in Colombia and Central America.

These funds also resulted in added value, strengthening skills, knowledge and the identification of opportunities.

Sustainable funding

(Figures in USD million)

	2014	2017	2018	2019	2020	2021	TOTAL
	222.5	226	498	395	765	31	2,137.5
IFC	222.5	150		395	100		867.5
BID		16	200		320		536
DFC			243		250	31	524
Ecobusiness			30		25		55
Wells Fargo			25				25
OFID					50		50
FINDEV					20		20
FMO		60					60

THE ALLOCATION OF SUSTAINABLE FUNDS GENERATES ADDED VALUE AND CONTRIBUTES TO THE STRENGTHENING OF SKILLS, KNOWLEDGE AND THE IDENTIFICATION OF OPPORTUNITIES.



Progress on sustainable funding sources

	Placed	In the process of being placed
Colombia	65%	35%
Costa Rica	100%	0%
El Salvador	70%	30%

Women-led SMEs guarantees program in El Salvador

As part of the objectives of “Partnership for Central America”, in November 2021 we launched a guarantee program signed by Davivienda El Salvador with the United States Development Finance Corporation (DFC) and the United States Agency for International Development (USAID), with the purpose to provide SMEs to easier access to financing access to financing, with a special focus on SMEs owned by women, turning Davivienda El Salvador into the private bank with the largest guarantee program in Central America, amounting to USD 31 million.

Starting 2022, the Bank plans to allocate 60% of these loans to SMEs led by women, encouraging women entrepreneurs to remain in the market, Contributing to the labor force and empowering them economically; by doing so, we stimulate economic recovery along with gender equality, without neglecting traditional SMEs, which will also benefit from greater access to financing. As a Bank, we strive to bridge gaps, promote women’s equity, and stimulate the growth of companies in various industries, such as commerce, services, manufacturing, health, tourism, and others.

Our goal is to maintain our commitment to environmental, social and governance (ESG) criteria, which are key to fulfilling our sustainability strategy. We will continue our commitment to sustainable funding, to generate long-term returns for our clients and incorporate sustainability criteria.

• Thematic Bonds

Social Bond with a Gender Focus



The issuance made jointly with IDB Invest in Colombia, for USD 100 million, enabled us to strengthen our offer for women. We have achieved the following results:

USD 31 million.

Davivienda El Salvador is the private bank that has the largest guarantee program in the region, that seeks to facilitate access to financing for SMEs with a special focus on women-led SMEs.

2021 Social Bond indicators

Eligible project categories	Indicator	Use of resources
SMEs led by women	Amounts of loans outstanding for SMEs led by women	COP 1,2 trillion
	Number of loans outstanding for SMEs led by women	22.970
	Amount of loans disbursed for SMEs led by women	COP 291,4 billion
	Number of loans disbursed for SMEs led by women	8 thousand
	Active clients SMEs led by women	11 thousand
	Active SME Clients	50 thousand
	Ratio of loans to SME led by women to total SME portfolio (key performance indicator)	46%
Women-owned social housing (includes VIS leasing)	Amount of outstanding loans for Women-owned social housing (VIS)	COP 2.9 trillion
	Number of outstanding loans for Women-owned social housing (VIS)	78 thousand
	Amount of loans disbursed for Women-owned social housing (VIS)	COP 674 billion
	Number of loans disbursed for Women-owned social housing (VIS)	12 thousand

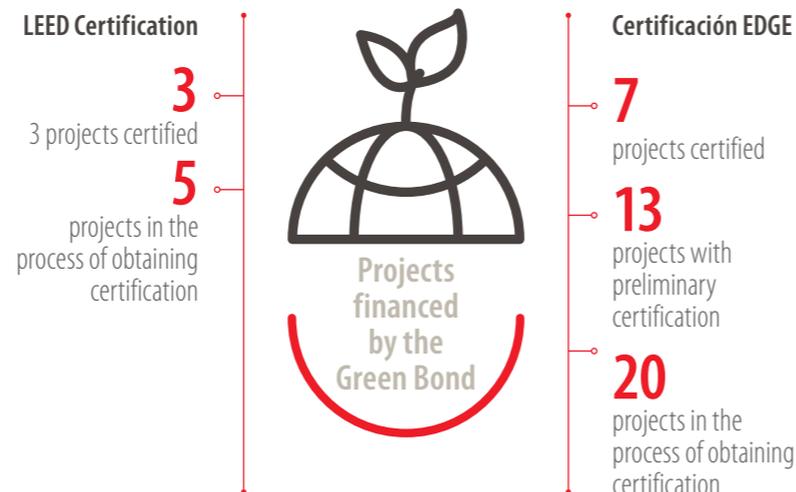


IN 2021, THE GREEN BOND THAT WE ISSUED IN 2017 FOR COP 433 BILLION FOR A TERM OF 10 YEARS, HAD FINANCED 48 PROJECTS OF HOUSING, HEALTH, HOTEL, SHOPPING CENTERS AND OFFICES.

The allocation of these resources will strengthen our strategy focused on women, which by 2020 was already showing important results.

Green Bond

By the end of 2021, the Green Bond we issued in 2017 for COP 433 billion and a 10-year term, had financed 48 housing, healthcare, hotel, shopping mall and office projects in Bogota, Barranquilla, and Cartagena, developed by our Construction and Corporate Banking customers. These projects had obtained, or were in the process of obtaining, LEED or EDGE sustainable construction certification.



Benefits of the green bond

- > Reduction of energy consumption between 16% and 46% with respect to traditional buildings.
- > Emisiones evitadas de aproximadamente 10,5 mil Ton CO₂eq per year.

ECO-EFFICIENCY AND CIRCULAR ECONOMY

Preventing, mitigating and offsetting our environmental impacts throughout the development of our activities is a core element of our higher purpose, which is to enrich life with integrity. Therefore, Davivienda is committed to developing an environmentally friendly business model.

The objective of our eco-efficiency strategy is to use natural resources as efficiently as possible and contribute to climate change mitigation by implementing initiatives that promote a culture of efficiency and technological solutions.

By the end of 2021, we compared our eco-efficiency figures and targets with respect to 2019, considering the unprecedented situation posed in 2020 by the Covid-19 pandemic.



We invested COP 10.1 billion in technologies to achieve greater efficiency in energy and water in Colombia, and offset 76.4% of our footprint of carbon generated in 2021.

- **Main achievements**

- > In Colombia, we invested COP 10.1 billion in technologies to achieve greater energy and water efficiency. Similarly, we invested USD 51.4 thousand in Central America.
- > We offset 100% of the energy consumed in our Colombian operation by 2020. In addition, we offset 76.4% of our national carbon footprint generated in 2021, by investing in forestry and clean energy projects.
- > In Central America, we continued our efforts to protect biodiversity by participating in the sea turtle conservation programs in Costa Rica and El Salvador, the mangrove conservation program in El Salvador, and the reforestation of La Tigra National Park in Honduras.
- > Through the specialized utility management project implemented in Colombia, we analyzed 23 thousand water and energy bills, installed 52 energy monitoring systems (for a total of 100 pieces of equipment installed) and generated savings worth COP 1.3 billion, due to reduced consumption.
- > We continued implementing education and training programs for our employees and their families, such as the “Environmental Leaders and Agents” certification in Colombia, the construction of “ecoblocks” in Costa Rica, as well as recycling and circular economy workshops in El Salvador.
- > In Colombia and Central America, we reduced our water, energy, and paper consumption, as well as our carbon footprint, and increased clean energy generation compared to 2020: 165% in Colombia and 448% in El Salvador.



Colombia

- **Environmental offsets**

- > We acquired C-FER⁴⁶ renewable energy source certificates, enabling us to offset 100% of our energy consumption for the year 2020, equivalent to 29.5 GWh⁴⁷. The certificates were obtained for the “Río Piedras Hydroelectric Power Plant” project in the department of Antioquia. It is a run-of-river hydroelectric plant⁴⁸ with an installed capacity of 19.9 MW. The traceability of the acquired certificates is guaranteed through the EcoGox⁴⁹ platform. In addition to offsetting energy consumption, these certificates allow us to offset 100% of the Scope 2 carbon footprint generated in 2020.
- > In 2021, we offset 5.7 thousand tons of CO₂ equivalent to 76.4% of the carbon footprint of our operation in Colombia, as follows:
 - > Purchase of 3 thousand carbon certificates from the IG Farms CO₂CERO forestry project, located in the municipality of La Apartada (Córdoba) and 2.5 thousand certificates from the SKCarbono forestry project located in 6 departments of Colombia, for a total of 5.5 thousand tons of CO₂e. This offset is approximately equivalent to what 43.3 thousand tropical climate trees capture in 10 years.
 - > Purchase of 212 carbon certificates for the “Cucuana Hydroelectric Power Plant” project in the department of Tolima, registered as a Clean Development Mechanism (CDM)⁵⁰ since 2014. As part of the socio-environmental management of the plant, restoration programs have been implemented with wax palm and conservation of water sources. These certificates have been audited under the standards required by the United Nations, guaranteeing their transparency, relevance, reliability, continuity and accuracy.

IN COLOMBIA, WE OFFSET 5.7 THOUSAND TONS OF CO₂, EQUIVALENT TO 76.4% OF THE CARBON FOOTPRINT OF OUR OPERATIONS IN THE COUNTRY.

Starting in 2021, we will offset 100% of our energy consumption through the purchase of renewable energy source certificates (C-FER). This initiative is in addition to the energy efficiency and renewable energy projects that we have implemented since 2014, in order to offset the impact that we cannot prevent or mitigate. In addition, we will set the goal to become certified as a carbon neutral organization.



⁴⁶ C-FER: Renewable Energy Certificate, also known as REC (Renewable Energy Certificate), is a tradable product that is created when an energy source is certified as renewable. By purchasing a given number of RECs, it can be shown that the same amount of kilowatt hours consumed is from renewable sources.

⁴⁷ GWh: Measurement of electrical energy equivalent to that developed by a supplied power of one gigawatt (one billion watts) for an hour.

⁴⁸ Run-of-the-river hydropower plants capture the water needed to generate power and leave the rest to flow back into the river, preventing the environmental and social impacts generated by large reservoirs.

⁴⁹ EcoGox: An initiative led by XM and supported by Latin Checkout, it is a platform that seeks to add value to the attributes of renewable energy generation so that they are recognized by the end user.

⁵⁰ CDM: Clean Development Mechanism, an instrument derived from the Kyoto protocol, which allows generating certified reductions in emissions, that is, reducing greenhouse gas emissions that would have been generated in the absence of the mitigation initiative.



• Carbon footprint

Emissions management includes quantifying our carbon footprint and implementing programs to reduce, mitigate and offset greenhouse gas (GHG) emissions. In 2021 we measured our carbon footprint and implemented the following programs:

- > We replaced all our ATMs and outdoor signs in Colombia with LED lighting (completed). We also replaced air conditioning systems with more efficient technologies.
- > Specialized management of utilities to reduce GHG emissions and implementation of training and environmental awareness programs aimed at the efficient use of energy and water.
- > Vetting the technological products procured by the Bank to ensure their energy efficiency. We installed and started the operation of 10 solar panel systems. To date, we have 16 of these systems in Colombia.
- > Continued digitization of processes to reduce paper consumption and leveraging of technological tools to reduce air travel.
- > Offset 76.4% of the carbon footprint generated in 2021.

Emissions management

	2019	2020	2021	Comments
Scope 1* Emissions from consumption of refrigerant gases for air-conditioning and power plant fuels (Tons CO ₂ eq)	2,904	2,596	2,620	We decreased total Scope 1 emissions by 9.8% with respect to 2019, meeting the established target.
Ton CO ₂ eq/FTE	0.29	0.25	0.26	
Ton CO ₂ eq/m ²	0.01	0.01	0.01	
Scope 2** Emissions from electricity consumption (Tons CO ₂ eq)	7,005	4,894	4,668	Total Scope 2 emissions decreased by 33% and Scope 2 FTE emissions decreased by 34%, due to a reduction in energy consumption.
Ton CO ₂ eq/FTE	0.69	0.48	0.46	
Ton /m ²	0.03	0.02	0.02	
Scope 3 Emissions from consumption of reams of paper and air travel by employees (Tons CO ₂ eq)	1,278	345	247	Emissions derived from paper consumption were reduced by 44% and the carbon footprint from air travel by 86%, for a total 80.7% reduction in Scope 3 compared to 2019.
Ton CO ₂ eq/FTE	0.13	0.03	0.02	
Total carbon footprint	11,187	7,836	7,534	
Carbon footprint (Ton CO ₂ eq/FTE)	1.10	0.77	0.74	We reduced our carbon footprint by 32.6% from 2019, avoiding the emission of 3,653 Ton CO ₂ eq. Reduction compared to the baseline year 2014 was 51.6%, which is equivalent to avoiding the emission of 8,036 Ton CO ₂ eq.
Carbon footprint (Ton CO ₂ /m ²)	0.04	0.03	0.03	

* The Scope 1 carbon footprint and total carbon footprint figures for 2019 are adjusted due to the fact that, as a result of internal audits, the emission factor used to calculate the emissions from fixed sources for that period was adjusted.

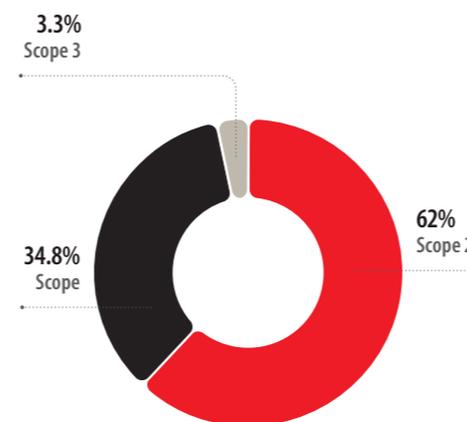
** The figure for 2019 and 2020 for Scope 2 has been adjusted taking into account that at the date of publishing the previous report, only forecasted information was available. The GHG emissions figure for Scope 2 in 2021 is presented with 5.7% of forecasted data because at the time of publishing this report not all energy invoices were available given the cut-off dates of the marketers.





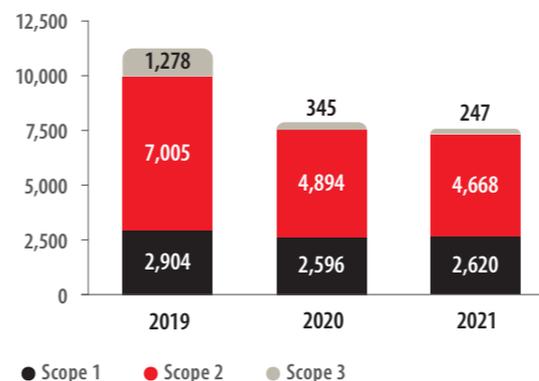
IN 2021 WE MANAGED THE USE OF ENERGY AND IMPLEMENTED ACTIONS TO REDUCE ITS CONSUMPTION. WE ALSO INVESTED COP 9 BILLION IN THE RENEWAL OF ENERGY EFFICIENT AIR CONDITIONING EQUIPMENT.

Carbon footprint distribution



Annual carbon footprint by Scope

Carbon footprint (ton CO₂e)



Energy management

In 2021, we efficiently managed energy use and implemented actions to reduce energy consumption. We made the following investments towards achieving this goal:

- > COP 9 billion to renew 189 energy-efficient air conditioning units to avoid depleting the ozone layer.
- > COP 1.1 billion to change the lighting of 1,045 ATMs to LEDs, thus concluding our project to renew lighting in 100% of our ATMs.
- > COP 1.3 billion for a specialized utility management project, which enabled us to
 - > Directly reduce consumption by visiting 347 branches; a total of 507 branches were visited, achieving savings worth COP 1.3 billion derived from reducing consumption by 1.85 thousand MWh.
 - > Consolidate and analyze 23 thousand invoices using artificial intelligence tools.
 - > Certify 951 employees as environmental leaders and managers, through a program endorsed by the World Energy Council.

Thanks to this strategy, we were among the finalists in the 2021 Energy Efficiency Award granted by Andesco.



Energy consumption

	2019	2020	2021	Actions
Energy consumption* (MWh)	35,200	29,485	28,120	Net energy consumption was reduced by 20% compared to 2019, exceeding the established target and generating savings totaling 7,080 MWh of energy with respect to 2019. Compared to the baseline year (2014), consumption in 2021 was reduced by 40%, which represents a total of 18,967 MWh saved and 3,148 tons of CO ₂ avoided.
MWh/FTE	3.5	2.9	2.8	
MWh/m ²	0.1	0.1	0.1	

* Energy consumption figures for 2019 and 2020 have been adjusted taking into account that at the time of publishing the previous report, only forecasted information was available. The 2021 energy consumption figure is presented with 5.7% of forecasted data based on the information available at the time of publication of this report.

Renewable energies

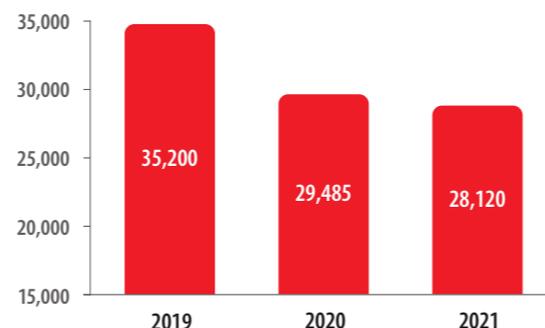
We launched 10 solar panel systems installed between 2020 and 2021, for a total of 16 photovoltaic power generation systems in Colombia⁵¹, with an installed capacity of 291 kWp, increasing clean energy production by 165% with respect to 2020 (140.3 MWh of clean energy generated for self-consumption).

Davivienda Flower

In 2017, we introduced Smartflower technology to Colombia, which we called “Davivienda Flower”. It is a system comprised of 12 solar panels that open automatically at dawn and follow the sun’s path, converting the radiation into clean and efficient energy, available to the community to charge cell phones and mobile devices. We currently operate 6 Davivienda Flowers located in iconic sites in Bogota, Barranquilla, Santa Marta, Valledupar, Ibagué and Armenia; each one generates, on average, 5 MWh of clean energy per year. The Davivienda Flower installed in the Bolarquí branch in Bucaramanga was dismantled and temporarily stored due to acts of vandalism in May 2021.

Energy consumption

(Figures in MW/year)



Solar power generation

	Indicator	2017 - 2019	2020	2021	TOTAL	
Solar panels on office buildings, for self-consumption	Number of systems installed	6	9	1	16	Since installation, the photovoltaic systems have generated a total of 311.3 MWh of energy for self-consumption, which means that 58.6 tons of CO ₂ e emissions have been avoided.
	Installed capacity (kWp)	71.0	163.5	57.0	291.4	
	Power generated (MWh)	118.1	52.9	140.3	311.3	

⁵¹ Our photovoltaic system on the island of San Andrés is temporarily out of service due to damage caused by Hurricane Iota in November 2020. We are currently finalizing its repair with the manufacturer to get it back up and running as soon as possible.





• **Water resources management**

We measured our water consumption and implemented actions aimed at increasing our efficiency in water use. We implemented the “Green Toilets” project, which involves replacing high-consumption bathroom fixtures with highly efficient ones. In 2021 we invested COP 51 million in the renovation of 222 faucets in 93 branches.

Through our Public Utilities Specialized Management project, we advanced in the implementation of water saving and efficient use strategies, as well as in training our cleaning, cafeteria, and security service associates in these actions.

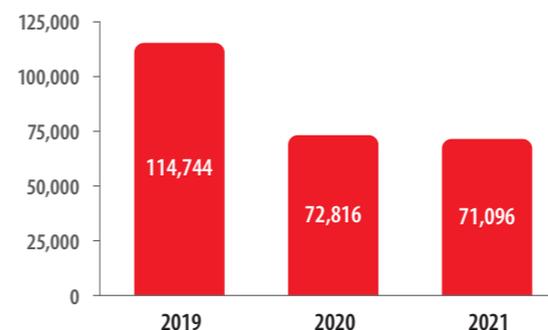
Water consumption

Indicator	2019	2020	2021	Actions
Water consumption* (m ³)	114,744	72,816	71,096	In 2021, water consumption was reduced by 38% with respect to 2019, equivalent to 43,648 m ³ of water saved, thus meeting the established target.
m ³ / FTE	11.3	7.1	7.0	
m ³ /m ²	0.4	0.3	0.3	

* Water consumption figures for 2019 and 2020 have been adjusted taking into account that at the date of publication of the previous report, only forecasted information was available. The water consumption figure for 2021 includes 5.4% of forecasted data, taking into account the information available at the time of publication of this report.

Water consumption

(Figures in m³/year)



In 2021, more than 73% of the waste we generate in our operations was used through processes of reuse, sale, recycling, donation and composting.

In 2022, we will continue to renew water supply equipment nationwide and will focus on monitoring consumption habits to avoid an abrupt increase in the use of water resources based on the established alternative models (partial return to on-site work).

• **Comprehensive waste management**

In 2021, over 73% of the waste we generated through our operations was reused, sold, recycled, donated, and composted, including 440 metric tons of recycled paper (26% of total annual waste). We increased our recycling coverage nationwide and continued to compost the waste from our coffee machines. We also held building clean-up days with the support of our employees, collecting 9.3 tons of waste for recycling.



Waste by type and disposal method

(Figures in tons)

Indicator	2019	2020	2021	Actions
Total waste	848	1,273	1,673	In 2021 we updated our waste classification system, consolidated total waste generation figures for each waste stream and updated our Comprehensive Waste Management Plan.
Ordinary waste	502	66	484	The amount of ordinary waste generated decreased by 4% with respect to 2019, mainly because on-site operations were reduced due to the health emergency. In 2022 we will classify ordinary waste and diagnose practices for separating waste at the source, ensuring the implementation of the color code established by Resolution 2184 of 2019.
Recycled and composted ordinary waste	33	32	51	We generated: <ul style="list-style-type: none"> • 48.2 tons of recyclable waste at our sites nationwide. • 2.6 tons of compostable waste from coffee machine residues. • 433.2 tons of ordinary waste disposed of in sanitary landfills.
Landfill waste	469	34	433	<ul style="list-style-type: none"> • We increased the number of sites certifying recycling processes from 75 to 288.
Other recycled waste	254	987	1,093	We were able to use other waste generated as part of our operations: <ul style="list-style-type: none"> • 593.6 tons of inactive files, generating income totaling COP 263.5 million. • 489.7 tons of usable post-consumer waste (industrial surplus and usable waste from the dismantling of WEEE). • 9.3 tons of usable ordinary waste from the cleaning of buildings.
Waste and reused materials*	-	-	78	We handled 78.3 tons of materials from disused furniture through cleaning, repair and refurbishment processes.
WEEE and hazardous waste**	92	220	18	We destructed, treated, and properly disposed of hazardous waste generated and non-usable WEEE: <ul style="list-style-type: none"> • 216 kg of bio-sanitary waste generated in our medical centers. • 17.8 tons of WEEE destroyed, surplus and hazardous waste.

*In 2019 and 2020, we implemented reuse processes; from 2021 onwards, we have included this data as part of the total waste generated and managed by the Bank.

**Waste electrical and electronic equipment, its materials, components, consumables, and sub-assemblies.



Paper usage

Indicator	2019	2020	2021	Actions
Paper (Ton)	180	111	101	We conducted an optimization campaign whereby we withdrew 130 printers to encourage the gradual digitalization of all our processes. Furthermore, we continued working on a Paperless Bank program, that in 2021 allowed us to: <ul style="list-style-type: none"> • Reduce paper usage by 44% with respect to 2019, equivalent to 79 tons of paper no longer consumed. • 42% reduction in printing compared to 2019, equivalent to 19.2 million fewer prints.
kg/FTE	17.8	10.9	9.9	



Eco-efficiency goals Colombia

In light of these major challenges, we signed a contract with the International Finance Corporation (IFC) in 2021, whereby IFC advises the Bank on how to define a strategic framework for operational eco-efficiency, circular economy, and a vendor development and sustainability strategy for 2030, covering Colombia and Central America.

2022 eco-efficiency goals

Topic	2022	2023
1. Energy efficiency (% reduction in consumption)*	4	6
2. Clean energy generation (% increase)	185	190
3. Water efficiency (% reduction in consumption)*	8	10
4. Carbon footprint Scope 1 (% reduction)*	1	2
5. Carbon footprint Scope 2 (% reduction)*	4	6
6. Carbon footprint Scope 3 (% reduction)*	17	20
7. Carbon footprint offset (%)	80	85
8. Paper (% reduction in consumption)*	9	12
9. Waste management (branches certifying the recycling process)	62	67

* Goals established with respect to 2019.



• **Circular economy**

In 2021, we continued to strengthen our circular economy strategy on several fronts:

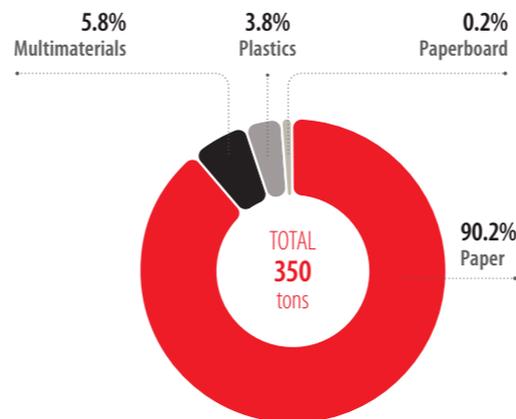
- > **Design, production, and elaboration:** This stage involves sustainable procurement processes, renewable energies, and the Paperless Bank program. In 2021, we acquired 50 thousand plastics for credit cards, that met environmental specifications: 100% recycled plastic (as an alternative to 100% recycled PVC cards), which reduces the carbon footprint with respect to traditional cards made of virgin material; we also use materials from different industries, such as the packaging, printing, and automotive industries.
- > **Distribution:** We work closely with our vendors and partners to foster a culture of environmental stewardship for the efficient use of resources. In 2021, we trained 707 employees from our cleaning and cafeteria vendor in comprehensive waste management and energy efficiency.
- > **Reuse and repair:**
 - > **Internal:** We refurbished 372 chairs through cleaning, upholstery, and repair processes. We reused this furniture in the Bank’s headquarters and branches.
 - > **External:** We donated 2 thousand chairs, 325 workstations, 267 filing cabinets and 247 desks to 3 foundations, to be delivered to communities that have suffered natural disasters in Guajira, Chamba and Chipuelo. In addition, we sold 2.5 thousand assets to our employees and 5 thousand chairs to our vendors. We managed 78.3 tons of materials from disused furniture, through cleaning, repair, and refurbishment processes; these materials were sold by the vendor.

- > **Collection:** This line includes projects for the collection of disused assets and goods, as well as the toner reverse logistics program with Lexmark, in which we properly disposed of 631 toner cartridges under a zero-landfill and zero-incineration policy.
- > **Recycling and waste management:** This front includes all processes related to recycling, use, treatment, destruction, composting and final disposal of waste, in an effort to reduce and maximize the use of as many materials as possible, as well as to reduce the hazardous nature of the waste, when applicable.

As part of our circular economy strategy, we actively participate in Andi’s⁵² 30/30 Vision group to comply with Resolution 1407 of 2018 and contribute to the national packaging management goal. Accordingly, in 2021:

- > We performed the Bank’s packaging baseline survey for 2019, and gathered the following data:

Distribution packaging generated



52 Andi: National Business Association of Colombia.



- > We participated in the “Innovation Planning” working group of the 30/30 Vision group, whose purpose is to co-create the innovation roadmap for the packaging value chain and projects that may be implemented for the benefit of the group. The group includes about 30 companies from different industries, and Davivienda is the only company from the financial sector.

In 2022, we will advance our circular economy strategy in partnership with the IFC: our goal is to promote Circular Economy across the value chains of our direct vendors and collaborators, and across our operation’s use of resources, in addition to promoting the definition and implementation of the circular economy in the business from a strategic and cross-cutting point of view.

• **Sustainable practices**

Green building

As part of our office renovations, we included green building criteria, for example, the purchase of energy-efficient equipment, as well as materials and furnishings with internationally recognized environmental certifications.

2021 investments in green building

(Figures in COP millions)

Investments	2020	2021
Energy efficiency COP	2,000	242
Sustainable materials COP	976	1,100
TOTAL	2,967	1,342

In 2021, the second phase of the program “Multipliers of the good: Leaders and environmental managers”, endorsed by the World Energy Council; we certified 951 employees.



Environmental Education

We implemented the second phase of the “Multipliers of Good: Environmental Leaders and Managers” program, endorsed by the World Energy Council, whereby we certified 951 employees. Participants learn about efficient water and energy use and implement these savings actions in their homes, achieving average reductions of 14% in energy and 10.5% in water.

We also introduced the “Environmental Leaders” program to our cleaning and cafeteria vendor, training 707 of their employees in comprehensive solid waste management and energy efficiency.



Central America

• Costa Rica

We are working on our eco-efficiency strategy in Costa Rica, with the following results:

- > We have been providing a shuttle service from downtown to our main administrative office, thereby reducing the carbon footprint derived from the private transportation of our employees.
- > We continued contributing to the protection of biodiversity by participating in the Sea Turtle Conservation programs run by the Association of Volunteers for the Service of Protected Areas (Asvo), under which 43 volunteers made 303 baskets to protect sea turtle nests.
- > We held environmental workshops that allowed 191 employees and their families to learn how to dispose non-recyclable plastic waste in plastic bottles that, when compacted, form “ecoblocks” that can be used in light constructions in the development of Asvo’s programs.



Progress in Costa Rica

Indicator	2019	2020	2021	Actions
Scope 1 (Ton CO ₂ eq)	103	46	220	We increased the Scope 1 carbon footprint as we resumed operating activities that were not executed in 2020, due to health restrictions enacted by the government. However, we reduced 69% of Scope 2 emissions and 73% of Scope 3 emissions with respect to 2019, leading to a 25% reduction in the carbon footprint, equivalent to 104 Ton CO ₂ eq of emissions.
Scope 2 (Ton CO ₂ eq)	255	210	77	
Scope 3 (Ton CO ₂ eq)	59	1.2	16	
Total carbon footprint (Ton CO ₂ eq)	417	257	313	
Energy (MW)	3,378	2,781	2,742	We replaced conventional lighting fixtures with LEDs at 19 sites, investing USD 7 thousand. We reduced energy consumption by 19% compared to 2019.
Energy (MW/FTE)	3.3	3.0	2.8	
Energy (MW/m ²)	0.2	0.3	0.2	
Water m ³	19,582	10,214	13,552	We implemented actions to save water, such as regulating pipe pressure and changing normal faucets for water-saving ones, investing USD 5 thousand. Water consumption was reduced by 31% compared to 2019.
Water (m ³ /FTE)	21	11	14	
Water (m ³ /m ²)	0.6	1.0	0.8	
Paper consumption (Ton)	20	10	10	We continued to promote the Zero Paper project, reducing ream consumption by 68% by implementing a maximum limit for each site. Paper consumption was reduced by 52% with respect to 2019.
Paper consumption (kg/FTE)	21	11	10	
Usable waste (Ton)	5.3	1.1	2.5	We continue to separate and use recyclable waste by delivering it to authorized collection centers.
Usable waste (kg/FTE)	5.4	1.2	2.6	



• El Salvador

We celebrated our 12th anniversary by implementing our Sea Turtle Conservation Program in conjunction with the Zoological Foundation of El Salvador (Funzel). This program is tied to the Green Savings accounts, under which we encourage our customers to participate in the conservation of this key species for the health of the ocean. By opening a Mobile Account, DaviPlata, or Digital Term Deposit between August and December 2021, customers contributed to the release of 3 sea turtle hatchlings. Our commitment is to release 120 thousand hatchlings by 2022. In 2021, 95.8 thousand hatchlings were released, for a total of 1.36 million hatchlings since the beginning of our partnership with Funzel.

Additionally, we continue supporting the tagging of female turtles that return to the country's coasts, which allows us to advance research on their reproductive biology, movements, distribution, and growth rates, so as to implement programs aimed at conserving the species. A total of 800 turtles have been tagged and their tags have been registered in the world inventory of sea turtles.

We also continued the mangrove conservation program; in 2021 we contributed to the conservation of 7 hectares in the Ramsar de Barra de Santiago Site and planted 23 thousand mangrove seeds. In 2021, we implemented the third phase of the "Comprehensive Solid Waste Management" project in Los Cóbano and Barra de Santiago, where we worked with 13 restaurant owners to promote environmental responsibility in tourism and organized waste collection days. We have managed a total of 357 kg of recyclable waste and have used organic waste through composting in the community garden.

Finally, we held a Circular Economy workshop for 108 students from 5 universities, who collected 808 kg of waste to be delivered to organizations for proper recycling. Additionally, we facilitated 8 workshops called "Environmentally Correct" for 268 university students from 8 educational institutions.

Progress in El Salvador

Indicador	2019	2020	2021	Acciones
Scope 1 (Ton CO ₂ eq)	1,286	1,016	1,096	We reduced Scope 1 emissions by 15% compared to 2019, and reduced Scope 2 by 14% and Scope 3 by 67%. Our 2021 carbon footprint was reduced by 15% compared to 2019, equivalent to avoiding the emission of 994 tons of CO ₂ .
Scope 2 (Ton CO ₂ eq)	5,109	4,339	4,400	14% decrease in emissions derived from Scope 2 in contrast with 2019.
Scope 3 (Ton CO ₂ eq)	141	56	46	67% decrease in carbon footprint for this Scope.
Total carbon footprint (Ton CO ₂ eq)	6,536	5,411	5,542	15% reduction in emissions compared to 2019, equal to 992 Ton CO ₂ .
Energy (MW)	7,515	6,383	6,472	The frequency inverters for chillers' water recirculation pumps installed in 2020 in the Financial Center allowed us to save approximately 80 MWh. We monitored the on/off schedules of air conditioners in agencies where energy consumption is highest. We reduced energy consumption by 14% compared to 2019.
Energy (MW/FTE)	4.2	3.7	3.8	
Energy (MW/m ²)	0.3	0.2	0.2	
Renewable energy installation (kWp installed)		267	267	By operating photovoltaic plants installed in 5 agencies in 2020, we were able to reduce energy consumption by 40%, on average, at these locations. In addition, 16% of the energy generated by the plants was fed into the grid.
Renewable energy generation (MWh/year)		73	399	
Water m ³	53,091	45,052	33,591	We started operating the water pumping system installed in the Financial Center in 2020. Total water consumption was reduced by 37% compared to 2019.
Water (m ³ /FTE)	30	26	20	
Water (m ³ /m ²)	4.0	1.5	1.1	
Paper consumption (Tons)	69	39	48	Paper consumption decreased 30% compared to 2019.
Paper consumption (kg/FTE)	39	22	28	
Usable waste (Tons)	52	13	12	We continued measuring the amount of waste recycled in the Financial Center Building and the Miralvalle and Zona Rosa agencies, recycling 90 tons. In addition, we adequately managed 1.1 tons of electronic waste.
Usable waste (kg/FTE)	29	7	7	



• Honduras

As part of our volunteer programs, we participated in the reforestation of La Tigra National Park and in the olive ridley turtle conservation program. In addition, we helped to plant 4,000 trees through environmental initiatives involving payment methods.



Progress in Honduras

Indicator	2019	2020	2021	Actions
Scope 1 (Ton CO ₂ eq)	287	564	265	We achieved an overall reduction of 15% in emissions in 2021 compared to 2019, equivalent to 537 tons of CO ₂ avoided.
Scope 2 (Ton CO ₂ eq)	3,168	2,571	2,701	
Scope 3 (Ton CO ₂ eq)	82	26	34	
Total carbon footprint (Ton CO ₂ eq)	3,537	3,161	3,000	We reduced energy consumption by 15% and energy consumption per employee by 14% with respect to the previous year, equivalent to a 753 MWh decrease in energy.
Energy (MW)	5,106	4,143	4,353	
Energy (MW/FTE)	4.2	3.4	3.6	
Energy (MW/m ²)	0.1	0.1	0.1	Water consumption was reduced by 85% compared to 2019.
Water m ³	162,186	33,353	24,815	
Water (m ³ /FTE)	132	27	20	
Water (m ³ /m ²)	4.0	0.8	0.6	We continued to implement the "Paperless Bank" campaign, aimed at digitizing and optimizing processes, achieving a 38% reduction in paper consumption compared to 2019.
Paper consumption (Tons)	37	20	23	
Paper consumption (kg/FTE)	30	16	19	
Usable waste (Tons)	8.7	2.0	1.9	We continue to separate and recycle recyclable waste at our main administrative headquarters.
Usable waste (kg/FTE)	7.1	1.6	1.6	



• Panama

Progress in Panama

Indicator	2019	2020	2021	Actions
Scope 1 (Ton CO ₂ eq)	95	96	47	We were able to reduce emissions in 2021 by 22% compared to 2019, equivalent to 69 Ton CO ₂ e.
Scope 2 (Ton CO ₂ eq)	212	176	192	
Scope 3 (Ton CO ₂ eq)	1.6	1.5	1.0	
Total carbon footprint (Ton CO ₂ eq)	308	273	240	
Energy (MW)	764	636	693	We installed an automatic air conditioning on/off system in our administrative headquarters, investing USD 8,120. We reduced overall energy consumption by 9% and consumption per employee by 35% with respect to 2019, equivalent to a 71 MWh decrease in energy.
Energy (MW/FTE)	6.0	3.3	3.9	
Energy (MW/m ²)	0.1	0.2	0.2	
Paper consumption (Ton)	1.7	0.6	0.6	In line with our Paperless program, we removed 6 printers from our agencies to continue encouraging the digitization of processes. We reduced overall paper consumption by 62% compared to 2019.
Paper consumption (kg/FTE)	10.7	2.9	3.7	

Thanks to our eco-efficiency strategy, we have significantly reduced our emissions, energy and water consumption. We have made progress in our comprehensive waste management program and have created a network that integrates technological solutions and a culture of sustainability, positively impacting our employees, partners, and their families. This has allowed us to identify major challenges for the coming years:

- > The consolidation of a circular economy strategy with mainstream relevance that allows us to promote the circularity of value chains among our vendors and customers.
- > The definition of short-, medium- and long-term goals, consistent with the Sustainable Development Goals and international standards, such as science-based targets (SBT).

In 2021 we entered into a contract with the IFC to establish the operational eco-efficiency and circular economy strategy, as well as the vendor development and sustainability strategy for the 2021-2030 period, covering Colombia and Central America. This project will allow us to:

- > Establish Davivienda’s starting point and define the desired objectives to be achieved in each of the topics.



Thanks to our eco-efficiency strategy, we have significantly reduced our emissions, energy and water consumption.



- > Define new strategies for operational eco-efficiency, circular economy and vendor development and sustainability in the short, medium, and long-term, incorporating international experiences and best market practices.
- > Establish an appropriate reporting framework for the strategy, based on quantitative indicators and specific targets that support achieving our goals.

FINANCIAL EDUCATION

In 2021 our financial education program provided tools, content, and knowledge to strengthen our employees' good management of personal and family finances, supporting economic recovery in the countries we serve.

We continued strengthening our digital tools, providing practical and easy-to-apply recommendations and solutions. We launched www.misfinanzasencasa.com and www.monetarium.co in multi-Latin editions in Central America, accessible from mobile phones; in Honduras we launched the Haga Cuentas App; in Colombia we launched an innovative strategy for young

The financial dynamics of our beneficiaries face new challenges, which is why we continue to create tools and content that promotes their financial well-being.

people: "Finances in jeans", with audiovisual content in Youtube and TikTok. We gradually resumed face-to-face and hybrid activities in conferences, workshops, and events targeting groups such as children, adolescents, and women. We established partnerships with public and private organizations, such as chambers of commerce, the Colombian Institute of Family Welfare⁵³, the District Secretariat for Women in Bogota, Youth Can!⁵⁴ and the NGO Fundeh⁵⁵.

We continue experiencing digital gaps related to low digital culture and lack of connectivity and access to our tools and content, a situation that is present at a multi-Latin level and that poses a challenge that requires us to adapt through constant innovation on how we reach our beneficiaries. On the other hand, the economic crisis experienced around the world affected the finances of individuals and companies; for many, staying afloat proved to be a major challenge, which prompted us to support them through financial education by communicating a realistic yet positive approach, offering alternatives and fostering peace of mind to overcome the challenges posed by the so-called new reality. Additionally, after the gradual return to on-site banking, our beneficiaries have faced new financial challenges, which is why we continue creating tools and content to promote their financial wellbeing.



Main financial education indicators

Indicator	Colombia	Costa Rica	El Salvador	Honduras	Consolidated	Target
People	109.6 thousand	1.7 thousand	2.1 thousand	1.1 thousand	114.5 thousand	173.6 thousand
Customers	9.5 million	12.5 thousand	1.8 thousand	11.6 thousand	9.5 million	7.8 million*
Businesses	953	13	23	16	1,005	1055
Interactions	2.2 million	50.5 thousand	74.2 thousand	72.6 thousand	2.4 million	2.5 million*
Sessions	10.5	5.5 thousand	5 thousand	3.5 thousand	24.6 thousand	30.2 thousand

*Goal exceeded.

53 ICBF: Colombian Institute of Family Welfare.

54 Youth Can!: SOS Children's Villages training program for employability focused on adolescents and young people, between 15 and 24 years old, in vulnerable situations.

55 Foundation for the Promotion of Human Development, a non-profit organization based in Bogotá.



COMMUNITY RELATIONS

We believe that it is essential to promote social, environmental, and economic development across all the communities and territories we serve directly. As part of our sustainability strategy, we place great importance on programs that promote sustainable development with a vision of shared value through partnerships, social investment, volunteering, and by building capacities across communities.

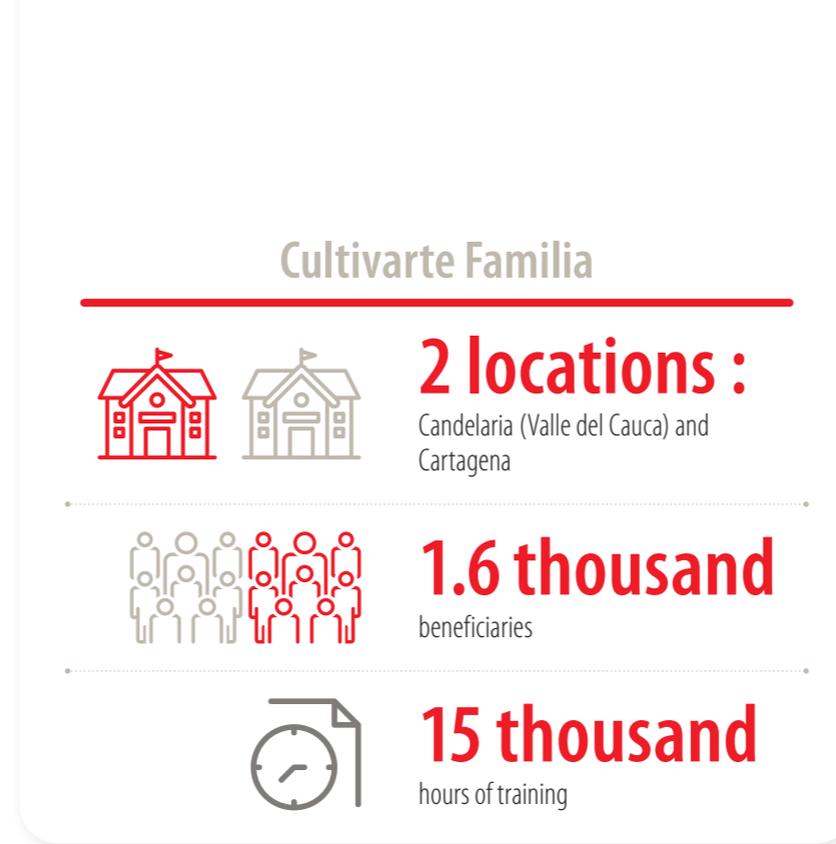
- **Shared value**

Our programs and projects are based on shared values⁵⁶ that address social and environmental issues as part of our business model.

Cultivarte Family

Grupo Bolívar has been supporting communities since 2020 by offering free and open training through Cultivarte Familia. This program promotes social and economic development of communities living in low-income housing (VIS) by providing products and services tailored to their financial needs.

In 2021, Cultivarte Familia expanded to Candelaria, Valle del Cauca (Colombia), and we opened our second location in Cartagena, in partnership with Constructora Bolívar; over 60 courses were taught at these locations to strengthen skills related to employment, entrepreneurship, financial education and 21st century skills.



CULTIVARTE FAMILIA PROMOTES THE DEVELOPMENT OF COMMUNITIES THAT INHABIT SOCIAL INTEREST HOUSING, THROUGH AN OFFER OF PRODUCTS AND SERVICES ADAPTED TO THEIR FINANCIAL NEEDS.

In 2022, we want to continue to positively impact people of all ages, families, and communities in the two above mentioned locations, increasing the number of beneficiaries by 50% and becoming a benchmark through our intervention model that fosters a sense of holistic civic responsibility and contributes to our desire to live in a socially just country.

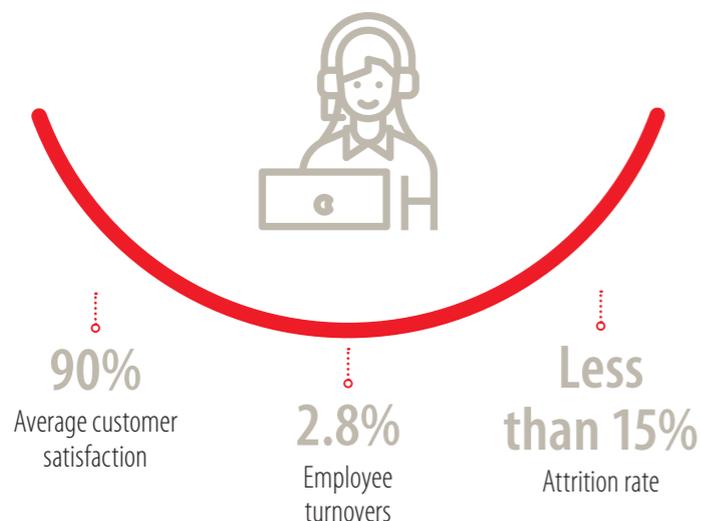
⁵⁶ Shared Value Business: practices that boost a company's competitiveness while helping to improve the economic and social conditions of the communities where it operates. Creating shared value focuses on identifying and broadening bridges between economic and social progress. (Creating Shared Value, Harvard Business Review. January - February 2011).



Labor Inclusion

Our call center in Pensilvania, Caldas (Colombia), was consolidated as a shared value project, creating decent jobs for more than 80 people in the rural sector of the municipality, 96% of them young people and 72% women. The call center handled more than one million calls from the Bank's customers.

Call center Davivienda en Pensilvania, Caldas

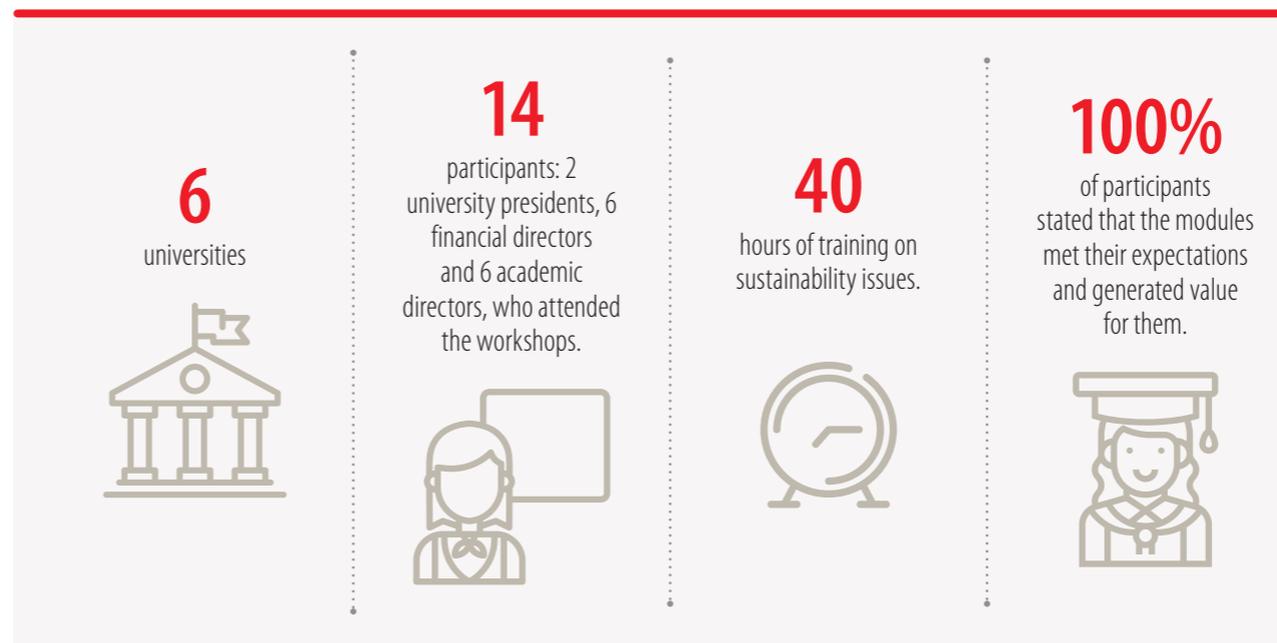


Sustainable Universities 2030

We launched the first edition of "Sustainable Universities 2030" in El Salvador. The program is part of our sustainability strategy and seeks to engage participating universities in different ways to integrate sustainability into the education sector, promoting best practices under international standards that will allow universities to obtain certification under the "Principles for Responsible Management Education" (PRME)⁵⁷, promoted by the United Nations.



El Salvador / Sustainable Universities 2030



⁵⁷ PRME: "Principles for Responsible Management Education" is the first organization created between the UN and the institutions management-related academic institutions, business schools and universities to promote sustainability and corporate social responsibility. It links more than 650 institutions from 85 countries.



WE DONATED MORE THAN 5.2 MILLION TO SOCIAL AND ENVIRONMENTAL CAUSES IN THE COUNTRIES WE SERVE.



• Strategic philanthropy

We promote personal development and prosperity by supporting various institutions, programs, and our own and external initiatives.

Donations in Colombia 2021

	Amount (COP million)
Bolívar Davivienda Foundation	4,500
Hogar Infantil Bolívar Foundation	2,400
Education - Universities	1,852
United Way Colombia	227
Others - Covid-19	350
Art and Culture Fundation	8,580
Total donations ⁵⁸	17,910
TOTAL (USD millones)	4.87

Donations in Central America 2021

	Amount (USD)
Costa Rica	69,177
El Salvador	256,573
Honduras	48,928
Panama	2,607
TOTAL	377,285

Costa Rica

For the ninth year in a row, we were part of “The Company”, Junior Achievement’s⁵⁹ signature program, which in 2021 benefited 488 young people from all over the country. This program sought to develop a solid foundation in entrepreneurship and financial education, through the creation of real junior companies that the participants must manage and use to develop feasible products on a small scale. By the end of 2021, we had supported over 6 thousand young people in this program.

El Salvador

To support technology education, we contributed to the construction of a Steam Lab⁶⁰ at the Don Bosco Sports Center in San Miguel, by equipping it with furniture and technological equipment to reduce the digital gap and help students overcome learning difficulties. This is an initiative promoted by Fusalmo⁶¹ that we have supported for the past three years. We estimate reaching more than 2.4 thousand boys, girls, adolescents, and young people involved in the Don Bosco comprehensive youth program, located in rural and urban schools that face social exclusion in the eastern part of the country.

- 58 Does not include contributions to political parties.
- 59 Junior Achievement: Global non-profit organization, works with local businesses and organizations to offer experiential programs in financial literacy, job readiness and entrepreneurship to 10 million students per year, from kindergarten to high school.
- 60 Steam Lab: Laboratory that integrates the areas of science, technology, engineering, art and mathematics in the classroom to improve the educational experience through the use of technology.
- 61 Fusalmo: Created in 2001 in El Salvador, these are the Salesian youth centers that are the result of a public-private partnership that offers youth opportunities for comprehensive development.



Honduras

We supported the Conpaz project run by the National Foundation for the Development of Honduras (Funadeh), benefiting 25 women living in areas affected by high levels of violence through entrepreneurship kits to help them start their own businesses. As an outstanding achievement, we implemented a recycling microenterprise led by women, which began operations in 2022.

Panama

Our volunteers donated bags containing dry food to the Panama Food Bank through the Kilograms of Hope program, which benefits over 78,000 people with limited income. In addition, in conjunction with the Fundación Bolívar Davivienda, we replicated the “Letters to the Elderly” program at the Bolivar Panama Home, through video-call sessions to alleviate some of the socio-emotional distress caused by the isolation that separates them from their families.

- **Fundación Bolívar Davivienda**

With Fundación Bolívar Davivienda, Grupo Bolivar and Davivienda reaffirm their commitment to high-impact social programs to support and strengthen transformative projects throughout the country, building the capacity of individuals, communities, and organizations to achieve a fairer, more equitable and innovative society.

To learn more about our Foundation, visit the Foundation’s sustainability reports at: <https://www.fundacionbolivardavivienda.org/>

Volunteer Work

As part of Grupo Bolivar’s social responsibility, we reiterate our social commitment through Fundación Bolívar Davivienda by encouraging employees, retirees, and their families to share their ideas, time, and knowledge by participating in high-impact programs that support transformative projects. In 2021, over 3 thousand volunteers donated 22.4 thousand hours in the 5 countries where we operate.

Volunteering Work Figures

	Number of volunteers*	Hours donated
Colombia	2,261	16,391
Costa Rica	275	2,783
El Salvador	79	526
Honduras	303	1,728
Panama	105	993
TOTAL	3,019	22,421

* Includes Davivienda and subsidiaries employees, retirees, and their families.

Fundación Bolívar Davivienda



WE DEVELOP TALENT TO BUILD A COUNTRY.



Cultivarte

Art and Culture Foundation

Program supported by Fundación Bolívar Davivienda, providing playful learning spaces for children and young people, where they can enhance their talents and inspire others to achieve their goals by developing their skills.

Cultivarte emerged from the need to transform the history of children and adolescents in Colombia and Central America, encouraging them to properly use their free time through reading, values, art, culture, science, technology, and financial education.

Colombia

The following are among the contents available in 2021:

GLOBAL MONEY WEEK⁶²

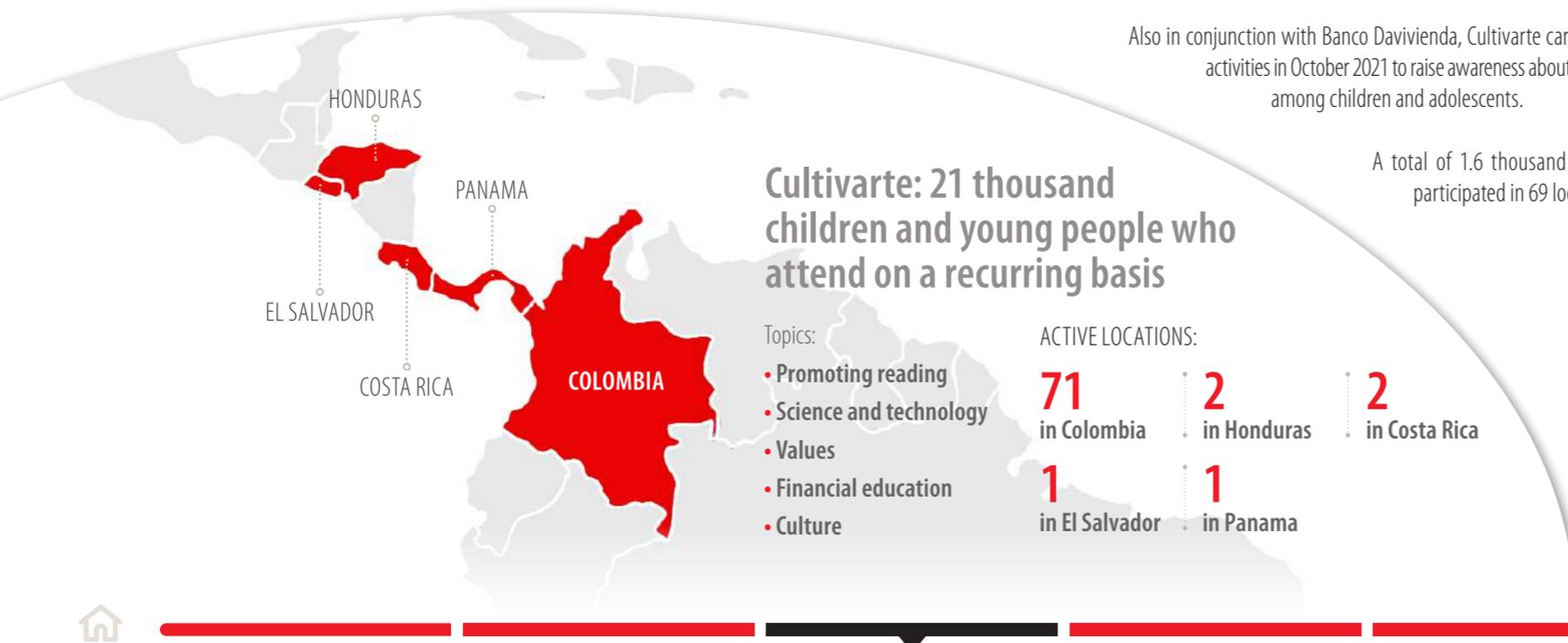
In conjunction with Banco Davivienda, Cultivarte conducted activities in March to raise awareness about financial matters among children and adolescents, as part of the celebration of the "International Week of Financial Education and Inclusion".

Over 1.5 thousand people participated in 67 locations.

MONTH OF SAVINGS

Also in conjunction with Banco Davivienda, Cultivarte carried out activities in October 2021 to raise awareness about savings among children and adolescents.

A total of 1.6 thousand people participated in 69 locations.



⁶² Global Money Week (GMW): Worldwide celebration that promotes efforts aimed at improving the financial education of boys, girls and young people around the world.



Costa Rica

At our Cultivarte Guácimo and Alajuela locations, 4.3 thousand children and young people benefited from 22 virtual contents based on 5 main areas covered by the program. 28 children participated in a Steam (science, technology, engineering, and mathematics) learning program.

We also forged partnerships with social organizations such as Aldeas Infantiles SOS and Semillas de Esperanza, engaging 39 children between 6 and 12 years of age in various recreational activities through virtual channels.

El Salvador

In 2021 we inaugurated the second Cultivarte center, located in the Department of Usulután. Both Cultivarte Santa Tecla and this new site benefited 956 children and youth, and conveyed content such as Python programming, robotics, self-awareness and social skills, implementation of innovation methodologies, professional guidance, chess, handicrafts, painting, cultural tours around the world, dance, and financial activities.

Honduras

We continued to benefit children and young people through 2 strategies: Cultivarte at Home by leveraging virtual tools and platforms such as Monetarium, Discovery, Live Library and Cultivarte at Home; those who did not have access to Internet received kits with materials to continue working on activities aimed at developing their skills. In 2021 we developed 10 regional and 9 local processes in arts and culture, science and technology, values, reading and financial education, with more than 4 thousand beneficiaries.

Panama

In 2021, our Cultivarte center in Curundú received 779 children and youth beneficiaries. Participants came from all across the capital district, covering 5 provinces. Even though we worked online throughout the year, in September we resumed regular contact with our beneficiaries by delivering didactic material and modules, under a hybrid modality. The Bank's volunteers played an active role, especially during savings month.

At Cultivarte we highlight the active participation of the Bank's volunteers, especially during the celebration of the savings month.





4

OUR ENABLERS





Davivienda relies on its people to tackle present and future challenges; therefore, the Human Talent department designs strategies to enable outstanding talents that are capable of assuming an accelerated transformation under the principles of diversity, equality, and inclusion, focusing on co-creation as the basis for team growth and development.



HUMAN TALENT



Here, at the Casita Roja, our people is our priority



WE CONTINUED TRANSFORMING OUR WAY OF WORKING AND IMPLEMENTING NEW TECHNOLOGIES TO STAY AT THE FOREFRONT, WHILE MAINTAINING A SPECIAL FOCUS ON HEALTHCARE AND SUPPORTING OUR PEOPLE BOTH PERSONALLY AND PROFESSIONALLY.

WE INVEST IN OUR TALENT

We are constantly evolving, which encourages us to challenge ourselves and to always be better.

We work under the premise of providing a common benefit and a space where our employees and their families are able to grow and evolve with us. We are genuinely interested in continuing to build better countries across all the regions and countries we serve by generating sustainable, competitive, quality jobs, through actions aimed at guaranteeing adequate talent attraction, loyalty and development, positioning ourselves as a benchmark employer in the industry that is recognized for its great effort to maintain, protect, and motivate its people.



New employees and turnover rate

	Colombia	Costa Rica	El Salvador	Honduras	Panama	Miami
New employees	784	102	248	105	33	8
New employee rate	6.3%	10.5%	14.5%	8.4%	18.1%	17.8%
Voluntary turnover rate	7.1%	7.5%	12.6%	3.6%	10.7%	20.0%
Turnover	9.6%	11.3%	17.0%	8.0%	15.9%	28.9%

Employees by age range

	Number of employees	Percentage
<i>Baby boomers</i>	459	2.6%
Generation (X)	4,525	25.3%
<i>Millennials (Y)</i>	10,996	61.7%
Generation (Z)	1,870	10.4%
TOTAL	17,850	100%

6 out of 10 Davivienda employees are women.

Employees by gender

	Colombia	Costa Rica	El Salvador	Honduras	Panama	Miami	TOTAL
Total women	61%	58%	62%	58%	51%	55%	61%
Total men	39%	42%	38%	42%	49%	45%	39%
TOTAL	13,692	977	1,710	1,247	182	42	17,850

Employees by position level and gender

Level	Number of employees	Percentage	Women	Men
Directors	422	2.4%	39%	61%
Executive	8,111	45.4%	57%	43%
Basic	9,317	52.2%	65%	35%
TOTAL	17,850	100%	61%	39%



We bet on in-house talent!

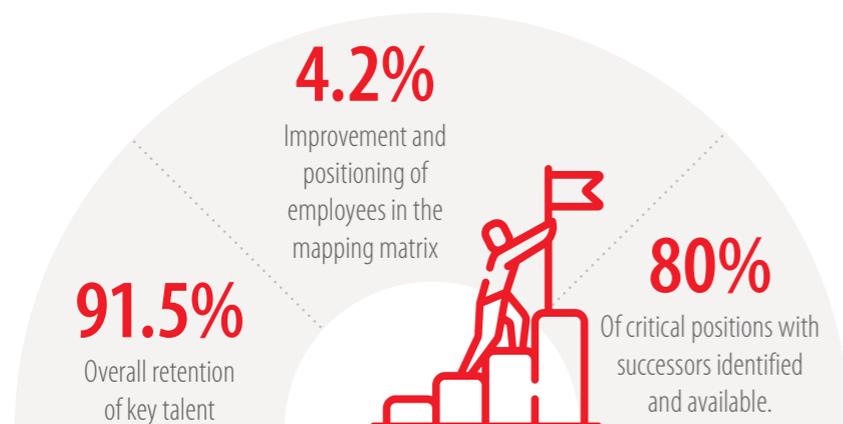
Our attraction and hiring policy is focused on a holistic approach, matching the best talent to our culture. In 2021, we launched the “Se Vale Ser” program in the Recruitment Center, aimed at generating tools to promote inclusion and diversity, offering us the possibility of broadening our perspective and learning day by day from the different cultures where we operate, advancing together with a multidisciplinary team interested in avant-garde knowledge and collective achievement.

Grupo Bolívar’s Recruiting Center ensures greater integration within the recruiting model in Colombia and Central America, improving the identification of potential eligible talent in existing processes, the automation of reports and the incorporation of gamification.



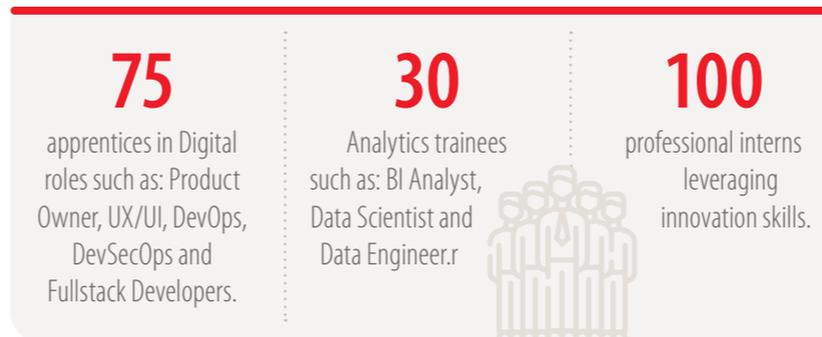
In 2021, the strategic planning process to identify talent needs and critical positions and their possible successors was rolled out across the various regions and countries with the purpose of promoting development and leveraging talent retention and loyalty.

- > Thanks to this process, 117% more people were mapped than in 2020.
- > We gained further credibility, maturity and support for our people and their leaders, who received a diagnosis with useful insights to plan actions for talent development and retention within their teams.



• **4.0 Talent**

In 2021, we partnered with various institutions to design and execute through innovative methodologies programs such as Talent Injection 4.0, aimed at developing young talent rapidly, allowing us to offer high quality employment to this population and simultaneously dispose of talent rapidly and progressively, with the following results to date:



• **UXPlora Corporate University**

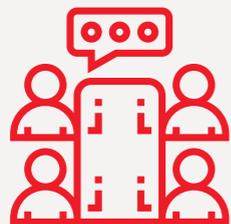
Davivienda understands that learning is essential for personal and organizational development, and for that reason we operate our UXplora Corporate University, a sustainable, avant-garde, and user-friendly digital ecosystem.

Our university provides students with high quality courses offered by our partners “massive and open online course houses”, who offer learning programs designed to meet specific needs, facilitating the development of strategic skills for the organization, such as the following: Analytical, Sustainability, Innovation, Risk and Commercial.



Our **UXplora** Corporate University is a digital ecosystem that is sustainable, avant-garde and user-friendly.





UXplora Corporate University

7,100

open contents offered by international partners

11,000

registrations in our open course offerings

23,000

interactions through our support model

297,000

academic credits redeemed with **742 courses** through e-commerce

We launched UXplora FEXT in 2021, a digital learning space where personal experiences meet professional experiences of renowned international panelists. In 2021, we focused on two relevant topics for our organization: Transformation + Vuca⁶³.

This initiative became a business benchmark with an avant-garde learning model, connecting over 18,000 employees in Colombia and Central America to strengthen our learning community.

UXplora Fext

10.4

attendees at both editions.

8

national and international speakers.

54.7 mil

reproductions in our two editions.

Analytical School: 7,000 people trained

Since analytics is extremely important for organizations, we articulated a strategy to strengthen the analytical culture among our human talent, by attracting, developing, and retaining key talent to support data-driven decision making throughout the organization. These capabilities have allowed us to develop the talent we need to support the Bank's transformation through a significant investment that ensured the availability of talent with the skills we require.



Employees impacted by training

	Women	Men	TOTAL
Employees	8,434	5,278	13,712
Average hours of training per employee	96	147	116
Average number of courses	32	30	31

- Promotions**

Davivienda is interested in developing the countries it operates in as a bet on their more prosperous future,

which is why we want to grow alongside our people by providing them with the necessary tools (training, development, and improvement of skills) to grow personally and professionally within the organization. In 2021, 1,858 employees were promoted in Colombia and Central America following their professional evolution within the organization.

Training is a key cornerstone that we promote through our internal programs and external benefits such as educational subsidies.



⁶³ Vuca: Analysis of volatility, uncertainty, complexity and ambiguity under certain conditions, and situations.





Investment in subsidies for undergraduate, graduate, and specialized studies

(Figures in COP million)

	Employees	Amount
First semester loan	73	155
Educational aid	955	4.8k
TOTAL	1,028	4.9k

- Reviews for development**

We continue with our review-based strategy for teams and leaders to enable conversations centered around business results and personal development, promoting clear, measurable, and shared objectives.

Progress on reviews for development

Type of performance evaluation	Employees evaluated*
Goal-based management	79%
Multidimensional evaluation	76%

* Closing date for evaluations: February 14, 2022.

We promote a focus on results through self-management and permanent development with the direct support of the organization's leaders.

- Leadership Center**

Davivienda relies on a Leadership Center as a partner of Grupo Bolivar's companies for developing leaders.

The Leadership Center continues innovating in it's the training model, methodologies, and tools, delivering agile learning experiences, and forging strategic partnerships to further strengthen our leaders to anticipate and adapt to the challenges ahead.

In response to the challenge posed by digital transformation, we made all training programs available online in 2021, and launched "Lidera", a digital learning ecosystem inspired by our leadership model, designed to help us build skills related to our leadership role in Grupo Bolivar.



GRUPO BOLÍVAR
CENTRO DE LIDERAZGO



Lidera provides our staff access to learning paths by modules. The first module, Sense of Leadership, and the second, Vuca & Change, reached all Davivienda employees at various levels. Additionally, we created advanced development, coaching, and mentoring programs designed to empower leaders to practice leadership skills on a day-to-day basis, thereby enabling them to become visionary leaders who inspire and nurture talent.

- > We have invested over COP 2.2 billion in learning and development programs, knowledge management strategies, and cultural consolidation for the entire Grupo Bolivar.
- > 18 thousand employees experienced the Lidera learning path.
- > Over 500 leaders participated in advanced development programs as well as in Nova, our mentoring and coaching program to strengthen leadership skills.

WE PRIORITIZE THE QUALITY OF LIFE OF OUR PEOPLE AND THEIR FAMILIES

We create experiences that bring joy to life!

Our organizational culture values our employees and their families across all countries, fulfilling our Higher Purpose of “Enriching Life with Integrity” by implementing strategies to promote wellbeing and quality of life.

“Creating experiences that bring joy to life” is the core of our management model, which is divided into 3 strategic focuses:

1. Personal wellbeing for employees and their families

In 2021, we leveraged our digital transformation to adapt our wellbeing programs to online environments, achieving broader cross-cutting experiences that reached more than 80% of our teams and their families.

We continued working on innovative ideas, such as digital platforms for gift selection for various celebrations; we also launched the Davipass mobile application, powered by blockchain technology, for customized assignment and consultation of benefits. Additionally, we developed the first Human Talent Benefits Fair with a 3D avatar, an experience that allowed us to interact with more than 9,800 employees and their families, with more than 81,000 online queries submitted to our expert areas and partners.

We also helped 1,638 people, including employees and their families, through our Family Guidance Center (COF) with services such as Psychological Counseling, Legal Advice, Tax Advisory, and Career Planning, among others.

2. Financial well-being for the different stages of life

We offer solutions to contribute to the financial stability of our employees throughout their lives. We offered several financial alternatives in 2021 to improve the quality of life of our employees.

3. Rojotú, a lifestyle, in line with the digital transformation.

We continued designing the Rojotú lifestyle, at everyone’s reach. This year, we launched the 2022 collection inspired by a natural and eco-friendly connection inspired by sustainability.

In 2021 we adapted our wellness programs to virtual formats, achieving greater cross-cutting experiences and reaching more than 80% of our teams and their families.



Under the same Rojotú concept, a lifestyle, we created content focused on encouraging good habits around culture, sports, healthy nutrition, health, and wellness. In 2021, as part of the sports program, we developed the Rojotú challenge in Colombia and Central America, a competition based on three disciplines: road cycling, mountain biking and athletics.

Through these three strategic focuses, we are able to ensure experiences that bring joy to the lives of our people and their families, increasing the perception of value towards the brand, engagement, and sense of belonging.

Investment in benefit programs

Country	Amount (COP billions)
Colombia	172.6
Costa Rica	1.3
El Salvador	1.1
Honduras	1.5
Panama	0.5
TOTAL	177.0

Our vaccination campaign continues moving forward; we have vaccinated 97% of our employees in Colombia and 96% of our employees in Central America.

As part of our health program and in accordance with the standards established by the Ministry of Labor in Colombia, our Occupational Health and Safety Management System was at an optimum level of implementation in 2021, showing 94% progress according to the external audit conducted. We rely on a procedure to identify risks through the Colombian Technical Guide (GTC 45), whereby we objectively evaluate the risks associated with our activities, to implement appropriate controls to mitigate these risks.

To achieve continuous improvement, we periodically review our management system through audits, self-evaluations, and reviews by senior management, to establish action plans based on analyses and adherence to standards and procedures. These action plans include a follow-up methodology that enables us to execute them in a timely manner and achieve satisfactory outcomes that meet our needs.

In 2021 we participated in ANDI's "Entrepreneurs for Vaccination" initiative, purchasing vaccines for 14,288 people, vaccinating 96% of our employees in Colombia and 97% in Central America; this initiative leveraged our model based on efficient and customized care, which led to the medical follow-up of 8,361 suspected and positive COVID 19 cases.

We understood this year that a cornerstone for taking care of our people is to be available in times of uncertainty, which is why we developed a predictive infection analysis model, anticipating situations endangering our community and providing tools for our employees and their families in emergency care, emotion management, time management, and occupational health and safety.

In 2021 we promoted a culture of self-care in our environment by:

- > Permanently publishing content through internal communication channels where we centralized information concerning health and safety issues such as our policies, care channels, annual work plan, biosafety protocols related to covid-19 and information related to health prevention and promotion.



COP 177 billion invested in programs beneficial to our employees.



- > We also promoted a culture of self-care through communication strategies such as the Live your health campaign, featuring renowned medical authorities.
- > In addition, we established a closer relationship with vendors to align processes related to health and safety, ensuring adequate follow-up and attention to the different requirements.
- > We continued to set up medical centers in Bogota to meet the health needs of our employees during maternity periods.

With these initiatives, we have 8,596 employees (79%) and 10,941 beneficiaries (family members) covered by the health policy.

Occupational health and safety indicators*

	Rate	Men	Women
Occupational accident rate	0.98	0.29	0.69
Number of incidents	120	36	84
Days of absence due to accidents	346	112	234
Occupational disease rate	0.06	0.016	0.049
Number of occupational disease incidents	8	2	6
Severity of occupational diseases	0.38	0	0.38
Deaths due to occupational accident or occupational disease	0	0	0
Absenteeism	2.35	0.69	1.66

* Data from Colombia

At Davivienda, family comes first!

We continue granting maternity and paternity leaves longer than those established by law, helping to strengthen the bond between parents and their children. Mothers are granted a paid leave of 7 working days following their return to work in the organization, and new fathers are granted 4 working days of paternity leave in addition to those stipulated by law. This initiative helps us to improve the quality of life of our employees.

We are living the best of both worlds!

Davivienda understands that to adapt is to evolve, which is why we are capitalizing on the lessons learned throughout the past few years of pandemic, looking objectively at the current challenges, and preparing ourselves to face future challenges.

In 2021, we launched our “Best of Both Worlds” strategy, implementing a flexible working model that allowed us to experience the best of remote and onsite work.

- > We achieved 100% gradual return in Colombia and Central America.
- > We standardized the remote working model in preparation for future contingencies.
- > We adapted shared safe spaces, promoting a way of working that strengthens our collaborative culture.
- > We reduced our carbon footprint by 34% by reducing employee commuting thanks to an environmentally friendly work model, in line with our purpose of becoming a Sustainable Bank.



In 2021 we launched the strategy “The best of two worlds”, implementing a flexible mechanism of remote and face-to-face work.





This transformation favors teams' self-management and empowerment, as they have positively embraced these changes.

Protecting and caring for our people's health has been a critical consideration that guided our gradual return to the workplace. We reinforced self-care measures through a sustainable and efficient model that allows us to comply with biosafety protocols under actions such as:

- > Provide technological tools such as the Covid Pass QR App for people to report their health condition, analyze symptoms and find useful information on emotional, physical, and mental health.
- > Adapt the physical spaces at our service and administrative offices.
- > Provide personal protective equipment and daily disinfection of our facilities.
- > Ensure preventive isolation to protect the vulnerable population.

We evolved towards the digital transformation of our occupational medical check-ups performed throughout the employee's life cycle, including admission and periodic exams. We have also digitally implemented epidemiological monitoring programs for musculoskeletal risk, hearing and vocal health, and psychosocial risk, enabling us to diagnose and intervene specifically in these risk factors.

**MAKING OUR ACTIONS ARE EFFICIENT,
TRANSPARENT AND HONEST, IS A COMMITMENT
TO OUR STAKEHOLDERS.**

ETHICS, TRANSPARENCY, AND HUMAN RIGHTS

Our corporate governance system is formed by principles, policies and rules that determine a set of best practices aimed at ensuring that our actions are efficient, transparent, and honest, which entails a commitment to our stakeholders and helps us to uphold our business ethics. The purpose of this system is to promote and comply with transparency matters, effectively and efficiently managing all types of risks in our relations with the various stakeholders, thus building greater trust.

To implement our corporate governance policy, we rely on codes, regulations, guidelines, and manuals, including the following: The Code of Ethics, the Compliance Manual and the Bank's Code of Good Governance. Their strict enforcement assures proper management, provides us with conflict resolution mechanisms, and facilitates the truthful and timely handling of information.

Our employees' commitment is reflected in activities such as performance evaluations, communications, reviews, audits, and investigations of incidents of potential breaches of the various codes and the corresponding penalties, always in accordance with due process.

During their entire working cycle, employees within the organization are subject to various processes designed to ensure continued and sustained compliance with the Code of Conduct "Ethics", as follows:

- > Upon joining the organization, employees sign a letter of commitment, stating that they agree to abide by the expected ethical standards and avoid engaging in undesirable behavior, in accordance with the organization's ethical conduct guidelines.
- > Employees are trained and certified annually through online courses. Davivienda designs the structure, implements, and executes these certifications.
- > We conduct regular in-person and/or online training sessions to strengthen a culture of ethics, transparency, and human rights.



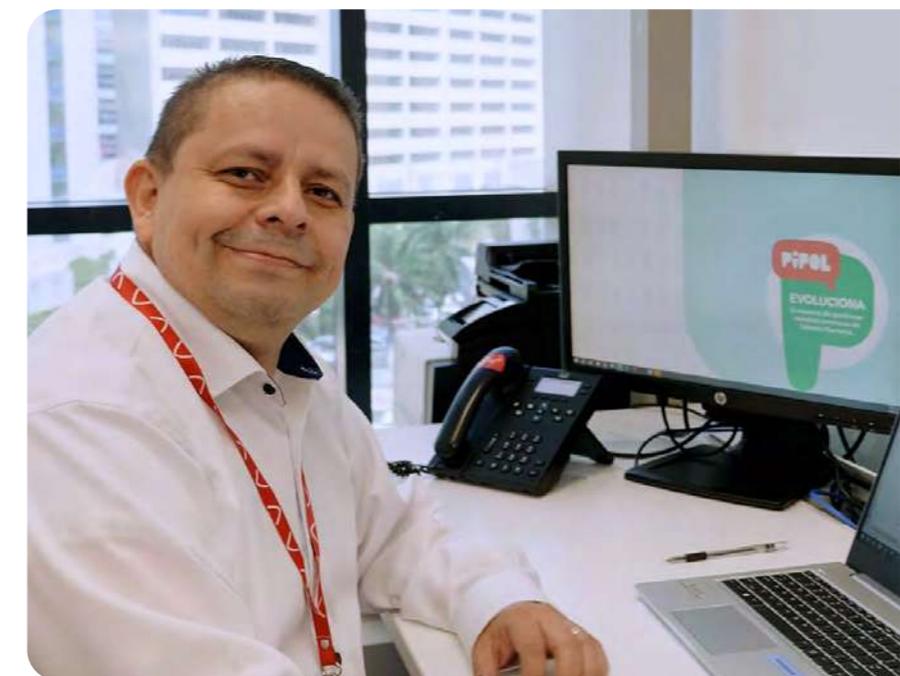
Our internal codes include conduct guidelines that ought to be followed by the members of the Board of Directors, Presidents, Directors, officers, and intermediaries, and constitute a principle of prudence, good judgment and deliberation when assessing their responsibility in handling a potential ethical dilemma.

We have created an Open-Door Culture management model, where 3 channels have been established for our employees to use when they feel that their principles and values have been violated, or when they identify any irregularities that might violate our Code of Ethics.

- > **Leaders:** They are the first and most natural channel to listen to their teams, as they are the ones who are responsible for managing talent.
- > **The Human Resources team:** They serve as guides and guardians of our ethical culture, supporting, for example, by listening to and managing cases of irregularities that are brought to our attention by employees.
- > **Transparency Hotline:** It is a confidential and anonymous hotline that offers three reporting mechanisms: a phone call, filling out a Web form and e-mail. To ensure objectivity and transparency, this channel is managed by an external vendor.

Our corporate codes contain **behavior guidelines** that the members of the Board Board of directors, presidents, directors, officials and intermediaries must comply with.

All cases received benefit from a management model that includes:



▶ ENTERPRISE RISK MANAGEMENT

Enterprise risk management, as the backbone of our strategy, is constantly evolving and being updated with respect to international methodologies and best practices, which has enabled us to swiftly respond to the challenges posed by the pandemic in 2021.

In 2021, we further reinforced our action plans prepared in 2020 in response to covid-19, allowing us to effectively manage risks across the board. Each risk management system managed risks specific to each line of business, or risks arising from the processes that support such business lines. Each system adopted measures, established policies, and implemented contingency plans that allowed us to safeguard the wellbeing of employees and customers, while ensuring business continuity and availability of services across all our channels.

Corporate risk management is comprised of:

- > Strategic risk
- > Credit risk
- > Market risk
- > Liquidity risk
- > Operational risk
- > Financial consumer customer service
- > Risk of money laundering and financing of terrorism, and anti-corruption program.
- > Fraud and transactional risk.
- > Information security and cyber-security risk
- > Technological risk
- > Environmental and social risk
- > Third-party and partner risks
- > Business continuity
- > Internal control system

The description of administration and management systems in place to address Covid-19 are described in detail in the Notes to the Financial Statements, Chapter 10, Corporate Risk Management, as of December 31, 2021.

Risk areas are responsible for promoting and safeguarding adequate controls for all risks, by supervising the way in which they are managed and their effectiveness, always making sure that they are within the risk levels defined by Grupo Bolivar. Consequently, specialized risk areas are in charge of assessing and controlling the risks under their responsibility, as well as defining methodologies and suggesting policies through a governance structure that facilitates the fulfillment of the organization's strategic objectives.

ALIGNMENT OF THE GOVERNING BODIES WITH THE CORPORATE STRATEGY

Both our corporate objectives and strategies are defined by the Bank's President and approved by the Board of Directors. Both are aligned with the higher purpose we share as a business group: "Enriching life with integrity".

We rely on a monitoring and control system for the execution of the strategy and a risk management system, implemented by the various governing bodies of the entity, in order to guarantee corrections or modifications to the action plans in the event of a foreseeable deviation from the expected results.

ENTERPRISE RISK MANAGEMENT IS A CORNERSTONE OF OUR STRATEGY THAT IS CONSTANTLY EVOLVING AND UPDATING WITH RESPECT TO INTERNATIONAL BEST PRACTICES.



GOVERNANCE STRUCTURE

Our organizational structure is designed to meet business development needs and adequate risk management. We rely on the following control bodies:

- **Board of Directors**

It is the main risk management entity within the Bank. It evaluates the risks associated with the business and supports the work of control bodies in matters related to risk management within regulatory parameters. It defines risk policies and the risk appetite and is responsible for ensuring compliance.

- **Audit Committee**

Oversees audit activities carried out by the internal audit and statutory auditors as they pertain to the evaluation of the methodology and implementation of the risk management model and the Bank's internal control system. It issues recommendations on risk management activities carried out by the various risk committees.

- **Compliance Committee**

Follows up and validates the implementation and execution of the Money Laundering and Terrorism Financing Risk Prevention Management Program, in accordance with the guidelines issued by the Bank's senior management, applicable regulations and best market practices.

- **Corporate Risk Committee**

A supporting organ of the Board of Directors entrusted with overseeing the operation of the corporate risk management system (Enterprise Risk Management - ERM) of the Bank and its subsidiaries.

- **Presidential Committee**

Based on the guidelines and resolutions of the Board of Directors regarding the Strategic Plan drafted by the Bank's President, this Committee has become a supporting body for the follow-up and due fulfillment of the strategy.



Our organizational structure responds to business development needs and proper risk management.



- **Risk Committees**

These are defined based on the types of risk and are intended to evaluate the risk policies, mechanisms and procedures implemented.

- **Comprehensive Accounting and Tax Regulation and Disclosure Committee**

It is the body that proposes the implementation and/or modification of accounting and tax policies and procedures, in favor of regulatory compliance under international standards applicable in Colombia and tax provisions in the generation of Financial Statements.



- **Covid-19 crisis committee**

Its purpose is to analyze all the situations derived from the covid-19 crisis that affect our operations, and to decide and control the implementation of decisions, ensuring local and national regulatory compliance to guarantee the Bank's operations.

Increasingly, we strive to make better decisions that allow us to achieve the optimal combination of assets, liabilities, and equity, seeking the best risk/return ratio for all our stakeholders.

EMERGING RISKS

Corporate Risk Management involves reviewing risk management processes and reviewing resource allocation to ensure that emerging risks are properly identified, assessed, and controlled from strategic planning to day-to-day processes at all levels of the organization.

Davivienda continuously reviews environmental conditions to identify changes that may affect its business objectives and strategy, and applies the necessary adjustments to adapt to changes in the environment.

Based on the organization's strategy and objectives, senior management has identified four emerging risks that are monitored and controlled:

- **Geopolitical risk**

It refers to political, economic, and social uncertainty caused by large scale local, regional or global events, such as the effects of the covid-19 pandemic, political decisions at international level, immigration policies, negotiation of free trade agreements, monetary policy, social effects that may affect the economic stability of countries with impact on Colombia's macroeconomic variables, especially export revenues, capital flows and remittances. The Bank would be affected by portfolio deterioration caused by a reduced capacity from its customers to pay financial obligations, save, and invest.

2021 was shaped by the covid-19 pandemic. The large-scale roll-out and distribution of vaccines and improved hospital infrastructure allowed for significant improvements in travel, which led to a worldwide economic recovery, while countries implemented fiscal and monetary measures. However, issues in the supply chain led to one of the most acute inflation problems of the last few decades.



In 2022, this phenomenon will be one of the most complex, impacting growth and increasing interest rates in Colombia and the world. Furthermore, there is still uncertainty about the effectiveness of vaccines and their capacity to control new variants of the virus.

Secondly, the problems derived from the performance of the Chinese economy. Chinese companies have based much of their growth on a sharp increase in investment levels, but also on their debt, to such an extent that today China is one of the countries with the highest corporate debt as a proportion of GDP. In the case of Evergrande⁶⁴, the excess leverage of companies in that country can spill over to others in the same country. On the other hand, an unordered deleveraging of companies could be a more traumatic process, limiting the country's growth. The trade war with the United States, ongoing despite a change in the U.S. administration, remains an important risk factor.

Social unrest and political decisions: The last few years the world, and particularly in Latin America, have been characterized by an increase in social outcries. This phenomenon, rooted in a complex interplay of factors, including many economic disparities, and accelerated by the massive use of social media, was somewhat overshadowed by the effects of the pandemic, especially by lockdowns and social distancing. Colombia experienced these protests in April and May 2021, resulting in significant disruptions in transportation, with consequences on several economic sectors and a decline in trust in the country. In 2022, presidential and congressional elections will be held, which generates uncertainty about the political decisions that are to come in the coming years.

To manage these risks, the economic research area periodically analyzes international economic policy and reports to senior management and the Board of Directors on the main developments in the financial markets, as well as the local and international macroeconomic outlook, including projection models. Likewise, the risk committees and business areas continue to monitor the savings and payment performance of our clients and the industries in which they operate, so as to generate the necessary action plans.

• **Risk arising from new disruptive competitors**

The pandemic energized already existing transformation processes within banks, driven by the acceleration of digital adoption by customers and retail trade, which bolstered the trend of electronic transactions. The expectations of financial consumers were rapidly transformed in this new 100% digital environment, and new players arrived to offer financial products and services based on agile business models and high service standards, characterized by support and advisory services without resorting to physical channels.

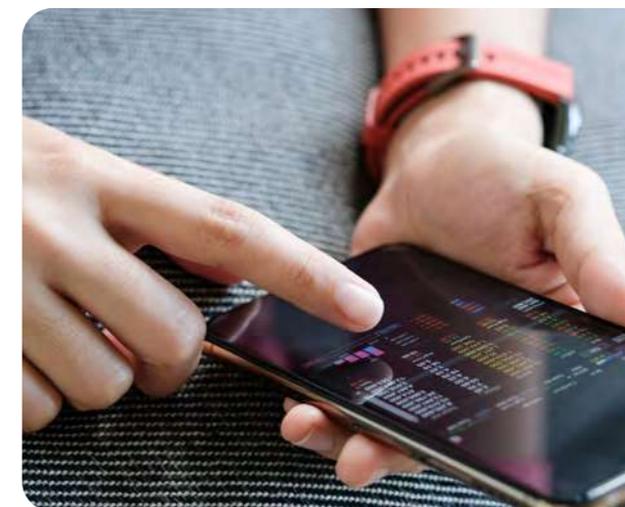
On top of this, these new players offer low costs, with fees near zero, which could imply a loss of market share for Davivienda (and, of course, of customers), a decrease in income and costly adjustments to the functionality of its channels.

We conceive this new reality as an opportunity to create new business models powered by cutting-edge technologies and agility, allowing us to serve all segments of the population with products and services tailored to each profile. To this end, in conjunction with the progress in our digital transformation process, we have defined additional strategic fronts that will allow us to embrace this new environment.

In 2021, DaviPlata continued to consolidate itself as a digital native bank that totaled, by the end of 2021, 13.8 million customers and covered 98% of Colombia's municipalities. This platform will continue to develop its financial and non-financial offerings, as well as new ecosystems.

RappiPay, our partnership with Rappi, also stands out, continuing to advance towards the incorporation of a financial offer into the successful ecosystem of this Colombian unicorn.

THE NEW NORMAL IS AN OPPORTUNITY TO CREATE BUSINESS MODELS BASED ON HIGH TECHNOLOGY AND AGILITY, TO SERVE ALL SEGMENTS OF THE POPULATION WITH PRODUCTS AND SERVICES ADJUSTED TO EACH PROFILE.



⁶⁴ Evergrande, located in China, is considered to be the most indebted real estate company in the world in 2021.



By offering the most comprehensive mobile offer in the country, we ratified our leadership in digital banking and have become a Latin American benchmark. Today, our customers are able to acquire and manage savings, credit, investment, insurance and payment products in just a few minutes, through mobile banking. In addition, focusing on their security and convenience, we accelerated the processes to continue providing them with user-friendly and straightforward experiences for the most important moments of their lives, such as the purchase of a home or vehicle, from the comfort of their own home.

• **Risks associated with the use of new technologies in digital ecosystems**

This refers to the risk arising from the use of new technologies and the increase in connectivity between the technological infrastructure of our companies and the technological infrastructure of third party partners, combined with the expansion of ecosystems for the provision of digital services to customers or users, as well as the concentration of services in digital channels, given potential failures in the availability of these services, with the consequent regulatory penalties. The speed of integration has accelerated exponentially, enabling the continuity of economic, social, educational and cultural activities, among others. Likewise, within our organization there is a need to offer new products and services attuned to this new digital demand, which is why we have promoted the implementation of robust systems for managing new threats and emerging risk vectors.

To ensure the integrity, confidentiality and availability of Bank’s and third-party partners’ data and IT solutions, as well as the privacy of customers’ or users’ data, we constantly evaluate the effectiveness of our control and security systems, making adjustments when necessary.

As part of the actions we have implemented, we have set in place a number of processes supported by state-of-the-art technology, ensuring the security of digital microservices and APIs⁶⁵ that allow us to integrate the Bank’s systems with those of its third party partners.

INTEGRATION HAS EXPONENTIALLY ACCELERATED, FACILITATING THE CONTINUITY OF ACTIVITIES IN ALL AREAS. THE NEW DIGITAL PRODUCTS AND SERVICES WE OFFER REQUIRE THAT WE IMPLEMENT MORE ROBUST SCHEMES FOR THE MANAGEMENT OF NEW THREATS.

The harmonization of internal developments with local regulations and international standards has provided the framework and the necessary foundations for the effective management of these new emerging risks.

Additionally, in light of an accelerated expansion of digital services, we maintain our technological contingency and business continuity strategies updated, using international best practices and simulation exercises that allow us to measure the effectiveness of the controls and activate the necessary action plans.

Our main focus has been on monitoring and adjusting controls over the technologies made available by cloud providers and their integrations under software as a service (SaaS), infrastructure as a service (IaaS) and platform as a service (PaaS) implementations; additionally, in the DevOps - DevSecOps development cycle, we have focused on maintaining availability, performance, functionality, reliability and regulatory compliance standards by applying the technological risk methodology. For this purpose, we must ensure that APIs, micro-applications, widgets, and Apps are supported in safe infrastructures and without security breaches that could endanger the information and financial resources of our customers. This is achieved through advanced cybersecurity tests that incorporate new techniques that allow us to check the effectiveness of controls and act in a timely manner, strengthening the cybersecurity position of the organization.

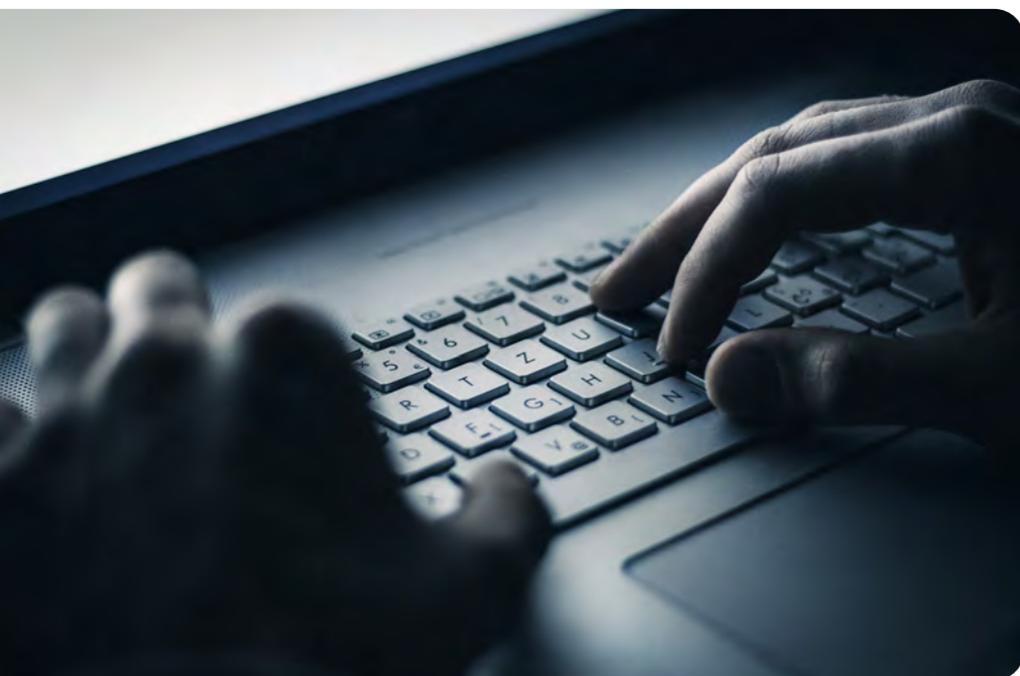


65 API: App Program Platform.



- **Risk of cyberconflict**

This risk is caused by new and uncertain cyber-attacks stemming both from international uncertainties and growing global political instability, leading to new tensions that affect organizational dynamics. Locally, this risk has increased, not only because of this type of conflicts, but also because of social unrest, leading to confusion, deception, and disinformation, potentially affecting organizations, mainly those that comprise the critical cybernetic infrastructure of the countries in which the Bank operates. The materialization of this type of attacks has serious consequences for the operation and availability of systems and service channels, due to possible breaches or unauthorized access to confidential information of the Bank and its customers.



We continue to strengthen our strategy, deepening and developing different roles in order to prevent, detect and react in a timely manner to any event.

The main impacts that could be generated by the materialization of this risk are:

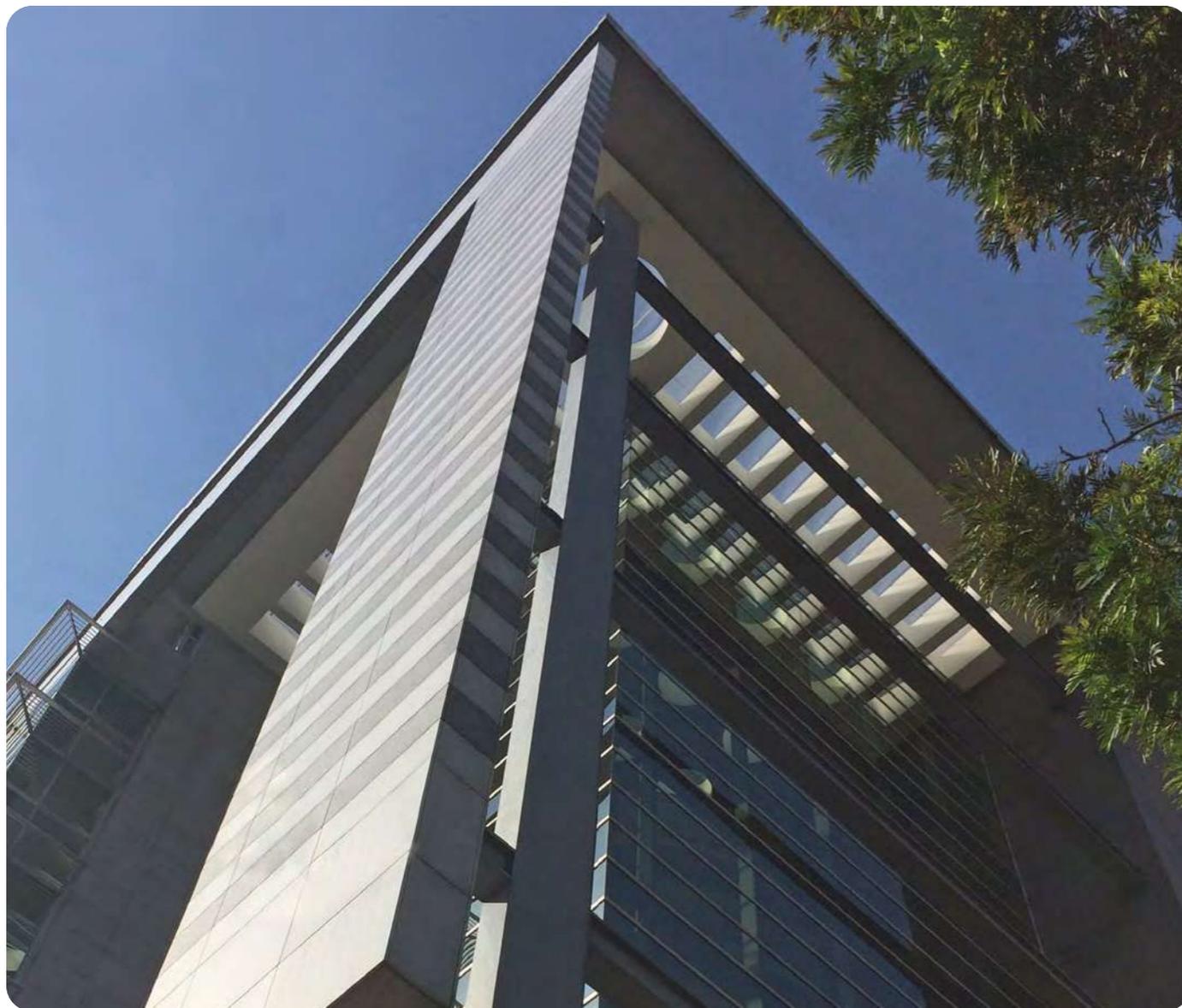
- > Adverse effects on the brand (reputational risk).
- > Possible depreciation of the value of intellectual property.
- > Higher operational expenses for prevention of future attacks, containment, and recovery from materialized threats.
- > Potential impact on insurance premiums against future events
- > Regulatory penalties and fines for regulatory non-compliance.

To mitigate this risk, we continue to strengthen our strategy, strengthening and developing different roles within the organization in order to prevent, detect and react promptly to any potential incident; furthermore, we continuously adopt new techniques, methodologies and tools that allow for early identification through alert analysis and reaction to possible events or atypical behaviors that may turn into cyber-attacks on the Bank and its subsidiaries.

During 2020 and 2021, we made the following efforts towards managing this risk:

- > Adoption of best practices in cybersecurity and information security to improve the processes underlying the strategy.
- > Attention and response to the different requirements of the regulatory entities in aspects concerning information security and cybersecurity.
- > Active participation in industry working groups with government entities for risk mitigation.
- > Participation in cyber-attack drills to strengthen our capacity to respond to this type of incidents.
- > Started internal drills to strengthen our response and crisis management processes in the event of this type of incident.





- > Training and refresher training for more employees, using tools that allow us to disseminate and promote the correct way to act when faced with potential social engineering and cybersecurity events.

Additionally, starting in 2021, we transformed our cybersecurity activities, adopting international models based on operational cyber resilience and incorporating state-of-the-art technologies that allow us to process a high volume of data in real time and integrate agile response actions to enable timely detection and containment capabilities for threats developed by organized groups at a global level.

REPUTATIONAL AND BRAND MANAGEMENT RISKS

Davivienda relies on a crisis management system to address incidents that may negatively impact the brand's reputation: a criticality matrix mapping action and communication protocols, crisis governance, analysis of possible scenarios, analysis of the different stages of the crisis and proposals for initial response messages by originator.

In addition, we count on partners who are experts in monitoring the media and social media, who are connected to our call center and service areas, and who act according to the crisis response protocol.



In 2021 we transformed the cybersecurity function, adopting international models based on operational cyber-resilience and incorporating state-of-the-art technologies.



► CORPORATE GOVERNANCE

Our corporate governance system is integrated by principles, policies, and rules that establish a set of best practices aimed at enabling our actions to be efficient, transparent, and honest, which is our commitment to our stakeholders and helps us to uphold our business ethics.

Banco Davivienda is managed and administered by Annual General Shareholders Meeting, the Board of Directors, the President, senior management and other bodies and officers as determined by Annual General Shareholders Meeting or the Board of Directors. Similarly, control, disclosure and compliance bodies are also deemed to be corporate governance bodies.

To implement our corporate governance policy, we rely on codes, regulations, guides and manuals. We highlight the following (all published on our website):

- > Bylaws
- > Code of Ethics
- > Code of Good Corporate Governance
- > Regulations of Annual General Shareholders Meeting
- > Regulations of the Board of Directors
- > Guide Shareholder's Rights and Obligations
- > Conflicts of Interest and Insider Trading Manual

Their enforcement guarantees proper management, provides us with conflict resolution mechanisms, and facilitates the truthful and timely handling of information. In addition, we have adopted good corporate governance recommendations contained in the Code of Best Corporate Practices - Country Code, which are disclosed in the Country Code report published on our website.

ETHICS CODE

Our Code of Ethics is a comprehensive part of our Good Corporate Governance System adopted by Grupo Bolívar companies. It is intended for our shareholders, employees, strategic partners, vendors, customers, and other stakeholders to increase their trust in the Bank and to recognize us for our transparency. Our Code of Ethics includes a statement of ethics, desirable behaviors, unacceptable behaviors and a statement of responsibilities and commitments, among others. An example of our commitment is that in 2021 the Bank did not report any non-compliance with the Code of Good Corporate Governance.

Additionally, in 2021 the Bank was not involved in any pending or finalized legal proceedings with respect to anti-competitive practices or violations of laws regarding antitrust or monopolistic practices.

TRANSPARENCY HOTLINE

Between January and December 2021, the Transparency Hotline received 191 cases, all of which were managed within the deadlines defined by the organization in accordance with each category. 62% of these cases were closed after corrective actions were implemented, involving an action plan and follow-up. 73% of cases were received via telephone.

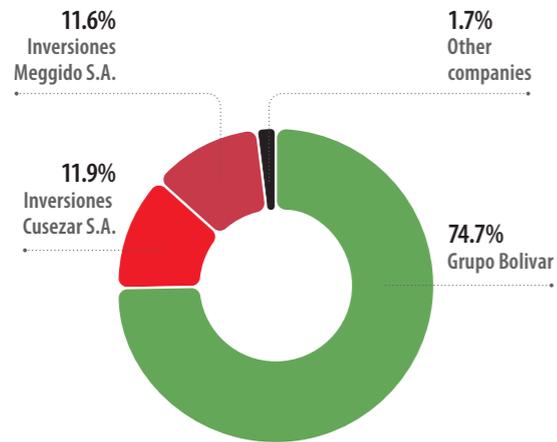


OWNERSHIP STRUCTURE

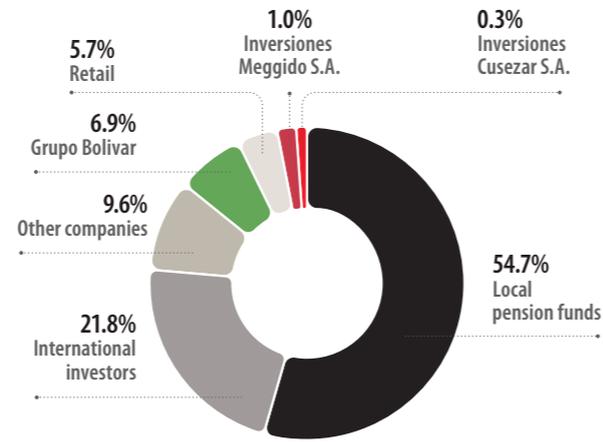


Davivienda's main shareholder is **Grupo Bolivar** with a total 58.5% total shares.

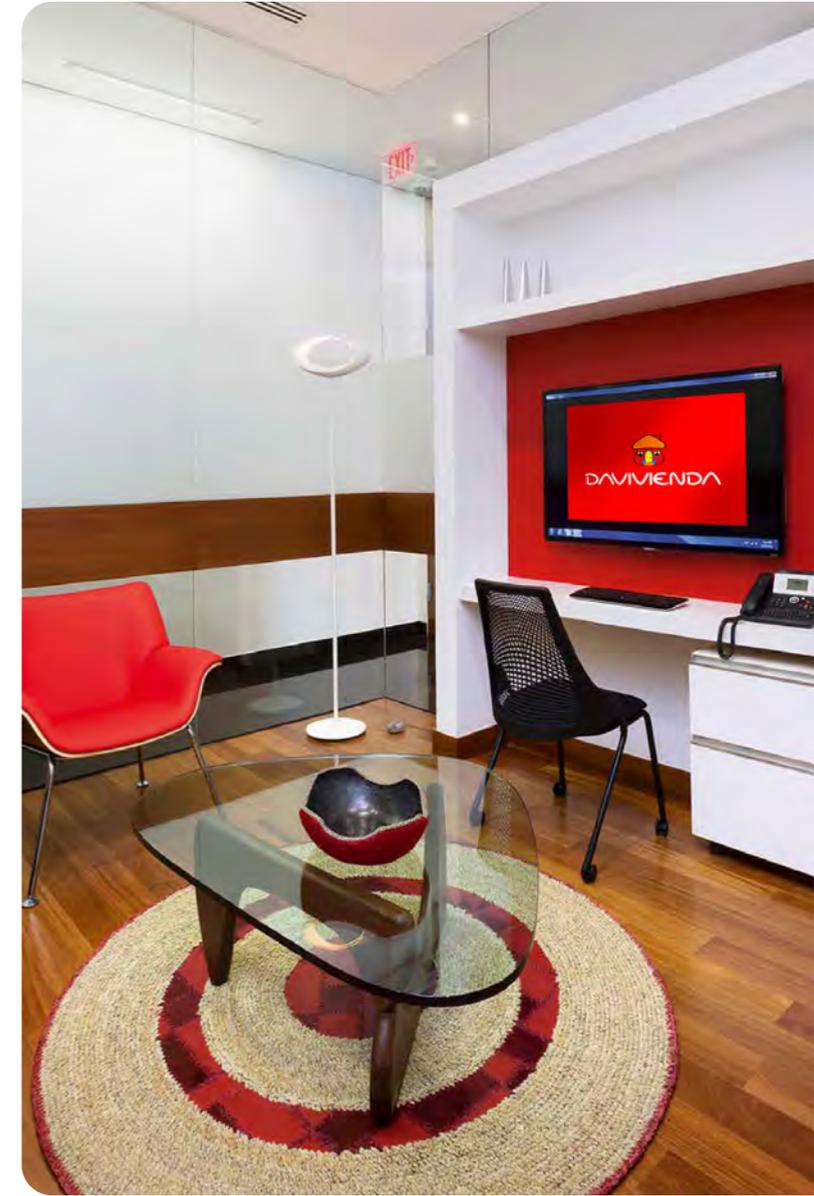
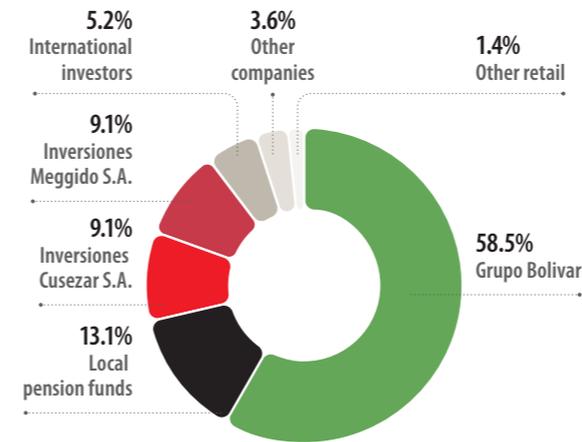
Common shares



Preferred shares



Total shares



ORGANIZATIONAL STRUCTURE

	Colombia	Costa Rica	El Salvador	Panama	Honduras
Bank	○	○	○	○	○
Insurance		○	○		○
Stockbroker	○	○	○	○	
Trust Company	○				
Leasing	○	○			
Merchant Bank	○				
Collection Company	○				



Banco Davivienda / Governing bodies

Steering body	Annual General Meeting of Shareholders
	Board of Directors
Management bodies	President - Legal representative Vice Presidents and Managers (who, on account of their position, act on behalf of the company)
External control bodies	Statutory Auditor Financial Superintendence of Colombia Securities Market Regulator
Internal control bodies	Committees supporting the Board of Directors Audit Committee Corporate Governance and Sustainability Committee Corporate Risk Committee Compliance Committee Senior Management Support Bodies Presidential Committee Comprehensive Accounting and Tax Regulation and Disclosure Committee Risk Committees Internal Audit Compliance Officer Internal Control and Compliance
Conflict resolution body	Arbitration Tribunal
Corporate governance disclosure and compliance bodies	Board of Directors President - Legal representative



ANNUAL GENERAL SHAREHOLDERS MEETING

The ordinary Annual General Shareholders Meeting was held on March 18, 2021, attended by a quorum of 98.3%, representing directly or by proxy 338 million shares⁶⁶. The announcement was published in the newspaper El Tiempo on February 16, 2021, informing that the Meeting would be held a under blended format (in person and online).

To contribute to preventive and containment measures adopted in the country against the spread of Covid-19, we advised shareholders that they had the following options:

- Attend the in-person meeting to be held at Davivienda Training and Business Center, located at Calle 27 No. 13A-26, 34th Floor, CCI Tower, in Bogota, observing biosecurity protocols and the allowed capacity.
- Access and participate online through our Zoom platform, pursuant to the terms of Law 222 of 1995 (Article 19, as amended by Article 148 of Decree Law 019 of 2012 and Decree 398 of 2020).

At the meeting, the Secretary of the Assembly explained the instructions on how the Meeting was to be conducted and the mechanisms for casting their vote and for making comments and asking questions. The Meeting was held in compliance with regulations and shareholders were provided with the necessary information to make decisions.

The announcement, the rights and obligations for shareholders, the characteristics of the shares and the operating rules of the Meeting were disclosed to the shareholders and the market in general through the web page www.davivienda.com.

The Meeting was broadcasted online to the Bank's shareholders, in compliance with the recommendations set forth in the Code of Best Corporate Practices, Country Code, which stipulates that the use of electronic media is helpful for disclosing information.

In the website of the Financial Superintendence of Colombia, we timely published the relevant information of the Bank, prior to the Annual General Shareholders Meeting.

Our shareholders received assistance through Deceval⁶⁷, through our hotlines (+57) 601-313-9000 in Bogota and (+57) 01-8000 111-901 nationwide, to receive information related to their shares. For other information, our shareholders may contact us by e-mail at ir@davivienda.com. This information is published on our website, ir.davivienda.com, accessed through the "Help Center" link.

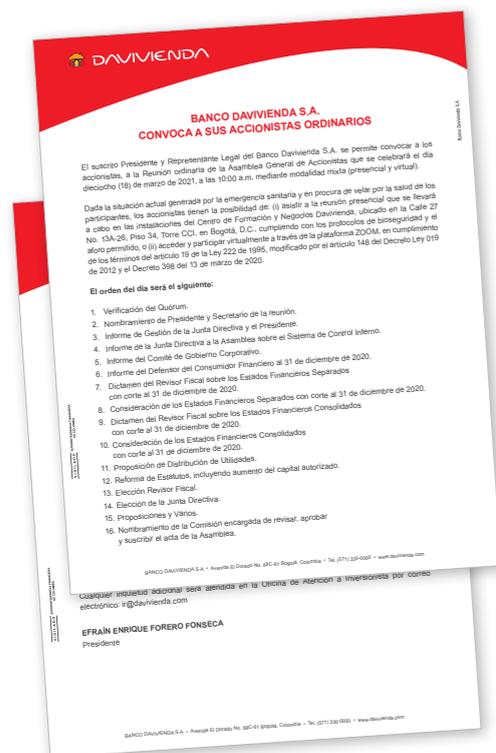
In compliance with regulations, we published the Bank's material information on time on the website of the Financial Superintendence of Colombia.

• Distribution of dividends

The Annual General Meeting of Shareholders held on March 18, 2021 approved an equity reinforcement of the Bank against the occasional reserve, declaring the payment of dividends at COP 321.03 per share, by increasing the par value of each share by COP 10.00; the COP 311.03 difference corresponds to the share placement premium.

⁶⁶ Banco Davivienda S.A. total shares: 337,744,028.

⁶⁷ Deceval is a subsidiary of the Colombian Stock Exchange.



BOARDS OF DIRECTORS

Banco Davivienda S.A. 2021-2023 Board of Directors

Main Members	
First line	Ana Milena López Rocha*
Second line	Andrés Flórez Villegas*
Third line	Álvaro Peláez Arango*
Fourth line	Carlos Guillermo Arango Uribe***
Fifth line	Daniel Cortés McAllister**
Sixth line	Diego Molano Vega*
Seventh line	Javier José Suárez Esparragoza**

* Independent member

** Equity member

*** The Chairperson of the Board of Directors does not hold any administrative position in the company

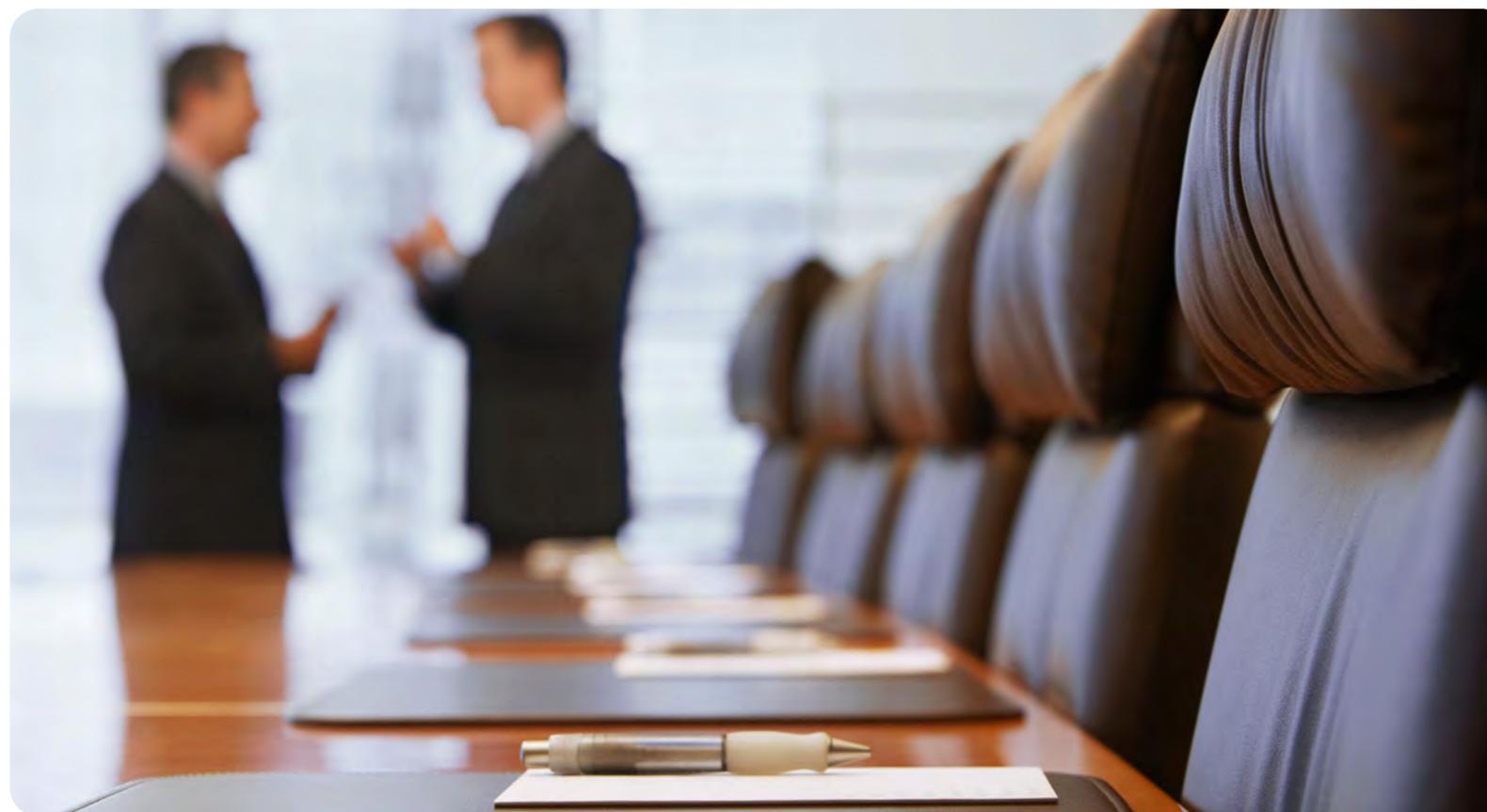
Statutory Auditor: The Annual General Meeting of Shareholders held on March 18, 2021, elected KPMG S.A.S. for the 2021-2023 term.

Financial Consumer Ombudsman: Carlos Mario Serna Jaramillo, from the firm Serna Consultores & Asociados.

The Board of Directors of Banco Davivienda in Colombia is comprised of seven principal members: six men and one woman.

The breakdown by gender of the Board of Directors of national subsidiaries is as follows:

- > Fiduciaria Davivienda S.A.: 8 men and 2 women
- > Corredores Davivienda S.A.: 7 men and 3 women
- > Corporación Financiera Davivienda S.A.: 6 men and 4 women
- > Cobranzas Sigma S.A.: 4 men and 2 women



Fiduciaria Davivienda S.A. 2021- 2023 Board of Directors



	Main Members	Alternate Members
First line	Efraín E. Forero Fonseca	Jaime Castañeda Roldan
Second line	Roberto Holguín Fety	María Carolina Restrepo Frasser
Third line	Álvaro Carrillo Buitrago	Reinaldo Rafael Romero Gómez
Fourth line	Camilo Albán Saldarriaga	Olga Lucía Rodríguez Salazar
Fifth line	Patricio Melo Guerrero	Jorge Rojas Dumit

Corredores Davivienda S.A. 2021 – 2023 Board of Directors



	Main Members	Alternate Members
First line	Olga Lucía Martínez Lema	Carolina Largacha Buraglia
Second line	Roberto Holguín Fety	Camilo Albán Saldarriaga
Third line	Efraín E. Forero Fonseca	Álvaro Alberto Carrillo Buitrago
Fourth line	Jaime Alfonso Castañeda Roldán	Reinaldo Rafael Romero Gómez
Fifth line	María Carolina Restrepo Frasser	Alberto Patricio Melo Guerrero

Corporación Financiera Davivienda S.A. 2021- 2023 Board of Directors



	Main Members	Alternate Members
First line	Efraín E. Forero Fonseca	Ricardo León Otero
Second line	Pedro Alejandro Uribe Torres	María Carolina Restrepo Frasser
Third line	Sandra Isabel Sánchez Suárez	Adriana Darwisch Puyana
Fourth line	Alfonso Vargas Wills	Juan Manuel Díaz Ardila
Fifth line	Jorge Enrique de Jesús Uribe Montaña	Olga Lucía Rodríguez Salazar

Cobranzas Sigma S.A. 2021- 2023 Board of Directors

	Main Members	Alternate Members
First line	Reinaldo Rafael Romero Gómez	Edwin Gabriel Mora Jiménez
Second line	Mireya Moreno Valderrama	Óscar Sánchez Cárdenas
Third line	Paula Reyes del Toro	Carlos Andrés París Jaramillo



The members of the Boards of Directors of Banco Davivienda Colombia and its national subsidiaries possess personal and professional qualities and ancillary skills that enable them to make decisions based on an objective and strategic outlook. None of them belong to ethnic minorities.

The Board of Directors of Banco Davivienda in Colombia approved the Diversity and Inclusion Policy, which outlines our commitment to protect human rights and comply with applicable laws on diversity and inclusion.

• **Average length of tenure of main members of the Board of Directors**

The average term of office of the main members of the Board of Directors in 2021 is 9.6 years.

Average term of office of main members of the Board of Directors

	Year when first appointed as a member of the Board of Directors
Carlos Guillermo Arango Uribe Chairperson of the Board	1997
Javier José Suárez Esparragoza	2004
Álvaro Peláez Arango	2008
Andrés Flórez Villegas	2017
Diego Molano Vega	2019
Ana Milena López Rocha	2021
Daniel Cortés McAllister	2021
Average term of office on the Board of Directors	9.6 years

• **Board of Directors Evaluations**

In 2021, the Board of Directors conducted a self-assessment. However, to comply with international standards, the Board of Directors is also assessed by an independent third party. The consulting firm Sala de Juntas assessed the performance of our Board of Directors in 2020. In 2022, an independent expert will assess the Board's performance for the year 2021.

BOARD SUPPORT COMMITTEES

As part of our governance structure, the Board of Directors has established the legally required committees and others that, although not mandated, support the Board and keep it informed about the processes, structures, and risk management for each business line, enabling an adequate monitoring and flow of information within the organization.

Committees are deemed as supporting committees of the Board of Directors when they have been established (including their internal rules) by the Board of Directors and at least one of its members is a member of the Bank's Board of Directors:

• **Audit Committee**

It supports the Board of Directors in managing the implementation and supervision of the Internal Control System.

It is integrated by 3 members of the Board of Directors, 2 of whom are independent.

• **Corporate Risk Committee**

It supports the Board of Directors in defining risk management guidelines and keeps the Board and senior management informed about the corporate risks of the Bank and its subsidiaries.

It is integrated by 3 members of the Board of Directors. For comprehensive management, there are other risk committees specialized in credit, market and liquidity, operational and fraud, which support the work of senior management.

The Board of Directors has created different committees that support its management and keep it informed about the processes, structure and risk management of each line of business.



• **Compliance Committee**

It is a decision-making and support body for the Board of Directors in terms of supervising and monitoring the entity's compliance program. Its main attribution is to support the Board of with respect to the implementation, supervision and follow-up of the compliance program to prevent money laundering and the financing of terrorism.

Its main members are: the President of the Bank, a member of the Board of Directors, the Commercial Vice President, the Executive Vice President of Risk and Financial Control, the Executive Vice President of Retail Banking and Marketing, the Executive Vice President of Media, the Executive Vice President of Corporate Banking and the Vice President of Compliance.

• **Corporate Governance and Sustainability Committee**

Effective 2021, the Board of Directors approved the unification of the Corporate Governance and Sustainability Committees, aiming at developing our strategy in these 2 areas. This committee supports the Board of Directors in relation to the implementation, supervision and review of policies, guidelines and procedures regarding good corporate governance practices.

It is integrated by five members, one member of the Board of Directors, the President of the Bank, the Executive Vice President of Risks, the Executive Vice President of Retail Banking and Market and the Legal Vice President.



COMPENSATION POLICY

The compensation policy for senior management is approved by the Board of Directors, whereas the compensation policy for members of the Board of Directors is approved by the Annual General Meeting of Shareholders.

• **Board of Directors**

The Annual General Shareholders Meeting unanimously approved at its meeting held on March 18, 2021, a compensation to the members of the Board of Directors amounting to COP 5 million pesos, plus VAT, for attending each meeting. Over the year, compensation paid to the members of the Board of Directors for this item amounted to COP 760 million.

• **Compensation for the President**

The Bank's President is entitled to receive a fixed amount, approved by the Board of Directors, and a variable compensation in accordance with the entity's annual results, determined mainly by economic results, fulfillment of the strategy, efficiency, and quality of service.

Compensation for the president

Profitability and risk	30%
Business ratios	30%
Strategic ratios	30%
Service	10%



THE BOARD OF DIRECTORS UNIFIED THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEES, TO REINFORCE THE BANK'S STRATEGY IN THESE 2 SUBJECTS.



• **Senior management compensation**

- > **Fixed compensation.** Senior management members are entitled to a fixed monthly compensation that increases every year, on the date of their anniversary of employment. The increase approved by the Board of Directors for 2021 was 3.61%. In exceptional cases, Management may submit additional merit-based increases for consideration by the Board of Directors.
- > **Variable compensation.** The variable compensation plan for senior management is based on the fulfillment of financial and strategic objectives, as well as objectives associated with proper risk management. They are entitled to receive additional variable compensation, which may be up to 4 salaries per year.

NEW DEVELOPMENTS IN SENIOR MANAGEMENT

Effective January 1, 2022, Javier José Suárez Esparragoza was appointed CEO of Banco Davivienda, replacing Efraín E. Forero Fonseca. This appointment was approved by the Board of Directors in November 2021 and authorized by the Financial Superintendence of Colombia.



JAVIER JOSÉ SUÁREZ ESPARRAGOZA, NEW CEO OF THE BANK AS OF 2022, REPLACING EFRAÍN E. FORERO FONSECA.

REGIONAL CORPORATE GOVERNANCE - CENTRAL AMERICA

Our Regional Corporate Governance - Central America provides us with adequate control over our business operations, allowing us to implement best practices at a regional level and ensure that they are uniformly managed within the parameters prescribed by the parent company. We have defined the following governing bodies:

- **At a regional level**
 - > **Davivienda Colombia Regional Unit:** Led by the International Executive Vice President, it is a comprehensive part of Davivienda Colombia and its purpose is to coordinate, manage and control the business of all foreign subsidiaries in accordance with the governance parameters and risk appetite defined by the parent company. For this purpose, a specialized structure has been created.
 - > **Regional Steering Committee:** This is a comprehensive business management body for foreign subsidiaries, focused on strategic, control, and supervision. It serves as a regional committee and reports to the Board of Directors of the parent company.
- **At a country level**
 - > General and extraordinary meetings of shareholders
 - > Board of Directors
 - > Bodies and committees supporting the Board of Directors and senior management



BOARDS OF DIRECTORS OF BANKS IN CENTRAL AMERICA

As of December 2021, the Boards Directors of foreign subsidiaries (banks):

Panama

2 women and 5 men

Name	Position
Efraín E. Forero Fonseca	Director
Pedro Alejandro Uribe Torres	Director
Roberto Holguín Fety	Director
Federico Salazar Mejía	Director
Adriana Darwisch Puyana	Director
Raúl Hernández Sosa	Independent Director
María Mercedes Cuéllar López	Independent Director

Honduras

3 women and 5 men

Name	Position
Pedro Alejandro Uribe Torres	Chairperson
Rosa del Pilar Sandoval Méndez	Member I
Mario Fernando Vega Roa	Member II
Juan Camilo Osorio Villegas	Member III
Karen Cesia Rubio Andrade	Member IV
Jorge Alberto Alvarado López	Independent Board of Directors
María Eugenia Brizuela de Ávila	Independent Board of Directors
Juan Pablo Betancourt	Alternate I

El Salvador

2 women and 6 men

Name	Position
Pedro Alejandro Uribe Torres	President
Moisés Castro Maceda	Vice President
Adriana Darwisch Puyana	Secretary
Gerardo José Simán Siri	First Regular Director
Freddie Moisés Frech Hasbun	First Alternate Director
María Eugenia Brizuela de Ávila	Second Alternate Director
Juan Camilo Osorio Villegas	Third Alternate Director
Mario Fernando Vega Roa	Fourth Alternate Director

Costa Rica

1 woman and 7 men

Name	Position
Pedro Alejandro Uribe Torres	President
Mario Pérez Cerdón	Vice President
Rodrigo Uribe Sáenz	Treasurer
Bernardo Delgado Bolaños	Secretary
Adriana Darwisch Puyana	Director
Juan Camilo Osorio Villegas	Director
Mario Vega Roa	Director
Rolando Laclé Castro	Auditor

The members of the Boards of Directors of our foreign subsidiaries possess personal and professional skills that enable them to make decisions based on an objective and strategic outlook. None of them belong to ethnic minorities.





REGULATORY STRATEGY

In 2021, as a best practice that we have implemented, and in order to foresee risks, we analyzed and submitted comments and observations to various regulatory proposals. These interventions were carried out through associations such as the Association of Banking and Financial Institutions of Colombia (Asobancaria), the Chamber of Digital Industry and Services of the National Business Association of Colombia (Cids, Andi), and the Colombian Chamber of Electronic Commerce (CCCE). Among them, the following stand out:

- > The capital markets reform bill (Bill 413 of 2021)
- > The proposed decree on Openfinance
- > The Green Taxonomy Document proposed by the Ministry of Finance and Public Credit

In addition, External Circulars whereby the following were implemented:

- > Smart Supervision Technological development
- > SIAR (in Spanish): Risk Integral System
- > Advisory activity
- > Disclosure of information by issuers of securities on social and environmental issues, including climate issues
- > Activities carried out by controlled entities in low-value payment systems
- > Controlled sandbox for financial innovation activities
- > Extension of the term of the Debtor Assistance Program
- > Complementary measures in the area of credit risk, and authorization regimes for capital investments by financial holding companies.

We were involved in joint working groups with the Government and the aforementioned associations to design, build, discuss and modify regulatory proposals related to SIAR, Smart Supervision, the Technical Committee of the Deposit Insurance Premium and the exchange of information for the Libor transition, although the latter is not a regulatory proposal, it is of interest and has an impact on the financial markets.



In 2021 we participated in roundtables with the Government and unions for the design, discussion and modification of different regulatory projects related to economic, banking, financial and insurance issues.





5

MACROECONOMIC ENVIRONMENT AND FINANCIAL SYSTEM

▶ MACROECONOMIC ENVIRONMENT AND FINANCIAL SYSTEM⁶⁸

The global economy performed significantly better than expected in 2021. The World Bank estimated that the world economy would grow at a rate of 5.5%⁶⁹. For Latin America, the agency forecasted a 3.7% growth at the beginning of the year, but the estimated growth rate now stands at 6.7%. This improved global outlook is related to several factors, including the large-scale deployment of covid-19 vaccines and persistently low interest rates in the developed world, coupled with fiscal stimulus programs in several countries, particularly in the U.S.

Oil prices rebounded sharply over the year, in line with global economic recovery. On average, the Brent benchmark crude oil price reached USD 70.8 per barrel, well above the figure recorded in 2020 (USD 41.9), and even higher than the 2019 price (USD 64.0).

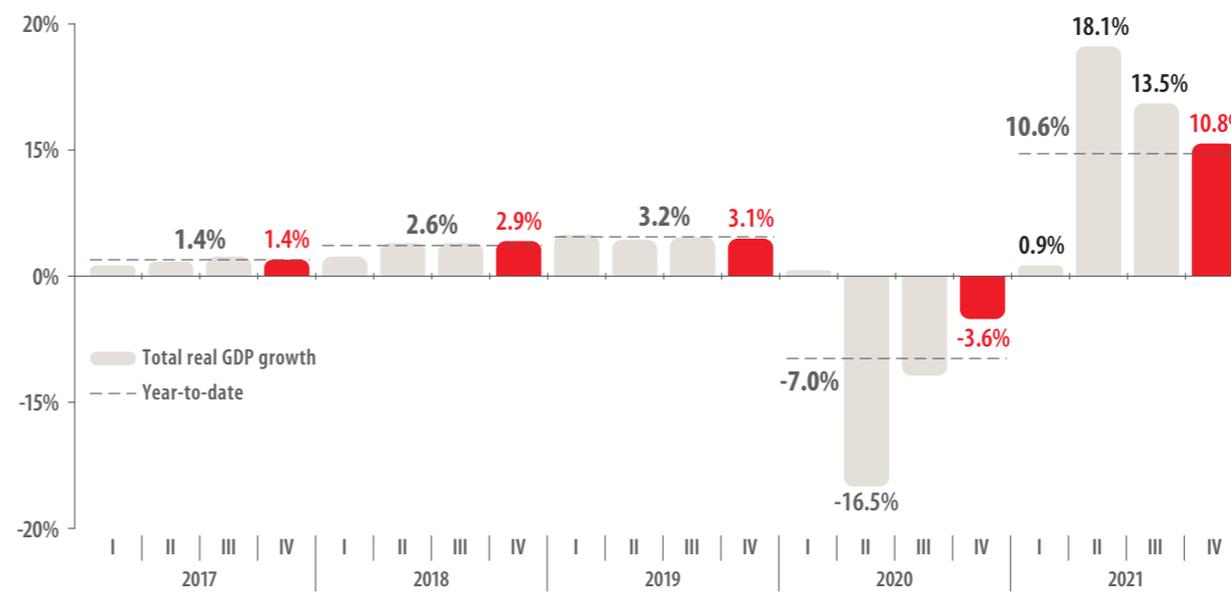
• Gross domestic product

According to DANE, Colombia's GDP expanded by 10.6%, positively surprising most analysts and multilateral organizations. Although GDP growth in the second and third quarters of the year (17.6% and 13.2%, respectively) was the highest since quarterly records have been kept, this was largely due to the "rebound effect" following the collapse of economic activity in 2020 as a result of the pandemic and the measures adopted to control the spread of the virus.



GDP growth in Colombia

Real value compared to the same quarter of the previous year



Source: Dane

⁶⁸ Document elaborated by the Executive Department of Economic Studies, with information available as of January 2022.
⁶⁹ See Global Economic Perspectives, World Bank, January 2022.



2021 was marked by restructuring and reactivation, positively surprising most analysts and multilateral organizations, which at the beginning of the year did not believe it would be feasible to recover the GDP value reached in 2019 in real terms, which required a 7.3% growth rate.

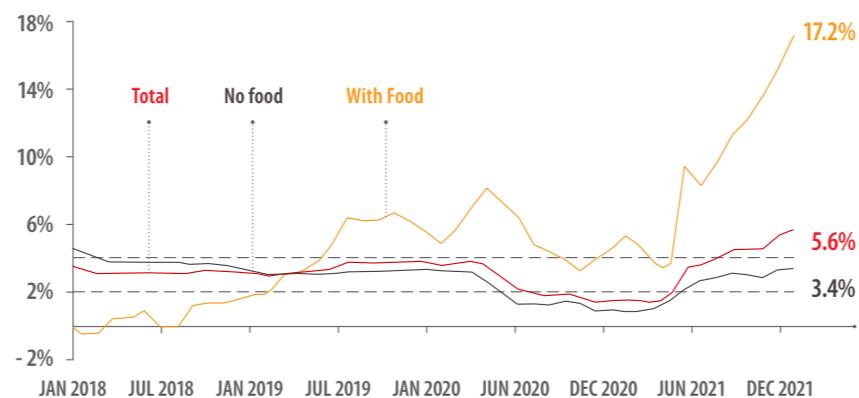
In terms of productive activities, “Arts, entertainment, recreation, other activities of households as employers and other service activities” experienced the strongest growth throughout the year, growing by 33%, followed by “Trade, repair of vehicles, transportation, storage, lodging and food services” (21.2%), and the “manufacturing industry” (16.4%). On the other hand, “Agriculture, hunting, livestock, forestry and fishing”, “Real estate activities” and “Exploitation of mines and quarries” recorded the slowest growth. The latter rounded off 2 consecutive years of contraction.

The monthly economic activity indicator (ISE) shows that the positive performance of the economy continued throughout the last quarter of the year. Based on this index, the real annual variation of economic activity between October and November reached 9.3% and 9.6%, respectively. Likewise, an analysis based on the components of aggregate demand indicates that domestic final demand expanded by 13.3% in real terms over 2021.

2021 closed with the highest inflation in the last five years: 5.62%.

INFLATION

Annual inflation



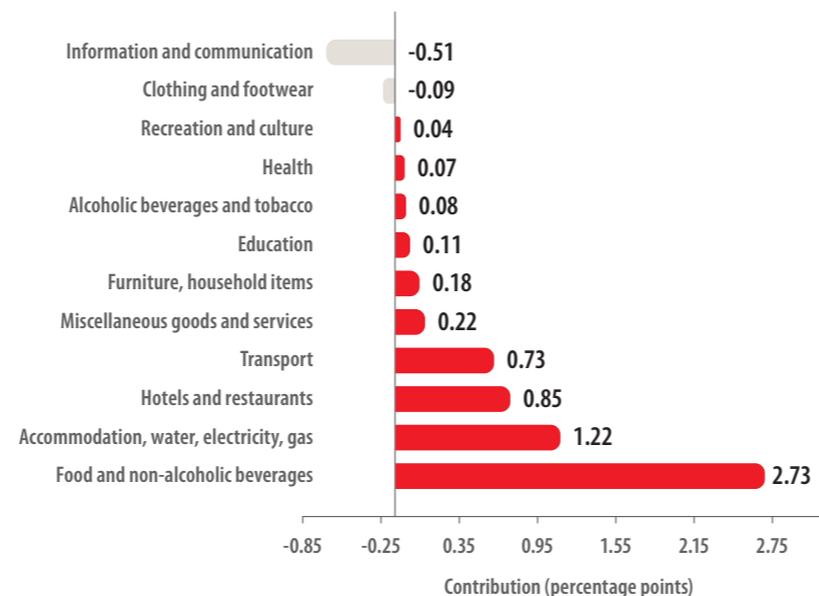
Source: Dane

2021 closed with the highest inflation in the last five years. The annual figure as of December closed at 5.62%, above the target range set by the Central Bank (2% to 4%). Throughout the year, the supply of goods and services was unable to satisfactorily meet the growing demand. This, added to a soaring increase in the price of raw materials and the world logistics crisis, involving supply chain problems and disruptions in the operation of the main maritime ports, exacerbated the inflation problem.





Annual contribution by expense divisions

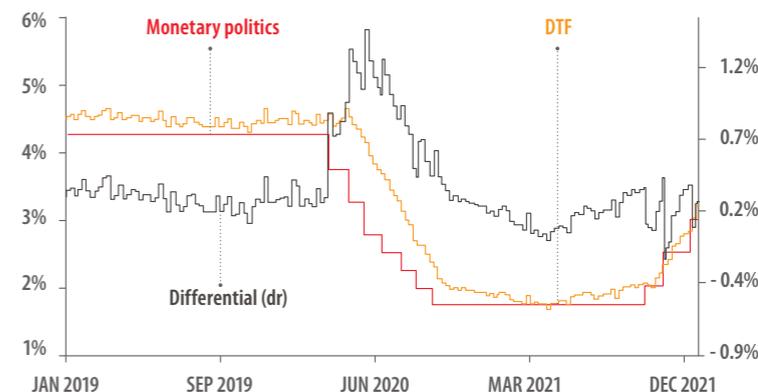


Source: Dane

MONETARY POLICY AND INTEREST RATE

Throughout most of 2021, the Central Bank maintained the monetary policy interest rate at historically low levels: 1.75%.

Interest rates



Source: Banco de la República (Central Bank of Colombia)

All along 2021, Colombia's Central Bank maintained a monetary policy interest rate at historic lows of **1.75%**.

In Colombia, inflation effects were mainly concentrated in the "Food and non-alcoholic beverages" category, which accounted for nearly half of the year's inflation contribution. Additionally, the prices of meals outside households had the same performance given that, after the National Strike in May, this item drove a good part of inflation until the end of the year, accounting for nearly one-sixth of the annual aggregate. The "Lodging and utilities" item accounted for more than one-fifth of the annual aggregate. In terms of negative contributions, "Information and communication", along with "Clothing and footwear" were the only items to see a reduction in prices.

The central bank made 3 adjustments throughout the year, starting off with a 25 basis points increase, which raised the intervention rate to 2.00%, followed by 2 further hikes of 50 basis points each, which brought the base interest rate to 3.00%; thus, the Central Bank's policy rate remained negative in real terms.



DTF and IBR rates posted an upward trend since the end of September, after the Central Bank started normalizing its policy rate. Specifically, the DTF closed at 3.21% and maintained an average spread of 13 basis points against the monetary policy rate in 2021. On the other hand, the IBR in the overnight term closed at 2.99%, while the 3-month rate reached 3.51%, reflecting agents' expectations regarding the future performance of the monetary policy rate.

FISCAL POLICY

2021 was an eventful year in fiscal terms in Colombia. After a sharp deterioration in public finances in 2020, the authorities set goals in the Medium-Term Fiscal Framework that contemplated increasing the Government's fiscal deficit from 7.8% to 8.6%, seeking to maintain assistance programs for vulnerable populations introduced the previous year and to implement new measures to support economic recovery over the course of the year. In line with these goals, the Government presented a tax reform called the "Sustainable Solidarity Bill" for consideration by Congress, whereby it expected to collect COP 25 trillion. However, the bill sparked strong protests from certain segments of the population, compelling the Government to withdraw the bill and to replace the head of the Ministry of Finance.

Following the uncertainty caused by social unrest and doubts about the continuity of the fiscal consolidation process, Standard and Poor's downgraded Colombia's long-term foreign currency sovereign risk rating from BBB- to BB+, and changed its outlook from negative to stable, and became the first rating agency to downgrade the country's foreign currency investment grade, followed by Fitch, who made a similar announcement.

Moody's did not downgrade Colombia's rating; conversely, on October 6, 2021, Moody's announced the ratification of Colombia's sovereign risk rating at Baa2, one notch above investment grade, and changed its outlook from negative to stable.

Under a different approach to the one initially presented, the Government submitted to Congress a new tax reform bill, this time expecting to collect COP 15.2 trillion, approved under the name of "Social Investment Law". This law included measures to increase the tax burden on companies and to strengthen the country's fiscal rule by including a debt ceiling in the fiscal policy objectives.

EXCHANGE RATE

In 2021, Latin American currencies were subject to considerable pressure from several factors, including the appreciation of the US dollar internationally and the fiscal deterioration in some countries following their efforts to address the adverse fallout from Covid-19.

In Colombia, the exchange rate depreciated substantially over 2021, 15.9%, from COP 3,432 at the beginning of the year to COP 3,981 on the last day of the year. This trend is largely attributable to an increased risk profile for the country and the appreciation of the US dollar globally. Regarding the first factor, 10-year CDS levels experienced a marked upward trend, reaching 277 points at the end of the year, that is, 125 points higher than the public finances, making Colombia one of the few countries where the deficit as a proportion of GDP increased during the year, despite significant economic growth.

Even though in 2021 there was a net inflow of foreign portfolio investment amounting to nearly USD 100 million, portfolio capital outflows from Colombian investors abroad were significantly higher, reaching USD 1.17 billion. Consequently, portfolio capital flows confirmed the greater preponderance of upward factors in the USD - COP exchange rate in 2021.

COP 3,981
 Exchange rate as of December 31, 2020.
 Annual devaluation of 15.9%.



Exchange rate
 (Colombian pesos per US dollar)



Source: Financial Superintendence of Colombia



FOREIGN TRADE⁷⁰

Between January and November 2021, exports totaled USD 36.7 billion, growing 30.9% with respect to 2020. This performance was driven by a global economic recovery, the depreciation of the domestic currency, and an increase in the international prices of commodities, such as oil, coal, and coffee. In terms of product categories, external sales of fuels amounted to USD 17.3 billion, a 42% hike, and remained as the largest export item among total exports (46.7%). These were followed by exports of agricultural products, food, and beverages, which increased by 21%, and manufactured goods, up 29.8%.

Imports totaled USD 54.9 billion, growing by 39.5%, mainly due to purchases of manufactured goods such as vehicles and pharmaceuticals abroad. In terms of economic use or destination, imports of raw materials and intermediate goods increased 54.4% relative to 2020. Imports of capital goods and consumer goods increased by 29.2% and 25.4%, respectively.

As a result, between January and November 2021 the trade deficit of the Colombian economy amounted⁷¹ to USD 14.3 billion, a USD 5.1 billion difference with respect to 2020.

As of October 2021, the profitability of the financial system as measured by return on assets (ROA)⁷² and return on equity (ROE)⁷³ improved significantly, reaching 1.71% (compared to a 0.79% as of December 2020) and 12.43% (compared to a 5.86% as of December 2020), respectively. Profitability reached pre-pandemic levels.

These results can be explained by a better performance of loan portfolios, which grew more rapidly in the midst of economic recovery, coupled with lower provisioning expenses, which resulted in improved profits for credit institutions, reflecting lower non-performing loans in the system.

USD 36.7 billion* Colombian exports grew by 30.9% during 2021.

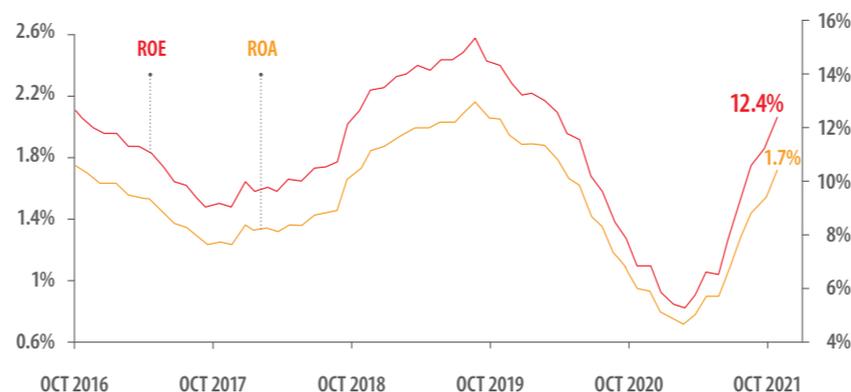
USD 54.9 billion* Colombian imports grew by 39.5% during 2021.

USD 14.3 billion Trade deficit.

* between January and November 2021

FINANCIAL SECTOR

Financial system / Profitability*



* Includes banks, financing companies and financial corporations.

Source: Superintendencia Financiera de Colombia (Financial Superintendence of Colombia).
Calculation: Davivienda, Executive Department of Economic Studies.



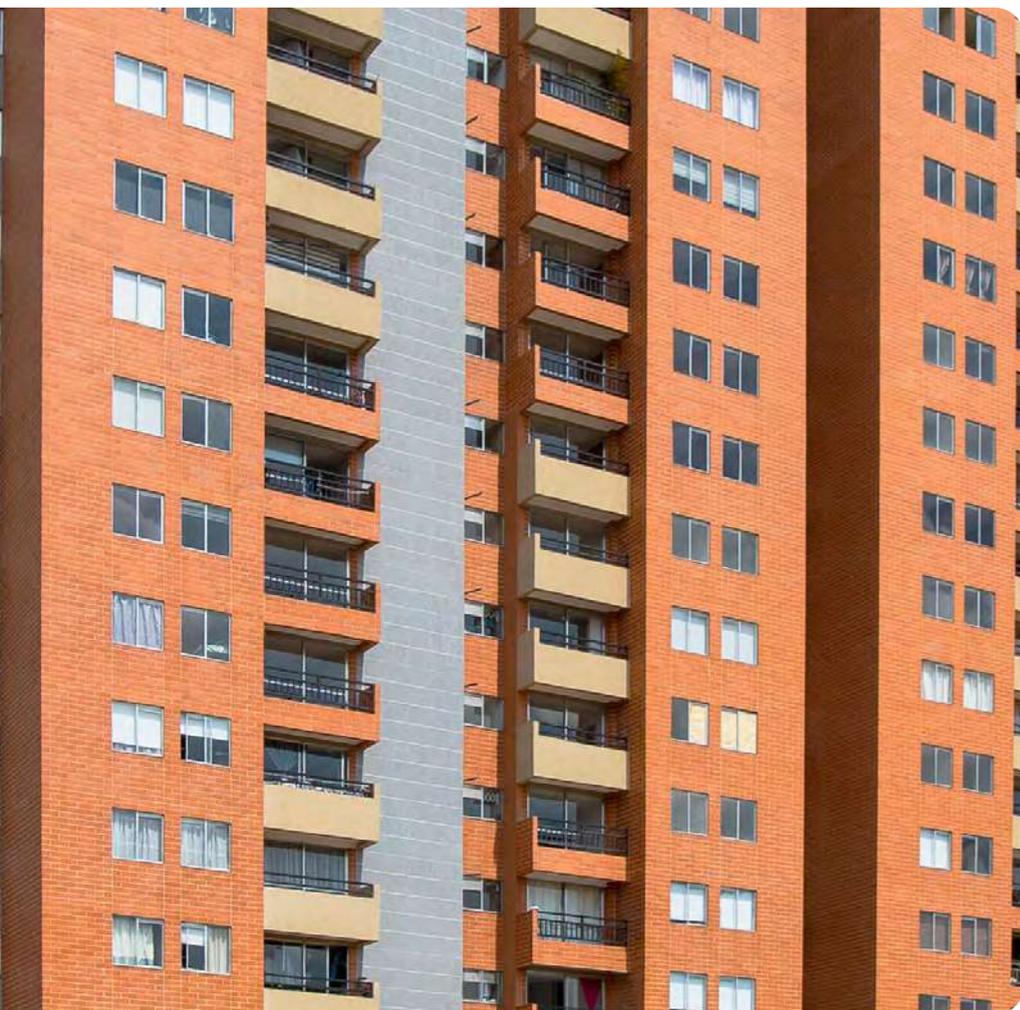
⁷⁰ For this document, the exports are expressed in FOB and the imports in CIF.

⁷¹ Estimated as the difference between FOB exports and FOB imports.

⁷² ROA: 12 months net profit / 12 months average assets.

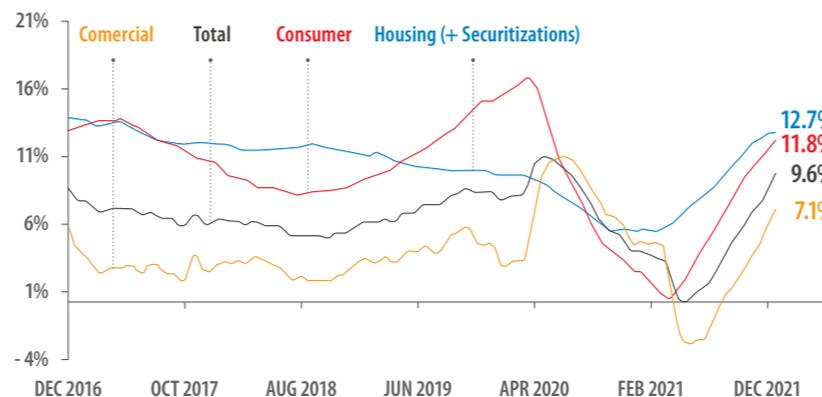
⁷³ ROE: 12 months net profit / 12 months average equity.





Financial system / Gross Loan Portfolio

Annual nominal change MA(4)



Source: Banco de la República (Central Bank of Colombia)

12.7%



Annual variation of mortgage loan portfolio (including securizations) in 2021, higher than consumer loan portfolio variation of 11.8%.

During the first months of the year, loans were on a downward trend, showing negative annual variations in April. Thereafter, most segments regained momentum, especially the mortgage portfolio, reflecting the solid performance of this industry. When breaking down the loan portfolio by segment, commercial loans ultimately grew by 7.1% year-on-year, after recording negative figures in the first half of the year, reflecting an improved economic performance. The consumer portfolio experienced significant momentum in the last months of the year, registering an 11.8% growth at year-end, slightly lower than the growth reported in the mortgage segment, which was 12.7%.



▶ CENTRAL AMERICA

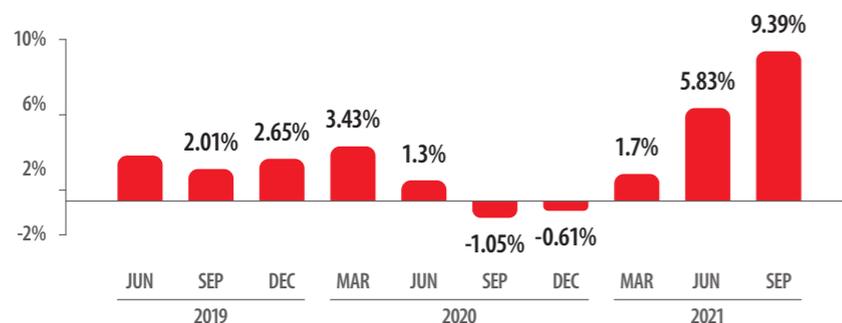
COSTA RICA

- Economic Activity**

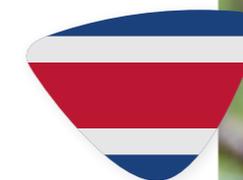
After the GDP fell sharply in 2020 (-4.1%), the subsequent evolution of the pandemic in 2021 led to a loosening of health restrictions and, as a result, to a faster than expected economic rebound. 68% of the total population had already been vaccinated, exceeding the average for the region (Central America, 50%) and for Latin America (56%).

Costa Rica / Gross Domestic Product

Annual variation



Source: Banco Central de Costa Rica (Central Bank of Costa Rica). Calculation: Davivienda



Local output experienced an accelerated recovery over the first 3 quarters of 2021, growing by 5.6% on average, reaching pre-pandemic levels in the second quarter. This result is mainly explained by the worldwide economic rebound and its positive impact on external demand, as well as by the easing of health measures.

The activities that experienced a slower recovery were “Lodging and food”, “Transportation and storage” and “Trade and public administration”, mainly due to the slow reactivation of tourism and the government’s efforts to contain spending.

THE POSITIVE EVOLUTION IN 2021 ALLOWED A BETTER THAN EXPECTED RECOVERY OF COSTA RICA’S ECONOMIC ACTIVITY.



3.3%
CPI in December 2021, the highest level for a year-end since 2014.

4.4%
Devaluation in 2021.

Inflation

Costa Rica / Inflation



Source: Banco Central de Costa Rica (Central Bank of Costa Rica). Calculation: Davivienda

The Consumer Price Index followed an upward trend throughout 2021, posting a 3.3% annual variation in December, the highest year-end figure since 2014 and at the upper limit of the target range set by the Central Bank (between 2% and 4%).

Throughout the year, inflation was strongly influenced by rising international prices of raw materials, particularly fuels, higher maritime freight costs as a result of the disruption of supply chains, and the depreciation of the Costa Rican colon.

- Exchange rate**

Throughout the year, the exchange rate tended to increase compared to 2020, closing with a 4.4% year-on-year depreciation. Although exports performed well and both foreign direct

investment and tourism gradually recovered, the higher demand for foreign exchange from the public and private sectors resulted in a pronounced increase of the foreign exchange rate.

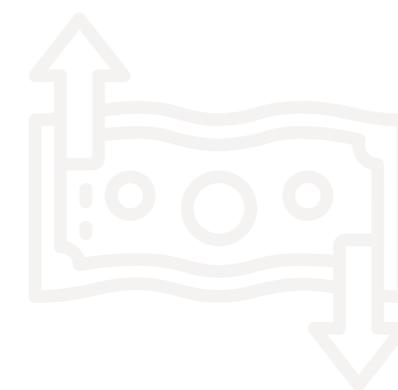
Costa Rica / Nominal exchange rate



Source: Banco Central de Costa Rica (Central Bank of Costa Rica)

In the private sector, there was a greater demand for foreign currency by institutional savers, particularly pension operators who, for reasons of diversification, decided to increase their holdings of assets in foreign currency. Additionally, the increase in the prices of imported goods, the "colonization" of credits⁷⁴ and the dollarization of savings had an influence.

On the other hand, the greater demand for foreign currency from the public sector was mainly due to the payment of debt maturities in foreign currency and the increase in the oil bill, in a context of lower budget support loan disbursements than initially forecast.



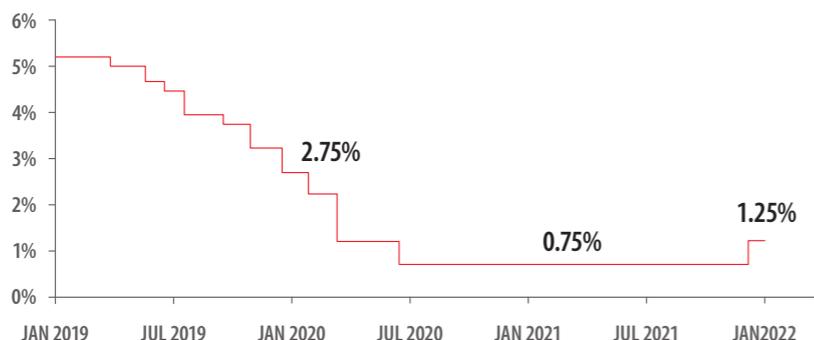
⁷⁴ Credit "colonization" implies the cancellation of operations in dollars to generate a new operation in colones, which translates into a greater demand for foreign currency.



• **Monetary policy, fiscal policy, and risk rating**

Over the course of 2021, the Central Bank of Costa Rica maintained the policy interest rate (TPM) at a historic low of 0.75%, which led to lower interest rates in the market. However, in December 2021, the entity announced a 50-basis point increase in the monetary policy rate to 1.25%, in response to rising inflation.

Costa Rica / Nominal exchange rate



Source: Banco Central de Costa Rica (Central Bank of Costa Rica)

The Government managed to maintain a primary fiscal surplus in the accumulated budget from January to November 2021 (0.2% of GDP). However, there was a budget deficit equivalent to 4.3% of GDP, significantly lower than the 7.4% figure recorded a year earlier.

Regarding financing, in March 2021 the Executive Board of the IMF approved an extended credit facility for the Government of Costa Rica to borrow USD 1.78 billion, to be disbursed in tranches over the following 3 years, subject to semiannual reviews. The resources are conditioned to an

increase in fiscal discipline, for which there are bills on Costa Rica’s agenda to increase revenues and reduce public spending.

The government also secured the legislative approval of 5 external budget support credits worth USD 1.17 billion. This figure is below the expectations of the Ministry of Finance, which expected to obtain authorizations for at least USD 1.5 billion.

In this context, Moody’s Investors Service changed the outlook of Costa Rica’s credit rating from negative to stable and maintained its “B2” rating, stating that the adjustment is based on the gradual reduction of the fiscal deficit, the restructuring of public finances as a result of the IMF program and economic recovery. Meanwhile, Fitch Ratings and Standard & Poor’s maintained the “B” rating, with a negative outlook.

There was a budget deficit equivalent to **4.3% of GDP**, significantly lower compared to the **7.4% figure** recorded in 2020.



• Financial sector

In the Annual Financial Stability Report, the Central Bank noted that strong indicators in the financial system at the onset of the pandemic, coupled with monetary policy responses (expansionary and counter-cyclical monetary policy, and the easing of prudential regulations, among others), helped institutions to withstand the impact of the health and economic crisis.

The balance of the domestic financial system's credit portfolio started to grow slightly in the second half of 2021, after several years of stagnation and even negative annual variations. As of December 2021, the total amount placed, without considering the exchange rate effect, increased by 2% on an annual basis, reflecting the greater demand for operations in local currency.

On the other hand, total liquidity moderated as a result of lower uncertainty regarding the evolution of the pandemic and the economic recovery. At the end of 2021, the indicator recorded a 5.2% annual variation, significantly below the peak recorded in August 2020 (14.1%), while savers continued to show greater preference for foreign currency-denominated assets.

USD 62.2 billion
Total Assets as of November 2021.

USD 53.3 billion
Total Liabilities as of November 2021.

Costa Rica / Main financial sector figures and indicators

(Figures in USD billions, except percentages)

	Amount			Variation ¹	
	Nov. 19	Nov. 20	Nov. 21	2021 / 2020	2020 / 2019
Total assets	58.8	60.8	62.2	6.4%	11.4%
Investments	9.7	11.9	13.8	20.2%	31.7%
Overall loans	39.5	37.6	37.3	3.4%	2.5%
Commercial ²	13.7	13.4	13.4	4.2%	1.9%
Consumer ²	12.0	11.2	10.6	-1.5%	-3.1%
Mortgage ²	10.2	10.2	10.3	4.5%	5.6%
Other assets ³	9.5	11.3	11.1	1.8%	27.8%
Liabilities	50.0	52.3	53.3	6.1%	12.7%
Term deposits	22.0	20.5	19.4	-1.3%	0.3%
Savings	8.1	9.6	10.5	13.4%	28.7%
Other liabilities ⁴	11.0	11.0	10.4	-0.8%	7.5%
Checking accounts	8.9	11.2	13.0	20.3%	35.0%
Equity	8.8	8.6	8.9		
ROA ⁵	0.95%	0.68%	0.84%		
ROE ⁶	6.33%	4.80%	5.88%		

1 The variation is based on the local currency.

2 Loans by type are extracted from loans by type to the private sector (BCCR), therefore the sum of the different types of loans is not equal to the overall portfolio of Sugef's Financial Sector Balance Sheet. Portfolio figures are as of September of each year.

3 Other assets include guarantees granted, immobilized unproductive assets and other unproductive assets (without loan portfolio).

4 Other liabilities include checking account overdrafts, capitalization contracts, debentures, and liabilities without cost.

The closing exchange rate for November 2019, 2020, and 2021 was used.

5 Profit 12 months to average assets 12 months. Calculation: Davivienda.

6 Profit 12 months to average equity 12 months. Calculation: Davivienda.

Source: General Superintendence of Financial Institutions of Costa Rica (Sugef).

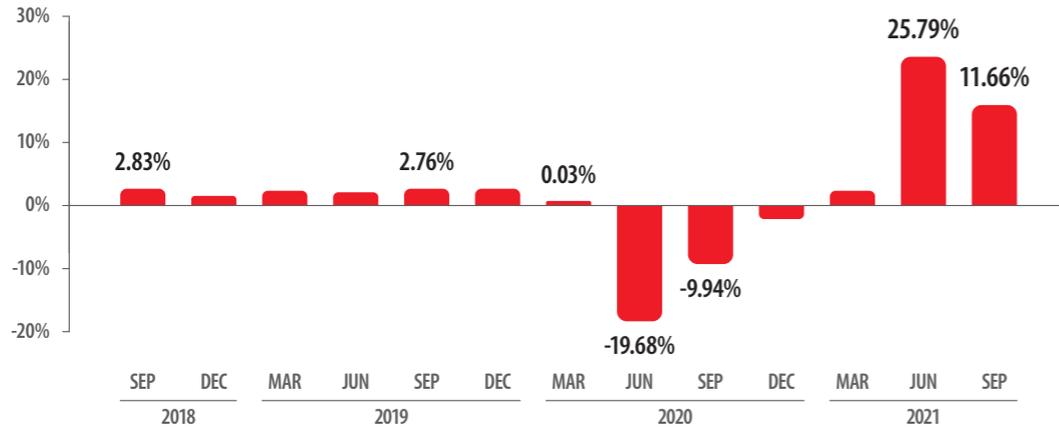


EL SALVADOR

- Economic activity

El Salvador / Gross domestic product

Annual variation



Source: Banco Central de Reserva (Central Reserve Bank). Calculation: Davivienda

The pandemic evolved favorably in the country, leading to better economic outcomes than initially expected. Similarly, vaccination efforts have been successful, with 66% of the population fully vaccinated by the end of 2021, surpassing the average figures for Latin America and the Caribbean (56%).

After the 2020 economic downturn, when GDP contracted by 7.9%, the country has been experiencing positive trends. In 2021, arts, entertainment, and recreation (90%) and lodging and food service activities (39.9%) posted the highest average growth.

Over the first 3 quarters of 2021, commerce grew by an average of 15.08% on an annual basis; this increase was reflected in tax collection⁷⁵, which was 9.7% higher than estimated at the beginning of 2021 and 26.1% higher than revenue collected in 2020. On the other hand, agricultural activities had the lowest average growth in 2021 (3.04%).



El Salvador showed better economic results than expected. Art, entertainment and leisure were the activities with higher average growth during 2021: **90%**.

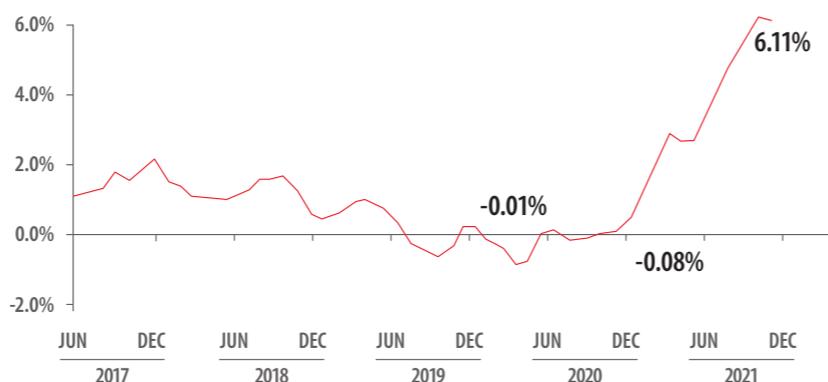
⁷⁵ Ministry of Finance, data as of December 31st, 2021.





• Inflation

El Salvador / Inflation



Source: Banco Central de Reserva (Central Reserve Bank). Calculation: Davivienda

Inflation rose sharply throughout 2021, with a 6.11% annual variation recorded in December, the highest level in a decade. In response to demand pressures, there was an increase in family remittances and government current spending. In addition, the minimum wage for all economic sectors was increased by 20%. According to the IMF, the average annual inflation rate for El Salvador will be approximately 2.9% in 2022.



• Fiscal policy and risk rating

Based on data provided by the Ministry of Finance, as of October 2021, non-financial public sector (NFPS) debt amounted to USD 23 billion, accounting for a 6 % increase with respect to December 2020. On that same date, debt was 87.9% of GDP; based on October's projection by the Treasury for nominal GDP for 2021 (USD 27.5 billion), debt would reach 83.6% of GDP.

The fiscal deficit was 10.14% of GDP in 2020. The Ministry of Finance estimates that the deficit will end 2021 at around 7.5% of GDP. As of November 2021, the fiscal deficit amounted to USD 1.23 billion, which is equivalent to a 45.5% reduction with respect to 2020. When compared to 2019, there is a 110.8% variation, as the indicator reached a USD 584.2 million gap.

On the other hand, in July 2021, Moody's downgraded El Salvador's sovereign rating from "B3" to "Caa1" and maintained a negative outlook. The statement mentions that the country's fiscal conditions are vulnerable and susceptible to financing restrictions that could jeopardize its payment capacity. In October, S&P Global Ratings announced the revision of El Salvador's sovereign rating outlook from "stable" to "negative". This decision was based on the fact that the fiscal deficit and public debt will remain at high levels, despite a significant economic recovery in 2021. The "negative" outlook indicates a potential downgrade at the next review; currently, the country's sovereign rating is at "B-". Meanwhile, Fitch has maintained the country's risk rating at "B-" with a negative outlook since 2020.

6.11%
Inflation annual variation as of December 2021, the highest level in a decade.

20%
increase in minimum wage.



• Financial sector

Assets grew by 4.7% year-on-year as of November 2021; gross loans, which accounted for 64.2% of total assets, decreased by 1.37%; as of the same date, investments accounted for 12.0% of assets, liabilities grew by 4.0%, savings accounts by 8.3%, checking accounts by 8.9% and term deposits by 0.5%.



El Salvador/ Main financial sector figures and indicators

(Figures in USD billions, except percentages)

	Amount			Variation ¹	
	Nov 19	Nov 20	Nov 21	2021 / 2020	2020 / 2019
Total assets	22.0	23.0	24.1	4.7%	4.9%
Investments	1.5	2.9	2.9	-0.1%	95.5%
Overall loans	14.1	14.5	15.5	7.0%	2.2%
Commercial ²	6.7	7.1	7.8	9.2%	6.1%
Consumer ²	5.1	5.1	5.4	5.2%	1.0%
Mortgage ²	2.7	2.6	2.7	3.9%	-1.3%
Other assets ³	6.3	5.7	5.8	1.4%	-10.3%
Liabilities	18.7	19.9	20.7	4.0%	6.3%
Term deposits	6.2	6.4	6.4	0.5%	3.9%
Savings	3.9	4.6	5.0	8.3%	17.6%
Other liabilities ⁴	3.4	3.2	3.2	0.5%	-5.9%
Securities	1.0	0.9	0.8	-7.0%	-13.7%
Checking accounts	4.2	4.8	5.2	8.9%	14.2%
Equity	2.6	2.6	2.8	8.9%	-0.5%
Future commitments and contingencies	0.7	0.6	0.6	12.2%	-14.6%
ROA ⁵	1.0%	0.7%	1.2%		
ROE ⁶	8.9%	6.9%	10.9%		

1. The variation reflects the local currency.

2. Loans by type do not include provisions for loan losses, therefore the amount is not equal to the total available loan portfolio in the balance sheet figures.

3. Other assets include available funds, temporary acquisition of documents, fixed assets, and other assets.

4. Other liabilities include demand deposits, transacted notes, checks and securities to be applied, subordinated debt and other liabilities.

5. The numerator is calculated by annualizing the accumulated balances as of the month (balance x 12 / # of the month); the denominator is the accumulated balances for the month. Methodology of the Financial System Superintendence of El Salvador for ROA.

6. The numerator is calculated by annualizing the accumulated balances per month (balance x 12 / # of the month); the denominator is the accumulated balances for the month. Methodology of the Financial System Superintendence of El Salvador for the ROE

USD 24.1
billion
Total Assets as of
November 2021.

USD 20.7
billion
Total Liabilities
as of November
2021.

Source: Financial System Superintendence of El Salvador (SSF).



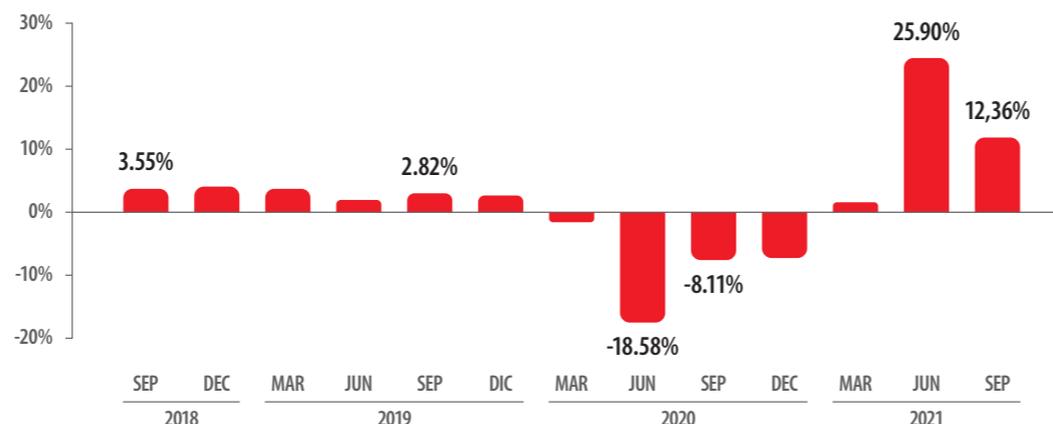
HONDURAS

- **Macroeconomic environment**

13.2%
Average annual economic growth for the first 3 quarters of the year.

Honduras / Gross domestic product

Annual variation



Source: Banco Central de Honduras (Central Bank of Honduras). Calculation: Davivienda

After a historic GDP contraction in 2020 (-8.96% year-on-year), Honduras experienced an economic recovery following the reactivation of key industries, a more dynamic external demand, and an increase in family remittances. 44% of the total population was vaccinated, below the average for the region.

The average annual economic growth for the first 3 quarters of the year was 13.2%; GDP recovered from the same period in 2020, particularly in manufacturing, especially maquilas, due to increased demand in the international market, notably in the United States, followed by financial intermediation. These sectors' growth offset lower growth in agriculture, which was adversely affected in November 2020 by tropical storms Eta and Eota.





Honduras / Inflation



Source: Banco Central de Honduras (Central Bank of Honduras). Calculation: Davivienda

- Inflation**

Annual inflation rose in 2021, reaching a 5-year high after a fluctuating 2020; this is attributable to rising international oil prices, which have impacted segments such as food, beverages, lodging and electricity, particularly in the second half of the year.

Honduras / Nominal exchange rate



Source: Banco Central de Honduras (Central Bank of Honduras)

- Exchange rate**

During the second half of 2020 and the first 9 months of 2021, the lempira appreciated against the US dollar, recording its strongest appreciation in recent years; however, over the last quarter it depreciated rapidly, mainly due to international oil prices, which negatively impacted the trade balance, in addition to rising inflation in Honduras' main trading partners, which has led to unfavorable interest rate differentials for the country.

- Monetary policy, fiscal policy, and risk rating**

In 2020, the Central Bank of Honduras (BCH) gradually reduced the policy interest rate (TPM) from 6.75% to 3%. In 2021, the agency decided to maintain the policy interest rate to continue stimulating lending and spending in the economy.

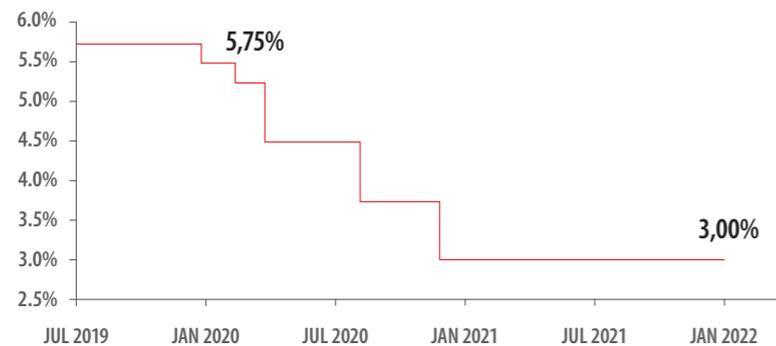
5.32%



Inflation as of December 2021, historical maximum of the last 5 years.



Honduras / Monetary policy rate



Source: Banco Central de Honduras (Central Bank of Honduras)

In fiscal terms, at the beginning of the pandemic, the emergency clause of the Fiscal Responsibility Law was activated, thereby changing the targets established for the non-financial public sector (NFPS) for 2020 and 2021, setting a maximum fiscal deficit between 5.6% and 5.4%, respectively. According to the Ministry of Finance, in November 2021, the deficit was 1.39%, lower than in the same period of 2020 (3.27%), due to a more dynamic economy. Also in November 2021, tax revenues increased by 28% year-on-year, current expenditure increased by 10% and capital expenditure by 18%.

As of the third quarter of 2021, central government public debt was 58.6% of GDP, lower than the figure recorded in 2020 (60%), reflecting economic growth. At the end of 2019, before the pandemic, this figure stood at 48.6%.

In July 2021 Moody's decided to maintain Honduras' risk rating at "B1" with a stable outlook, unchanged since 2017. Meanwhile, Standard & Poor's granted the country a "BB-" rating with a stable outlook in 2017, a rating that has remained unchanged.



• **Financial sector**

As of December 2020, assets had grown 10.9% year-on-year; gross portfolio, which accounted for 51.9% of overall assets, expanded 10.4%, coupled with a 43.7% growth in investments, which accounted for 13.9% of overall assets as of the same date. Liabilities grew 11.1%, savings accounts 21.6% and checking accounts 15.8%. Term deposits posted a -3.2% drop.

58.6%
of GDP



**Central Government
Public Debt as of
3Q21, lower than
2020 figure.**





Honduras / Main figures and indicators of the financial sector

(Figures in USD billions, except percentages)

	Amount			Variation ¹	
	Nov 19	Nov 20	Nov 21	2021 / 2020	2020 / 2019
Total assets	25.3	28.7	32.0	10.9%	11.6%
Investments	2.5	3.1	4.5	43.7%	22.0%
Overall loans ²	14.5	15.0	16.6	10.4%	1.8%
Commercial	10.8	11.2	12.4	10.6%	2.3%
Consumer	2.7	2.8	3.1	10.2%	-0.4%
Mortgage	2.0	2.1	2.3	11.5%	4.3%
Other assets ³	8.3	10.6	10.9	2.3%	25.6%
Liabilities	22.7	25.9	28.9	11.1%	12.2%
Term deposits	5.8	6.3	6.1	-3.2%	7.3%
Savings	6.2	7.8	9.5	21.6%	23.4%
Other liabilities ⁴	8.3	8.4	9.3	10.2%	-0.2%
Checking accounts	2.4	3.4	3.9	15.8%	38.4%
Equity	2.6	2.8	3.1	9.2%	6.0%
ROA ⁵	2.4%	1.6%	1.8%		
ROE ⁶	10.8%	6.6%	9.0%		

1. The variation is based on local currency.

2. Figure corrected for estimated accumulated impairment on loans and interest and subsidy on loans, according to the reporting methodology of the Balance Sheet for the Financial System of the CNBS. The portfolio figures by type are not corrected for these items, therefore the sum does not equal the Total Portfolio of the Balance Sheet. The closing exchange rates for November 2019, 2020, and 2021 were used.

3. Other assets include cash and cash equivalents, contingent assets, and other assets.

4. Other liabilities include finance cost payable, other deposits, bank obligations, accounts payable and subordinated term debentures.

5. Annualized results for the year / Capital and reserves. CNBS methodology.

6. Annualized results for the year / Average real assets. CNBS methodology.

Source: National Banking and Insurance Commission (CNBS).

USD 32
billion

Total Assets as of
November 2021.

USD 28.9
billion

Total Liabilities as
of November 2021.



PANAMA

- **Macroeconomic environment**

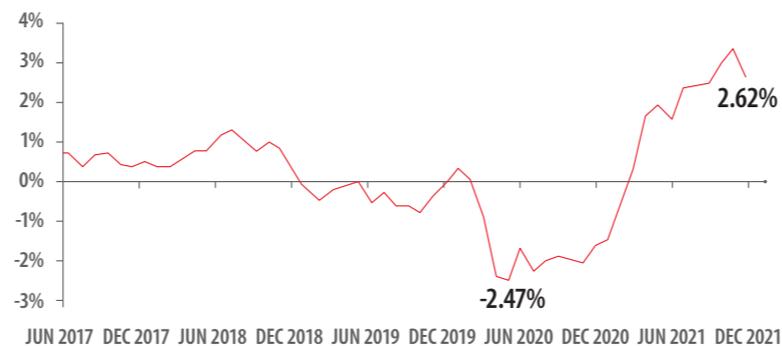
Even though the economy experienced a year-on-year contraction in the first quarter of 2021 (-8.38%), the baseline effect and the recovery of aggregate demand, largely driven by the tertiary sector, mining and construction, led to a 39.97% growth in the second quarter of 2021. In the third quarter of 2021, the economy experienced greater dynamism, as a result of the reactivation of domestic demand, travel, and a greater flow of goods worldwide, which led to a 25.5% increase in GDP compared to the third quarter of the previous year. The activities that contributed most to this growth included trade, construction and mining and quarrying, as well as transportation, storage and telecommunications, driven by canal operations, port services and air transportation. As of December 31, 2021, 56.3% of the country's population was fully vaccinated against covid-19.

25.5%
Annual GDP
growth as of 3Q21.



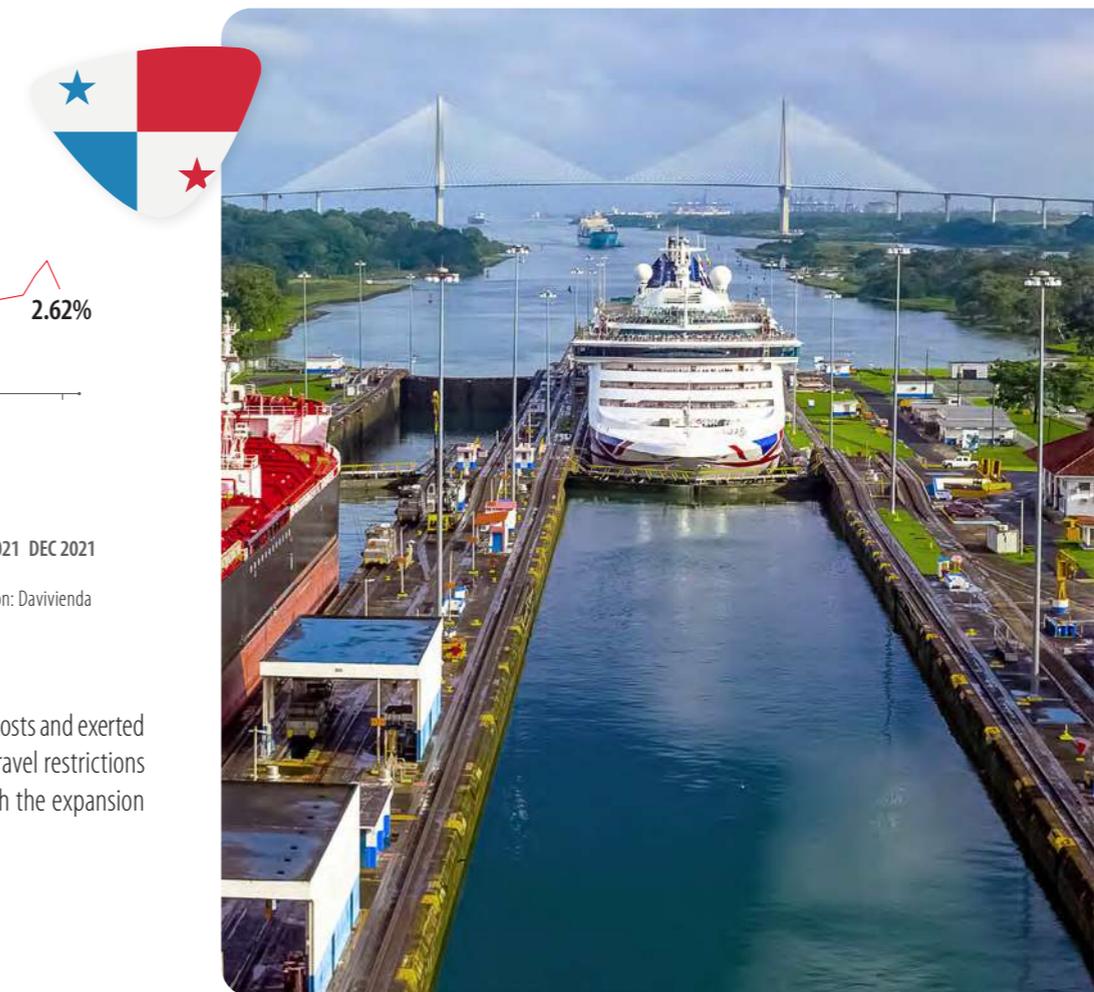
- **Inflation**

Panama / Inflation



Source: Inec Panama. Calculation: Davivienda

Supply restrictions derived from global supply problems increased production costs and exerted substantial pressures on food and transportation prices. In addition, lifting travel restrictions stimulated the deaccumulation of savings and exacerbated inflation through the expansion of aggregate demand.



• Fiscal policy and risk rating

The government's fiscal deficit reached 8.23% of GDP in September 2021, higher than the 7.52% figure recorded year earlier. However, economic recovery and the easing of travel restrictions led to a cumulative annual increase of 21.3% in total revenues, thanks to a 15.9% growth in tax sources. Total expenses grew by 19.7% in the year to date.

Panama's risk rating at the end of 2021 was "Baa2" by Moody's, "BBB" by Standard & Poor's and "BBB-" by Fitch Ratings. Throughout the year, the three rating agencies revised their perception of Panama's sovereign risk. Moody's downgraded its rating in March, citing the deterioration of the country's fiscal metrics, compared to the median of Baa1 rated countries. S&P opted for a revised outlook, but maintained its credit rating, given the risks associated with a slower economic recovery and a slow policy response. Finally, Fitch downgraded the rating, citing that the economic downturn exacerbated pre-2020 fiscal constraints.

• Financial sector

As of December 2021, assets grew by 1.5% year on year; gross loans, which accounted for 58.8% of overall assets, grew by 5.1%, coupled with a 5.1% growth in investments, which accounted for 19.05% of overall assets as of the same date. Liabilities were up 1.7%, savings accounts 13.2%, checking accounts 2.8% and deposits 0.2%.

Panama / Main financial sector figures and indicators

(Figures in USD billions, except percentages)

	Amount			Variation	
	Nov 19	Nov 20	Nov 21	2021 / 2020	2020 / 2019
Total assets	107.3	114.5	116.2	1.5%	6.7%
Investments	19.3	21.1	22.1	5.1%	8.8%
Overall loans	68.6	66.5	68.4	2.8%	-3.0%
Consumer	12.5	12.4	12.9	4.2%	-1.3%
Mortgage	17.7	18.1	18.7	3.4%	2.0%
Other loans	24.3	22.5	21.6	-3.8%	-7.6%
Foreign	14.0	13.6	15.2	11.7%	-2.9%
Other assets ¹	19.4	27.0	25.7	-4.8%	39.3%
Liabilities	94.3	102.0	103.8	1.7%	8.2%
Term deposits	40.4	42.7	42.8	0.2%	5.8%
Savings	12.6	14.1	16.0	13.2%	12.0%
Other liabilities ²	29.1	31.5	30.9	-1.7%	8.4%
Checking accounts	12.2	13.6	14.0	2.8%	11.8%
Equity	13.0	12.5	12.4	-0.8%	-3.8%
ROA ³	1.36%	0.75%	0.98%		
ROE ³	11.57%	6.52%	9.08%		

1. Other assets include liquid assets and other assets.

2. Other liabilities include local and foreign official deposits, debentures, and other liabilities.

3. Calculation: Superintendencia of Banks of Panama (SBP).

Source: Superintendencia of Banks of Panama (SBP)



USD 116.2
billion
Total Assets as of
November 2021.

USD 103.8
billion
Total Liabilities as
of November 2021.





6

FINANCIAL RESULTS

► CONSOLIDATED FINANCIAL REPORT

The figures herein refer to the consolidated results achieved in 2021 in comparison with the results recorded in 2020, under IFRS⁷⁶ accounting principles for both periods.

ASSETS ANALYSIS AND STRUCTURE

By the end of the year, total assets reached COP 152.7 trillion, growing by 11.9% compared to 2020. This performance is mainly explained by gross loans, which increased by COP 11.9 trillion (annual variation of 11.2%), driven mainly by the mortgage and consumer portfolios, which expanded by 17.4% and 11.5%, respectively, while the commercial portfolio recorded a 7.8% growth. As of December 2021, gross loans accounted for 77.7% of total assets.

Cash and interbank funds totaled COP 15.5 trillion, increasing 29.3% on account of increased money market operations in Colombia and a higher available balance in foreign banks. The investment portfolio totaled COP 16.0 trillion, declining 0.7% due to the volatility of the trading portfolio.

The 17.4% growth of the mortgage portfolio stemmed from higher growth in the segments of residential housing (VIS) and residential leasing, especially in Colombia, consistent with the dynamics of the sector during the year.

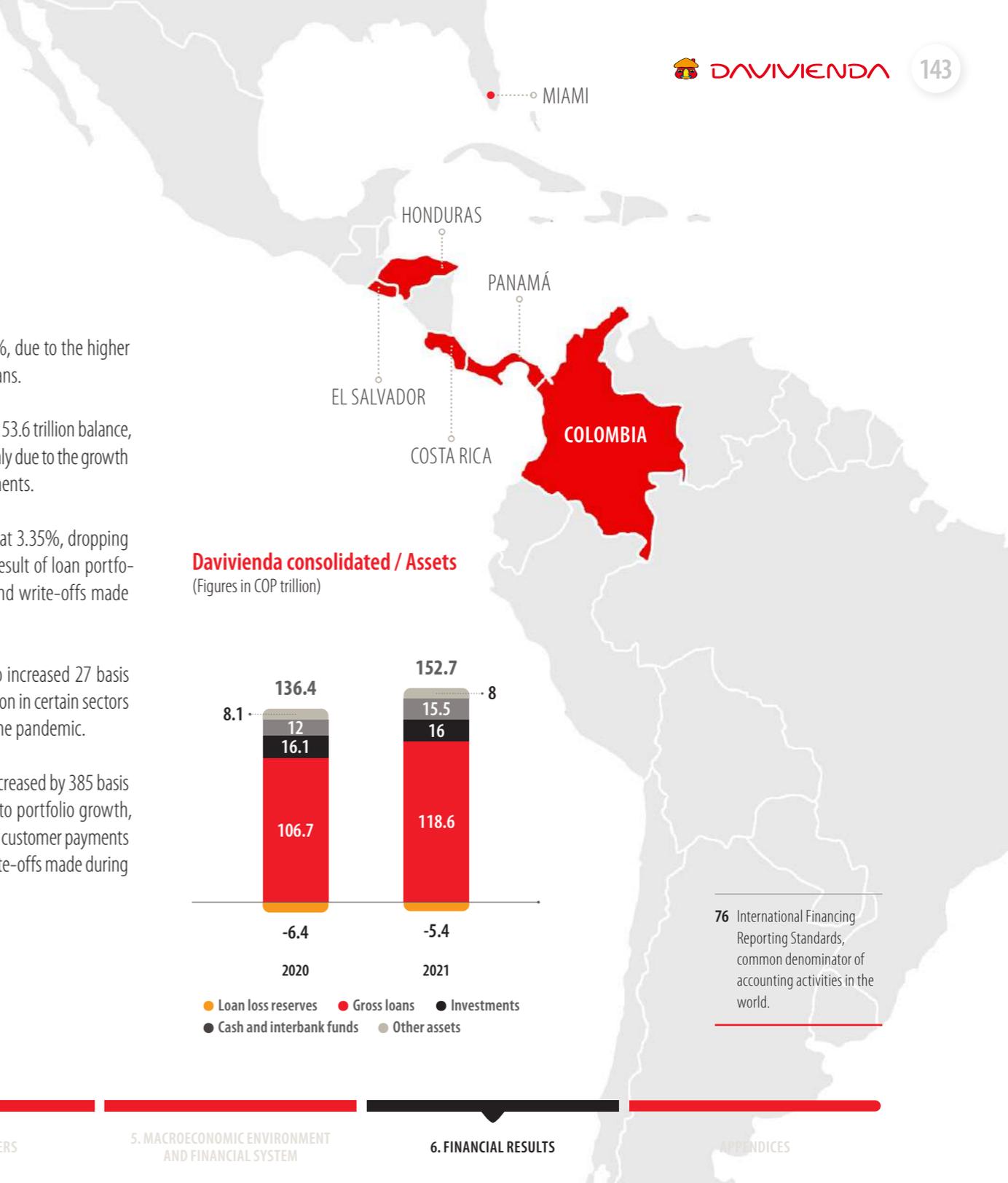
The consumer portfolio increased by 11.5%, due to the higher disbursements of unrestricted personal loans.

The commercial portfolio closed with a COP 53.6 trillion balance, reflecting a 7.8% increase (\$3.9 trillion), mainly due to the growth of the corporate, wholesale and SME segments.

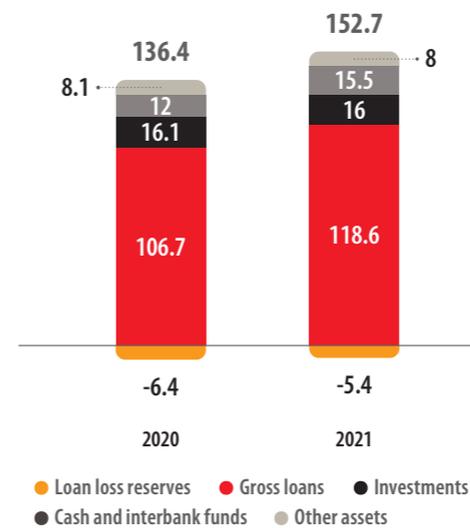
As of December 2021, 90-days PDL stood at 3.35%, dropping one percentage point year-on-year, as a result of loan portfolio growth, improved collection activity and write-offs made during the year.

The PDL ratio for the commercial portfolio increased 27 basis points over the year, reflecting a deterioration in certain sectors in Colombia and Central America, tied to the pandemic.

The PDL ratio for the consumer portfolio decreased by 385 basis points over the previous year, largely due to portfolio growth, increased collections following the return of customer payments after the ending of relief programs, and write-offs made during the year.



Davivienda consolidated / Assets
(Figures in COP trillion)



⁷⁶ International Financing Reporting Standards, common denominator of accounting activities in the world.



In the mortgage portfolio, 90-days PDL ratio decreased by 18 basis points, driven by higher collections and some write-offs. On the other hand, the 120-days PDL ratio rose 79 basis points, largely because part of the portfolio shifted to higher delinquencies, an effect caused by the containment of write-offs in 2020 and 2021, as well as portfolio securitizations throughout the year.

2021 closed with a 135% coverage⁷⁷ ratio for non-performing loans, 172 basis points lower than the 137% figure recorded in December 2020.

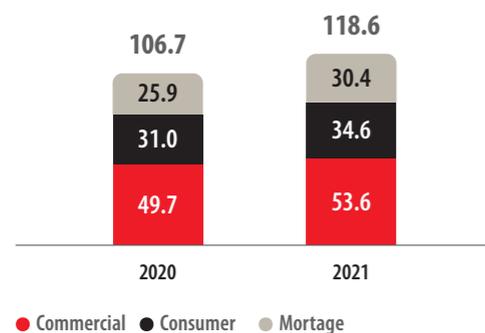
Davivienda consolidated / PDL and coverage ratio

90 days PDL and Coverage ratios

	2020	2021
Commercial PDL	3.26%	3.53%
Consumer PDL	6.04%	2.19%
Mortgage PDL	4.53%	4.35%
Total PDL	4.38%	3.35%
Total Coverage	137.0%	135.2%

Davivienda consolidated / Loan portfolio

(Figures in COP trillion)



LIABILITY ANALYSIS AND STRUCTURE

Total liabilities increased by 11.9% over the previous year, reaching COP 138.4 trillion at the end of the year, mainly due to a 30.2% increase in demand deposits, which offset an 11.3% decrease in the balance of term deposits, which closed at COP 29.9 trillion.

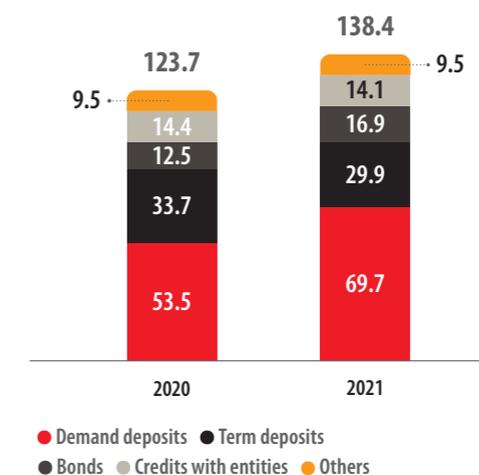
Gross loans to funding sources ratio stood at 90.8%, 261 basis points lower than in the fourth quarter of 2020 (93.4%), mainly due to the fact that the growth of funding sources exceeded the growth of gross loans (COP 16.4 trillion vs. COP 11.9 trillion).

Bonds increased by 34.9% compared to the fourth quarter of 2020, largely due to the issuance of a USD 500 million AT1 perpetual bond during the second quarter of 2021, local bond issuances in the Colombian operation throughout the year, as well as local issuances in Central America.

Credits with entities decreased by 1.9% during the year, mainly attributable to the payment of financial obligations to foreign entities.

Davivienda consolidated / Liabilities

(Figures in COP trillion)



Davivienda consolidated / Funding sources

(Figures in COP trillion, except percentages)

	2020		2021		Variation	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Savings Accounts	40.5	35.5%	52.6	40.3%	12.1	30.0%
Checking Accounts	13.0	11.4%	17.0	13.0%	4.0	30.9%
Term deposits	33.7	29.5%	29.9	22.9%	- 3.8	-11.3%
Bonds	12.5	11.0%	16.9	12.9%	4.4	34.9%
Credits with entities	14.4	12.6%	14.1	10.8%	- 0.3	-1.9%
Funding sources	114.2	100.0%	130.6	100.0%	16.4	14.4%

⁷⁷ Coverage Ratio = Asset Allowances / Loans > 90 days.





EQUITY ANALYSIS AND STRUCTURE

As of December 2021, the Bank's consolidated equity stood at COP 14.3 trillion, rising 12.3% over the previous year, reflecting higher profits obtained throughout the year.

In 2021 we implemented the new Basel III capital adequacy standard; as a result, capital adequacy ratios are not comparable to those reported at year-end 2020.

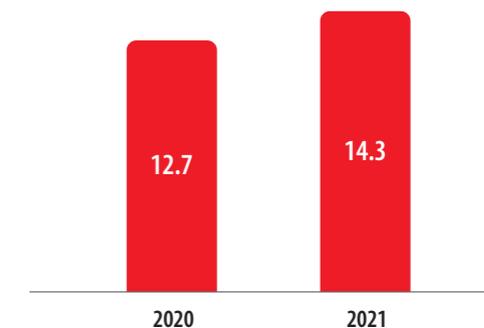
The total capital adequacy ratio under Basel III stood at 18.0% while the common equity tier I ratio closed at 11.96%.

Moreover, the density of risk-weighted assets by risk level was 70.7%.

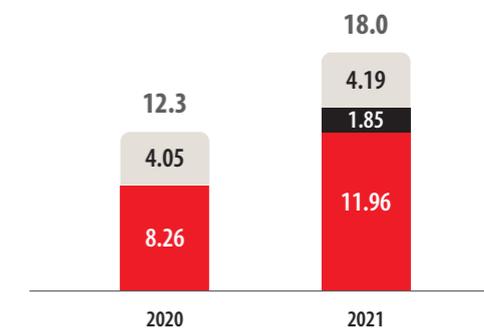
COP 14.3 trillion
 consolidated equity as of December 2021.
 12.3% Increase compared to the previous year.



Equity
 (Figures in COP trillion)



Capital adequacy ratio
 (Percentage)



- Common Equity Tier 1 (CET1)
- Additional Tier 1 (AT1)
- Tier 2



INCOME STATEMENT

As of December 2021, net consolidated profits amounted to COP 1.26 trillion, 209,1% higher than in the previous year. This result is mainly due to lower financial expenses, a reduction in provision expenses, and higher operating income and foreign exchange and derivative income. At the end of the fourth quarter, the 12-month return on average equity (ROAE) was 9.3%, 617 basis points higher than the figure reported 12 months earlier.

The accumulated gross financial margin as of December 2021 reached nearly COP 7.5 trillion, 1.1% lower than the figure recorded in 2020; this performance is explained by lower financial income, mainly due to a 55.3% reduction in investment and interbank income, given rising interest rates throughout the year, which resulted in portfolio devaluations.

Loan income decreased by 3.3% over the year, as a result of lower income generated by the commercial portfolio. The mortgage portfolio increased by 12.8% and the consumer portfolio by 2.4%, consistent with the growth dynamics of these portfolios.

The 12-month NIM⁷⁸ closed at 5.94%, decreasing 35 basis points compared to the figure reported at the end of 2020. However, if foreign exchange and derivative income is included to reflect the result of our hedging strategy, the NIM would be 6.33%, increasing 2 basis points for the year.

The impairment of financial assets (net of recoveries) as of December 2021 reached COP 3.3 trillion, decreasing by 21.4% from the figure recorded in 2020, mainly thanks to an economic recovery that improved the risk profile of the portfolio, as well as a better macroeconomic outlook for Colombia and Central America.

COP 7.5
trillion

Accumulated gross financial margin as of December 2021.

COP 1.26
trillion

Consolidated net profit for 2021.

Davivienda Consolidated / Results as of December 2021

(Figures in COP billions, except percentages)

	December 2020	December 2021	Variation	
			Amount	Percentage
Financial income	11,448	10,587	- 860	-7.5%
Loan income	10,519	10,172	- 347	-3.3%
Investment income	841	358	- 483	-57.5%
<i>Interbank and overnight funds</i>	88	58	- 30	-34.3%
Financial expenses	3,881	3,106	- 775	-20.0%
Gross financial margin	7,567	7,482	- 85	-1.1%
Provisions	4,200	3,301	- 899	-21.4%
Net financial margin	3,367	4,181	813	24.1%
Operating income	1,272	1,653	- 65	29.9%
Operating expenses	4,139	4,500	361	8.7%
Net exchanges and derivatives	25	498	- 41	1,853.6%
Other income and expenses, net	50	58	8	16.9%
Income before taxes	476	1,773	1,297	272.4%
Taxes	68	512	444	651.3%
Net Profit	408	1,261	853	209.1%



⁷⁸ NIM (12 months) = Gross Financial Margin (12 months) / Average Interest Earning Assets (5 quarters).

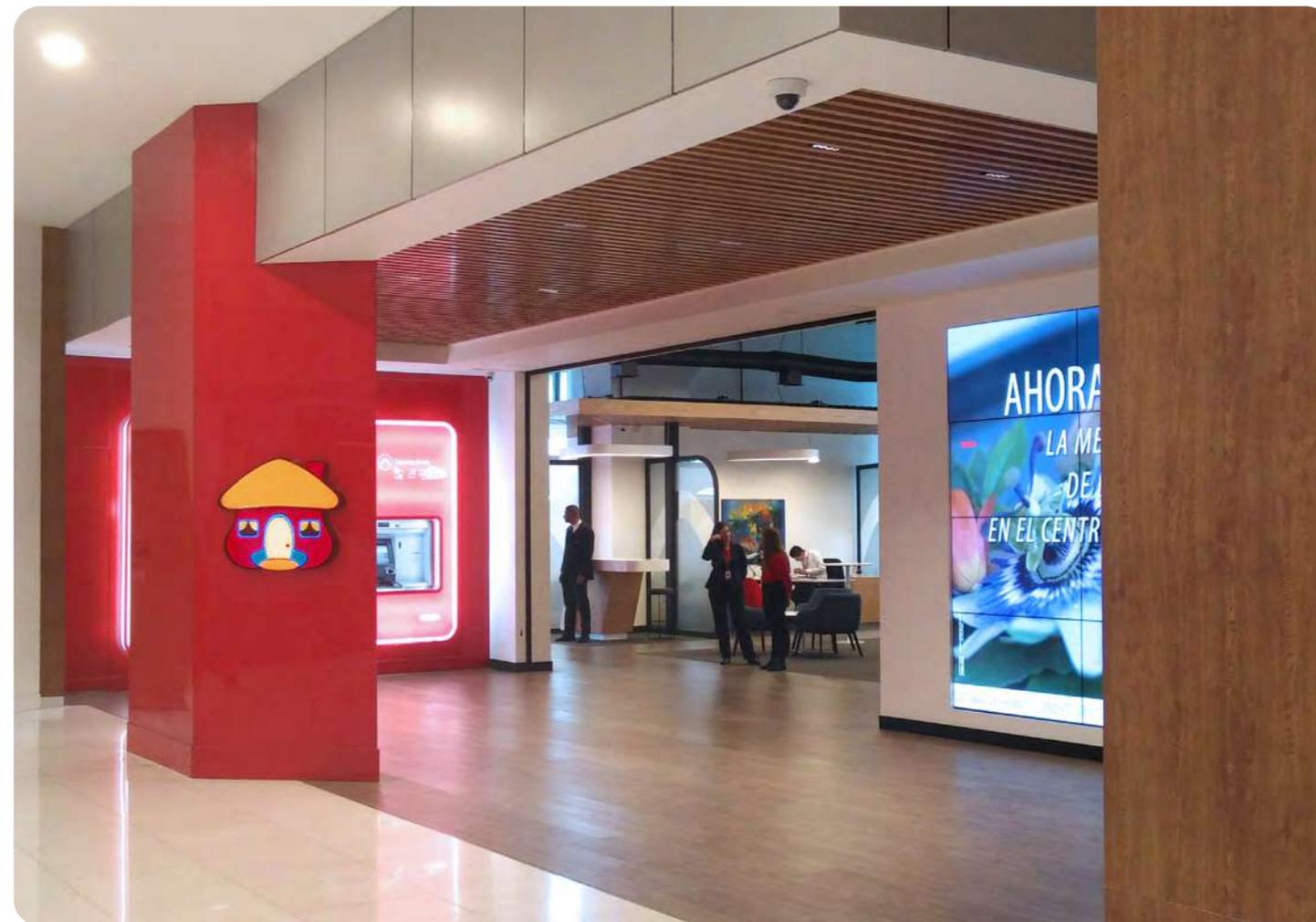


Accumulated operating income as of December 2021 rose 29.9% compared to the previous year, following a higher volume of transactions throughout the year, the reinstatement of certain fees, higher income generated by the insurance business, and income from Promociones y Cobranzas Beta, a company acquired through Corporación Financiera Davivienda in the third quarter of 2021, exclusively focused on the management of the Bank's loan portfolio.

Accumulated operating expenses as of December 2021 reached COP 4.5 trillion, up 8.7% from December 2020. This performance was primarily driven by 2 factors: an 11.5% increase in personnel expenses (due to an 18.4% increase in employee benefits, the payment of the collective agreement and the increase in incentive commissions); and, on the other hand, operating and other expenses (6.9%), mainly resulting from an increase in expenses related to professional fees, advertising, and maintenance in Central America.

The Bank's income before taxes as of December 2021 was COP 1.77 trillion, decreasing 272.4% on an annual basis.

Accumulated income tax as of December 2021 was COP 511.9 billion, 651.3% higher than the figure recorded in 2020, due to an increase in income before taxes.



29.9%

Increase in accumulated operating income as of December 2021.



▶ RESULTS BY SEGMENT AND PERSPECTIVES

The Bank identifies and determines its business operating segments for reporting purposes based on how it organizes and receives information. These segments are bank units dedicated to financial and banking activities, which generate income and incur expenses, and for which effective accountability is ensured, for an optimal measurement of their results, assets and liabilities, which are regularly evaluated and verified by the Strategic Committee, headed by the President of Banco Davivienda S.A. (MITDO – Maximum Instance of Operational Decision Making), for proper decision making, the appropriate allocation of resources and the respective evaluation of results.

Taking into account this organization, the operating segments for the Bank were determined considering:

- > Activities of individuals and companies, which are reported separately in terms of assets, liabilities, income, and expenses.
- > Results that are periodically reviewed by the MITDO
- > The relationship with which discrete financial information is available.

Operating segments are components of the Parent Company, which encompass the results of the various countries where Davivienda operates, and therefore their results are classified and presented in the segments established by the Bank:

1. Retail banking

This segment includes all products and services offered to individuals. Davivienda offers a wide variety of products and services focused on meeting the needs of its customers, including investment, financing, and savings products.

2. Commercial banking

This segment includes products and services offered to legal entities. It offers financial and transactional solutions in local and foreign currencies in addition to financing, savings and investment products aimed at meeting the needs of this type of customers across the various industries in the economy.

3. Differentiated Financial Information ALM

The Differentiated Financial Information segment ALM (Assets and Liabilities Management) includes segments of assets, liabilities, income, and treasury expenses equal to or greater than 10% of assets, which are presented on an aggregate basis, as well as the management of market gaps and liabilities, and any effect of restatement due to foreign exchanges, either by treasury position or the banking book. This is why the result of this segment does not reflect only the result of a business line, but also reflects corporate decisions on the management of the bank's issuance and financing. Even so, as it manages the bank's liquidity resources, it is monitored by management, as are the other segments. With this consideration in mind, we present the main dynamics of the segment.

4. International

This segment covers the Bank's international operations and therefore includes the financial information derived from the Bank's subsidiaries abroad, which are located in Panama, Costa Rica, El Salvador and Honduras. These Subsidiaries obtain their income from a variety of financial products and services offered in each country, which are centered on offering an effective comprehensive value proposition to our Multi-Latino customers, emphasizing quality and service.





Results by segment / December 31, 2021

COP million

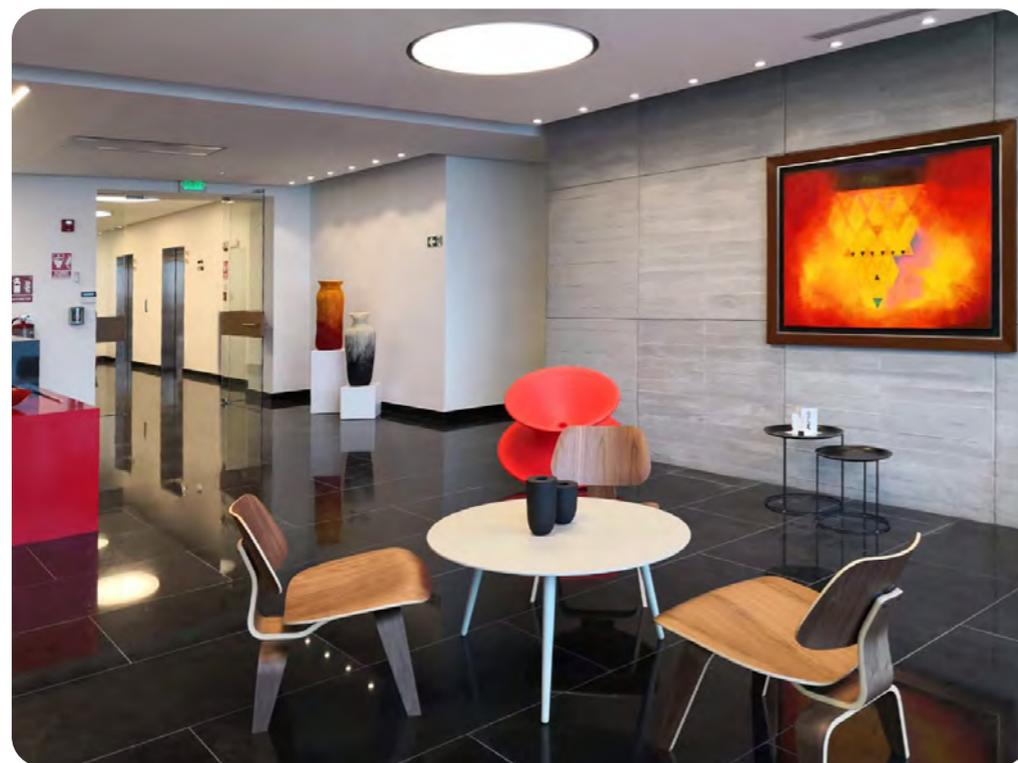
Income Statement	Retail	Commercial	ALM* Differentiated Information	International	Total Consolidated Bank
Interest Income	5,778,987	2,329,737	138,571	2,339,860	10,587,155
Interest Expenses	-229,877	-920,789	-1,133,522	-821,430	-3,105,618
Net FTP**	-1,576,008	763,305	812,703	-	-
Loan loss Reserves and net Receivables	-2,367,869	-564,668	-30,122	-338,374	3,301,033
Net Financial Margin	1,605,233	1,607,585	-212,370	1,180,056	4,180,504
Net Fee, Service and Insurance Income	777,356	168,805	298,198	384,144	1,628,503
Income from Investments in Associates, Net	-	-	-633	1,971	1,338
Dividends	-	-	22,825	213	23,038
Operating Expenses	-2,086,039	-886,110	-417,477	-1,110,429	-4,500,055
Changes and Derivatives, Net	-	-	418,627	79,148	497,775
Other Income and Expenses, Net	35,406	130,551	12,182	24,834	-58,075
Income before Taxes	332,010	759,729	121,352	559,937	1,773,028
Income Taxes and Supplementary	47,283	-237,853	-157,899	-163,395	-511,864
Net Profit	379,293	521,876	-36,547	396,542	1,261,164
December 31st, 2021					
Assets	52,773,003	39,061,021	22,124,679	38,721,797	152,680,500
Liabilities	22,307,455	49,676,411	32,056,353	34,360,463	138,400,682

* Asset and liability management.

** Net FTP - Funds Transfer Pricing: refers to the costs of transferring resources between segments, which are allocated in a systematic and consistent manner and managed within the Bank.



In 2021, methodologies for applying the funds transfer pricing (FTP) were modified based on adjustments to best practices. For comparative purposes, the methodologies were applied historically. This accounts for differences in the figures presented as of December 2020 in previous reports.



Results by segment / December 31, 2020

COP million

Income Statement	Retail	Commercial	ALM Differentiated Information (1)	International	Total Consolidated Bank
Interest Income	5,625,675	2,823,545	644,006	2,354,358	11,447,584
Interest Expenses	-334,323	-1,351,038	-1,230,263	-963,990	-3,880,614
Net FTP**	-1,801,739	496,324	1,305,415	-	-
Loan loss Reserves and net Receivables	-2,817,464	-967,843	20,619	-434,954	-4,199,642
Net Financial Margin	672,149	999,988	739,777	955,414	3,367,328
Net Fee, Service and Insurance Income	537,343	165,794	233,449	313,628	1,250,214
Income from Investments in Associates, Net	-	-	1,349	1,614	2,963
Dividends	-	-	18,386	609	18,995
Operating Expenses	-1,902,336	-836,859	-400,614	-999,241	-4,139,050
Changes and Derivatives, Net	-	-	-78,896	104,377	25,481
Other Income and Expenses, Net	27,908	-125,917	67,217	-18,977	-49,769
Income before Taxes	-664,936	203,006	580,668	357,424	476,162
Income Taxes and Supplementary	396,117	-32,374	-331,413	-100,460	-68,130
Net Profit	-268,819	170,632	249,255	256,964	408,032
December 31st, 2021					
Assets	46,980,574	37,327,283	20,257,340	31,848,168	136,413,365
Liabilities	19,126,995	45,533,259	30,785,849	28,247,261	123,693,364

(1) Asset and liability management.

** Net FTP - Funds Transfer Pricing: refers to the costs of transferring resources between segments, which are allocated in a systematic and consistent manner and managed within the Bank.



▶ INDIVIDUAL FINANCIAL RESULTS

ASSET ANALYSIS AND STRUCTURE

At year-end 2021, the Bank's assets in Colombia totaled COP 117.3 trillion, reflecting a 10.1% annual growth, mainly due to an expansion of gross loans and cash and interbank funds.

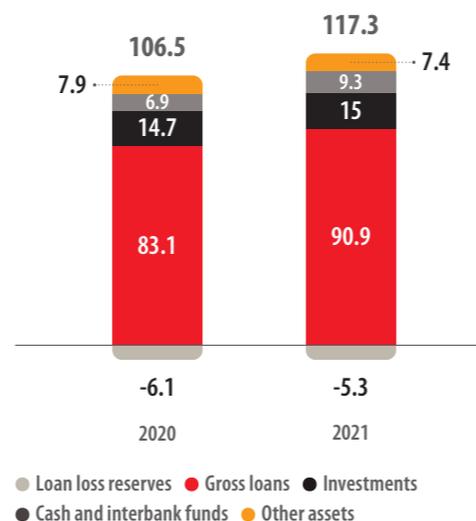
Gross loans reached COP 90.9 trillion, growing by 9.3% over the previous year, mainly due to growth in retail banking and, in particular, in the mortgage segment.

Provision expenses decreased by 14.0% from the previous year, reaching a COP 5.3 trillion balance. This is mainly attributable to write-offs made during the year, following the effects of the pandemic on customers.

The investment portfolio closed with a COP 15.0 trillion balance, growing 2.1% in relation to December 2020. Cash and interbank funds increased by 34.7%, reflecting higher liquidity levels throughout the year.

In 2021, we remain as the second-largest bank in the country in terms of gross loans. As of December 2021, our market share in Colombia was 16%⁷⁹.

Consolidated results / Assets
(Figures in COP trillion)



COP 117.3 trillion

Assets in Colombia 2021, 10.1% annual growth.

COP 90.9 trillion

Gross portfolio 2021. Second bank in the country in terms of gross portfolio.

Retail banking grew by 13.5%. The mortgage portfolio experienced the highest year-on-year expansion, 17.0%. We remain as the leading bank in Colombia in the placement of mortgage loans, with a market share approaching 26.1%⁸⁰ in the financial system as of the end of 2021. This means that Davivienda finances 1 out of every 4 homes in the country.

Furthermore, we continue to actively participate in subsidized housing programs granted by the government to low and middle-income families.

On the other hand, consumer loans grew 10.5% over the past year, mainly driven by unrestricted personal loans, following rising demand through digital platforms.

Commercial banking, including the commercial and microcredit portfolio, experienced the slowest growth compared to the previous year (4.4%). Its performance was mainly driven by disbursements in the SME and corporate segments.

17% Mortgage portfolio growth. | **26.1%** Market share in the placement of mortgage loans in 2021. Leading Bank in Colombia.

⁷⁹ Information from the Financial Superintendence of Colombia (SFC)

⁸⁰ Including securitized loans.



Composition of gross loans

(Figures in COP billion, except percentages)

	2020	2021	Amount	Percentage
Retail banking	45,551	51,652	6,101	13.4%
Consumer	24,798	27,396	2,598	10.5%
Mortgage	20,753	24,256	3,503	16.9%
Commercial banking	37,595	39,251	1,656	4.4%
Corporate	24,023	24,519	496	2.1%
Construction	4,503	4,960	457	10.1%
Wholesale	2,960	3,017	57	1.9%
SME	6,109	6,755	646	10.6%
TOTAL	83,146	90,903	7,757	9.3%

As of December 2021, the 90-days PDL ratio was 3.28%, a 1.2 percentage point drop year-on-year.

Consumer loans recorded the best performance in terms of portfolio quality, after the PDL indicator improved by 5.04 percentage points with respect to the 8.05% figure recorded in 2020, closing the year at 3.01%.

The PDL ratio for the commercial portfolio increased to 3.48% in December 2021, 0.2 percentage points higher than in 2020.

The PDL ratio of the mortgage portfolio closed at 3.25%, a 0.84 percentage point increase compared to the 2.41% recorded in December 2020.

The coverage ratio for the non-performing loan portfolio reached 176% at year-end, increasing from 164% recorded in the previous year.

PDL and coverage ratios

	2020	2021
Commercial PDL	3.28%	3.48%
Consumer PDL	8.05%	3.01%
Mortgage PDL	2.41%	3.25%
Total PDL	4.48%	3.28%
Total coverage	164.0%	176.0%

Non-performing loans by delinquency period: (Consumer >60 days; commercial and microcredit >90 days; mortgage and residential leasing >120 days) / Total coverage: Provisions / Non-performing loans by delinquency period.

LIABILITY ANALYSIS AND STRUCTURE

At year-end 2021, total liabilities amounted to COP 104.5 trillion, a 9.8% increase compared to the previous year. This result is derived mainly from increased demand deposits and the issuance of an international AT1 bond during the year, worth USD 500 million.

Demand deposits increased, primarily fueled by savings accounts, which offset a reduction in term deposits. Demand deposits totaled COP 55.5 trillion, a 30.8% increase, while term deposits closed at COP 19.9 trillion, a 19.3% decrease.

Bonds increased by 29.4%, most notably an AT1 bond issue for USD 500 million.



COP 104.5 trillion



Total liabilities in 2021. 9.8%, increase compared to the previous year.



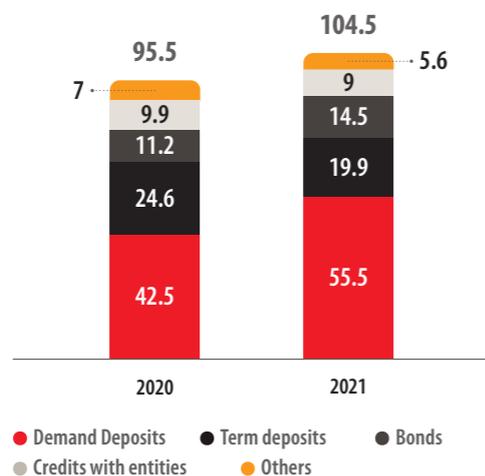
Credits with entities decreased by 8.7%, largely as a result of obligations acquired with multilateral entities.

Out of all funding sources, savings deposits accounted for 46.0%, checking accounts for 10.1% and term deposits for 20.1%. Finally, 14.6% of funding sources were bonds and 9.1% were credits with entities.

At the end of 2021, the gross loans to funding sources ratio closed at 91.9%, 2.4 percentage points lower than the figure recorded in December 2020 (94.3%).

Liabilities
(Figures in COP trillion)

91.9%
Gross portfolio to funding sources ratio 2021.



Funding sources

(Figures in COP trillion, except percentages)

	2020		2021		Variation	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Savings Accounts	35.0	39.8%	45.5	46.0%	10.4	29.8%
Checking Accounts	7.4	8.4%	10.0	10.1%	2.6	35.3%
Term Deposits	24.6	27.9%	19.9	20.1%	-4.8	-19.3%
Bonds	11.2	12.7%	14.5	14.6%	3.3	29.4%
Credits with Entities	9.9	11.2%	9.0	9.1%	-0.9	-8.7%
Funding Sources	88.2	100.0%	98.9	100.0%	10.79	12.2%

COP 12.8
trillion

Equity in 2021, 12.8% higher than the previous year.

COP 84.4
trillion

Risk Weighted Assets.

22.04%

Total Capital Adequacy Ratio.

EQUITY ANALYSIS AND STRUCTURE

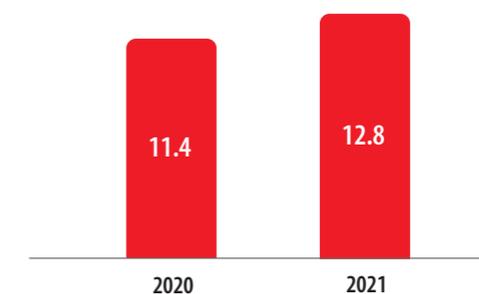
Davivienda's equity totaled COP 12.8 trillion at the end of 2021, increasing by COP 1.5 trillion from the previous year, or 12.8%, mainly due to an increase in retained earnings for the year.

The technical reserves amounted to COP 18.6 trillion and risk-weighted assets totaled COP 84.4 trillion.

The total capital adequacy ratio of the Bank was 22.04%, well above the regulatory 9% requirement; this was achieved thanks to the acquisition of subordinated debt throughout the year to strengthen the Bank's capital. The common equity tier I ratio was 13.97% at the end of the year, well above the regulatory minimum level of 4.5%.

Equity

(Figures in COP trillion)



INCOME STATEMENT

Net profits reached COP 1.2 trillion, growing by 425.5% annually, and consequently, the return on average equity was 9.67%.

This behavior in cumulative profits is explained by lower provision expenses and higher operating income, driven by an increase in income from fees and commissions. Furthermore, higher net income from foreign exchange and derivatives also contributed to this performance.

Interest income decreased by 8.4% compared to 2020. Loan interest income decreased by 3.7%, mainly as a result of low interest rates in Colombia, higher levels of competition and a changing portfolio mix, as commercial and mortgage loans gained market share.

As of the end of 2021, accumulated investment income amounted to COP 56.7 billion, 88.5% lower than the figure recorded in the previous year. This performance is explained by financial market conditions throughout the year, which impacted portfolio valuation, mainly in the case of debt instruments.

Financial expenses decreased 21.5% compared to 2020, mainly due to low interest rates throughout the period.

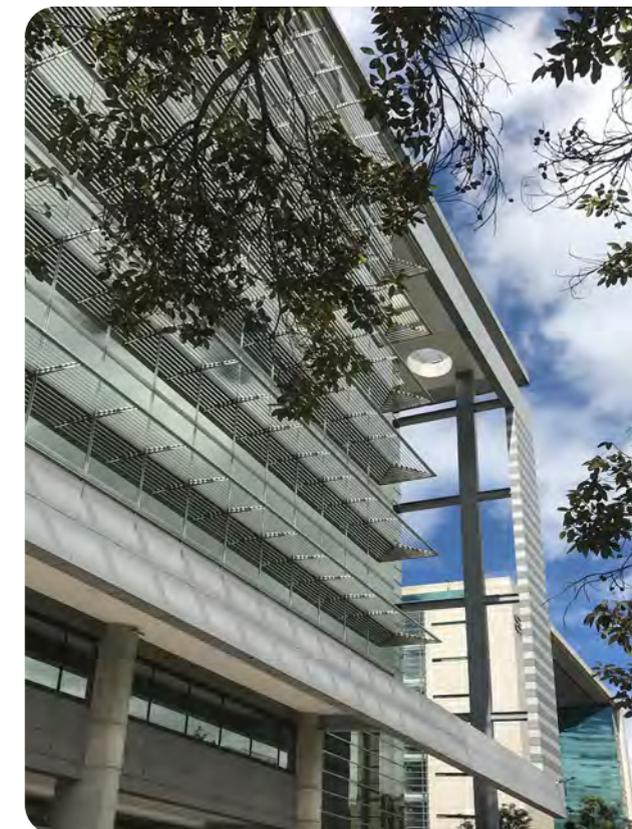
Given higher interest income and lower financial expenses, the gross financial margin at the end of December 2021 increased by 2.0% with respect to the accumulated margin recorded in 2020, totaling COP 5.72 trillion.

Provisions expenses contracted by 25.6% (COP 944 billion) compared to 2020, reaching COP 2.75 trillion. This performance is attributable to Colombia's economic recovery after the Covid-19 crisis. Consequently, the 12 months cost of risk⁸¹ indicator closed 2021 at 3.01%, approximately 1.43 percentage points below the figure recorded the previous year (4.44%).

Results as of December 2021

(Figures in COP billions, except percentages)

	December 2020	December 2021	Variation	
			Amount	Percentage
Financial income	8,693	7,963	-730	-8.4%
Loan income	8,249	7,940	-309	-3.7%
Investment income	493	57	-436	-88.5%
<i>Interbank and overnight funds</i>	-49	-34	15	30.7%
Financial expenses	2,860	2,246	-614	-21.5%
Gross financial margin	5,832	5,716	-116	-2.0%
Provisions	3,690	2,746	-944	-25.6%
Net financial margin	2,142	2,970	828	38.6%
Operating income	1,047	1,352	305	29.2%
Operating expenses	3,069	3,304	235	7.7%
Foreign exchange and derivatives, net	-59	390	449	757.6%
Other income and expenses, net	16	35	18	112.5%
Income before taxes	77	1,442	1,365	1766.6%
Taxes	-147	266	412	281.4%
Net Profit	224	1,176	952	425.5%



COP 5.72 trillion Gross financial margin as of December 2021.

⁸¹ 12-months Cost of Risk: Accumulated net provision expenses / Gross loans





The Bank's net financial margin grew by COP 828 billion compared to the previous year, which is equivalent to a 38.6% increase.

Operating income surged 29.2%, mainly due to an increase in income from fees and services, reflecting higher transaction volumes,, the reinstatement of certain fees, and better results in insurance banking, among other aspects.

Accumulated operating expenses amounted to COP 3.3 trillion, growing by 7.7% compared to 2020, as a result of an increase in personnel expenses, mainly due to employee benefits granted throughout the year. The 12 months efficiency⁸² ratio improved by 2.50 percentage points, from 46.8% in December 2020 to 49.3% at the end of 2021.

Accordingly, accumulated profits before taxes for 2021 reached COP 1.4 trillion, a 1,767% year-on-year increase. Net profits totaled COP 1.2 trillion.

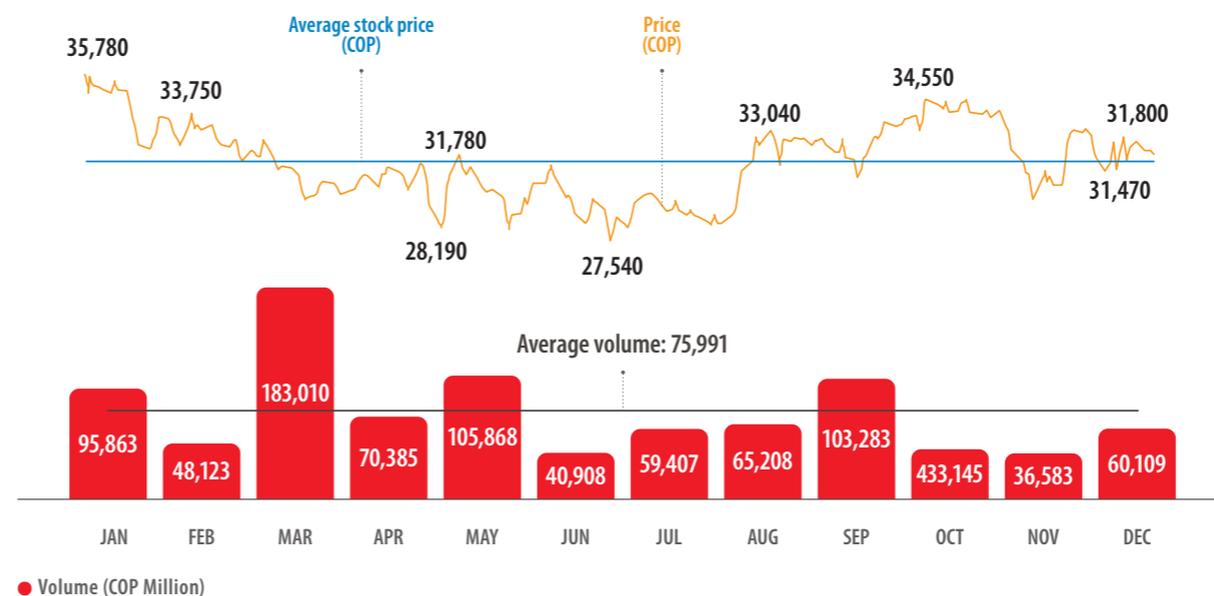
The average monthly trading volume of the PFDavvnda⁸⁴ share was COP 76.0 billion, for a daily average of COP 3.7 billion. Throughout the year, consistent with global trends, Davivienda's preferred stock contracted 13%. In December 2021, the share price closed at COP 31,800, versus COP 36,400 at the end of 2020.

By the end of the year, 23.9% of our issued shares in our shareholder composition were preferred shares traded daily on the Colombian Stock Exchange. The Bank's preferred shareholders are pension funds, holding 54.7% of preferred shares, followed by foreign investors, holding 21.8% of these shares; 17.8% are distributed among Colombian companies and the remaining 5.7% are in the hands of individuals.

STOCK PERFORMANCE⁸³

2021 was characterized by economic recovery, although affected by the downgrading of the country's investment grade, uncertainty prevailing in the financial markets, the lingering effects of the pandemic on the global and local economies and, of course, the influence of the main macroeconomic indicators and of assets in general. Within this context, markets behaved relatively stable, inclined downwards in price levels and managed balances. This was particularly evident in the Colombian stock market, in which the Colcap index contracted by 1.9% at the end of the year.

Banco Davivienda / Stock performance 2021



⁸² 12-month efficiency = Operating expenses / (Gross financial margin + Net operating income excluding dividends + Net foreign exchange and derivatives + Net other income and expenses).

⁸³ At the end of 2020, Davivienda had 451.7 million shares outstanding.

⁸⁴ PFDVVVND: preferential shares of Banco Davivienda S.A, registered in the Colombian Stock Exchange (Bolsa de Valores de Colombia).



► SOCIAL FINANCIAL STATEMENTS

Banco Davivienda Social Financial Statement

COP billion

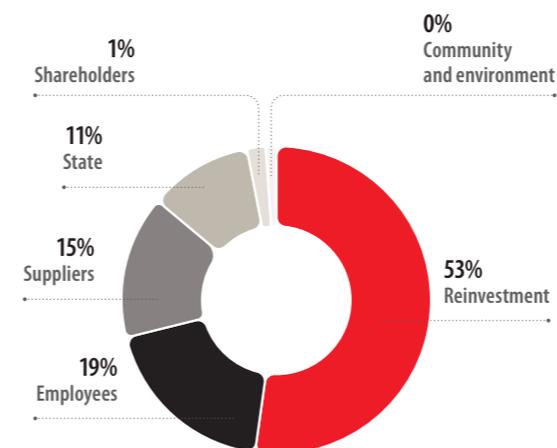
Wealth generation	December 2021
Income	13,495
Financial	10,587
Operating	2,908
Expenses	3,698
Financial*	3,106
Local	2,284
Foreign	821
Operating	592
Local	475
Foreign	118
Valor agregado generado	9,797

* Includes costs of deposits, bonds, and loans with entities.

Wealth distribution	December 2021
Employees	1,814
State	1,072
Suppliers	1,507
Community and environment	45
Shareholders	145
Reinvestment	5,214
Distributed added value	9,797

Reinvestment	December 2021
Equity Reserves and Profit	1,116
Depreciation and Amortization	308
Maintenance, repairs and adaptation of offices	265
Provisions for portfolio and other assets	3,524
Reinvestment	5,214

Wealth distribution





Appendix 1.	Davivienda TCFD Report 2021	158
Appendix 2.	Independent Verification Memorandum	190
Appendix 3.	GRI Content	194
Appendix 4.	Transactions with related parties, significant transactions, and subsequent events	201
Appendix 5.	Administrative matters	202
Appendix 6.	Consolidated and individual financial statements	208
Appendix 7.	Certification and Responsibility for Financial Information	223



APPENDICES

APPENDIX 1. DAVIVIENDA TCFD REPORT 2021



► HIGH LEVEL COMMITMENT TO OUR STAKEHOLDERS

Based on our higher purpose, *enriching life with integrity*, we address present and future challenges with responsibility and commitment, understanding that our approach must promote prosperity and sustainability to serve people and the planet. To this extent, climate change is a particularly important challenge in the Bank’s sustainable strategy.

By strengthening our business model, we identify and mitigate the associated risks and leverage opportunities related to climate events and initiatives, considering that we are living in a defining moment in which our actions make a difference. Consequently, we help our clients to approach major economic, environmental, and social challenges related to climate change in the best possible way.

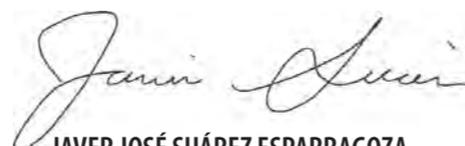
We developed a strategy that allows us to implement the necessary actions to address climate change, thus supporting our customers through more sustainable and responsible initiatives and investments, as well as through our operation. In 2011, we created our environmental policy and implemented the SARAS (Social and Environmental Risk Management System); thus embarking on the path towards effective management of environmental issues. Over the years, our practices have been strengthened and today we celebrate publishing this first Task Force on Climate-related Financial Disclosures (TCFD) report as a high-level commitment to our stakeholders.

The Bank is also committed to reduce its carbon footprint and to promote a culture of sustainability. These efforts have been recognized by the Dow Jones Sustainability Index (DJSI), where we excel, particularly in the environmental dimension. Furthermore, we participate in

local industry initiatives that promote best practices. Therefore, this report is another step towards building trust with our stakeholders, ensuring them that we will continue to engage in businesses aligned with climate change mitigation and adaptation.

This first report presents actions on the 4 fronts recommended by TCFD: governance, strategy, risks, and metrics, which are the pillars underlying our climate change management strategy.

Our commitment will continue in the countries we serve, reaching more people and companies who are eager to partake in solutions aimed at jointly fulfilling our commitments and obligations in this area.



JAVIER JOSÉ SUÁREZ ESPARRAGOZA
CEO Banco Davivienda S.A.



WE ARE COMMITTED TO REDUCE OUR CARBON FOOTPRINT AND PROMOTE A CULTURE OF SUSTAINABILITY. CONSEQUENTLY, WE HELP OUR CLIENTS TO APPROACH MAJOR ECONOMIC, ENVIRONMENTAL, AND SOCIAL CHALLENGES RELATED TO CLIMATE CHANGE IN THE BEST POSSIBLE WAY.



► TOWARDS A LOW CARBON ECONOMY

Guided by our higher purpose, *enriching life with integrity*, we improve the lives of people and the planet by transforming our business models, while consolidating our long-term sustainability, with responsibility towards our stakeholders and awareness of the environment, addressing the challenges inherent to the financial sector. In 2021, we conducted a materiality assessment, identifying 8 topics that address the environmental, social and governance (ESG) issues of our strategy, including climate change, deemed as the most relevant.

We are committed to sustainable development and conceive crises as opportunities to shift paradigms and continue undertaking the challenges inherent to our industry and the financial sector as they pertain to climate change. We consciously strive to reduce CO₂ emissions across our operations and, as part of the indirect management of our business, we promote the financing of projects and activities focused on climate change mitigation and adaptation, as well as on the management of potential negative impacts.

Climate change is highly relevant within our industry, as it is directly linked to potential financial consequences; this fact is prompting important conversations on climate risks, whether physical or transitional, as well as accelerating strategic decision making, encouraging the business to allocate and channel funds towards activities contributing to accelerating the transition towards a low-carbon economy. Accordingly, we joined TCFD in 2020 and now hereby submit the first report disclosing our current status and our commitments to this issue of global concern.

Davivienda implements initiatives to manage climate change, such as reducing water and energy consumption, mitigating our carbon footprint, investing in sustainable construction, implementing non-conventional renewable energy projects (NCRE), and promoting a culture of sustainability among our employees. As part of our product and service offering, in 2014 we designed credit lines with environmental benefits, contributing to climate change mitigation

and adaptation, we also focus on raising awareness among our clients and generating positive impacts on their business investments.

We work towards complying with global standards and adopting best practices in climate change management. In 2014 we started reporting our climate performance through the Carbon Disclosure Project (CDP). Moreover, we are part of the Dow Jones Sustainability Index (DJSI). In 2020, we ratified our commitment by implementing the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD), which enables us to rely on better data to identify, manage and disclose the opportunities, risks and financial impacts derived from climate change.

This report outlines the mechanisms we have implemented to strengthen our climate strategy and identify opportunities for continuous improvement as part of our comprehensive management approach.



SINCE 2014, WE OFFER CREDIT LINES WITH ENVIRONMENTAL BENEFITS AND ADAPTATION, WHILE ALSO FOCUSING ON RISING AWARENESS AMONG OUR CLIENTS AND GENERATING POSITIVE IMPACTS ON THEIR BUSINESS INVESTMENTS.



KEY POINTS

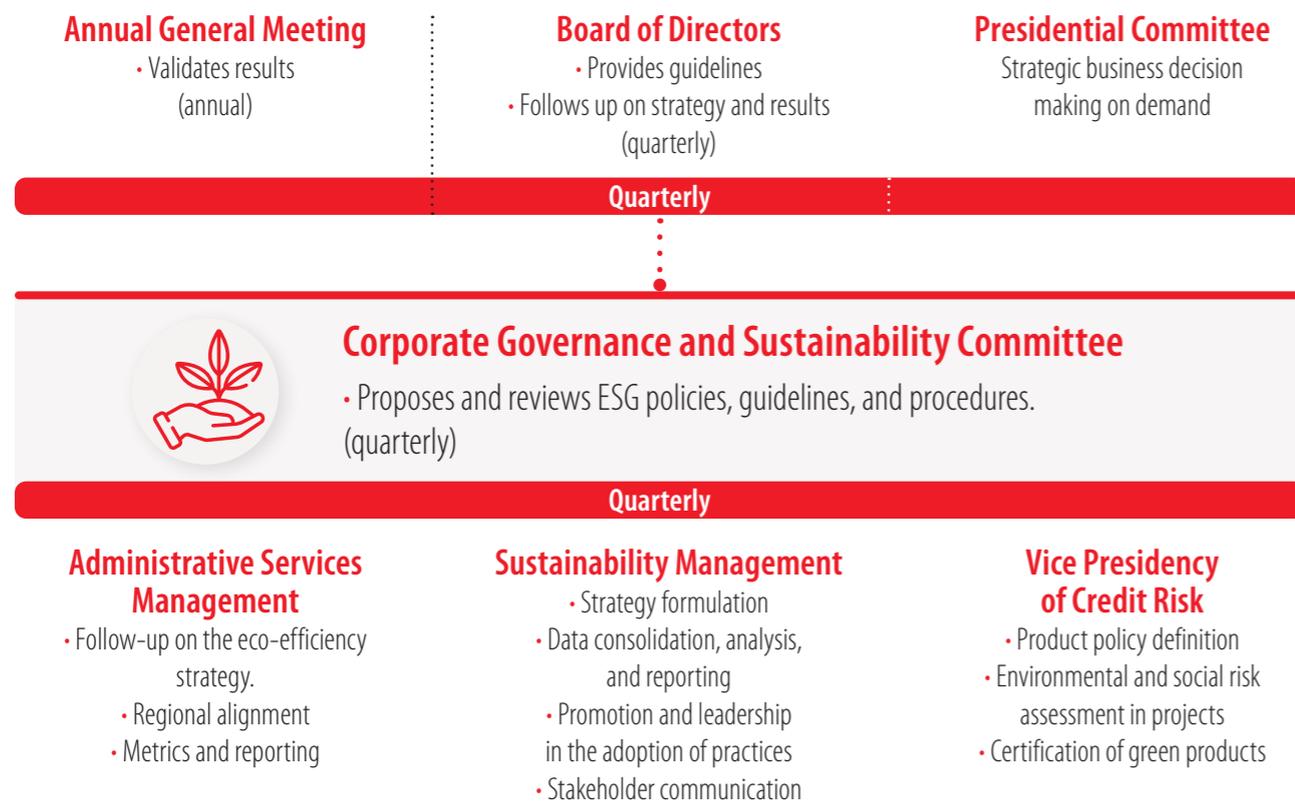
Report structure and key points

Recommendation	Key points
1. Governance	
This chapter presents the governance structure established by the Bank, which is responsible for managing and controlling climate issues, and for implementing the main actions carried out.	
Board of Directors	<ul style="list-style-type: none"> • Roles and responsibilities • Conformation • Associated governance committees
Senior Management and responsible areas	<ul style="list-style-type: none"> • Roles and responsibilities • Areas involved in the definition and development of the strategy
Main management actions 2021	<ul style="list-style-type: none"> • Definitions of the Board of Directors and associated committees
2. Strategy	
Describes the climate strategy and its integration into the organizational strategy.	
Our strategy	<ul style="list-style-type: none"> • Organizational and climate change strategy. • SDG
Climate change management	<ul style="list-style-type: none"> • Direct management of CO₂ emissions in our operations • Eco-efficiency • Environmental products and programs as an opportunity in climate change management • Environmental and Social Risk Management System (SARAS)
3. Risk management	
Organizational risk management in climate-related issues.	
Comprehensive Risk Management	<ul style="list-style-type: none"> • Inclusion of climate change within the ERM (Enterprise Risk Management) framework. • Cross-cutting risks associated with climate change
Main management actions	<ul style="list-style-type: none"> • Description of main milestones • Methodology • Analysis of first pilots for the identification of physical and transitional risks
4. Objectives and targets	
It presents the goals and metrics we have defined to assess and manage the risks and opportunities associated with climate change, as well as to monitor progress and compliance.	
Internal objectives and targets	<ul style="list-style-type: none"> • Direct management of CO₂ emissions in our operations • Eco-efficiency
External objectives and targets	<ul style="list-style-type: none"> • Green Lines, portfolio balances • Products and programs, measurement pilots and impact indicators



1. Governance

We promote actions aimed at strengthening our organizational culture and comprehensive sustainability management approach. Although The Board of Directors spearheads our contributions to our stakeholders, we ensure the participation of all our employees.



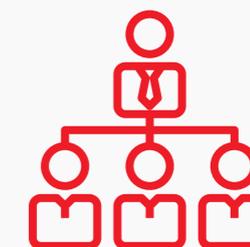
This organizational structure outlines our governance system and indicates the areas in charge of managing and making strategic decisions to address climate change.

The Board of Directors is the highest governance body for planning, control, and follow-up on climate change issues. Its role and duties include defining the strategy, monitoring, setting remuneration, and executing.

The Board of Directors recognizes climate change as a financial risk, given its impact on our stakeholders and our strategy. According to the 2021 materiality review, we identified the relevance of working on climate change issues, which was prioritized by senior management to mitigate risks and enhance opportunities related to this topic.

To materialize these guidelines, the Board of Directors relies on support committees; specifically, for climate change, the Corporate Governance and Sustainability Committee and the Corporate Risk Committee are in place. From the vice-presidencies and their management, Senior management also plays a pivotal role, and our leaders promote actions and make decisions that allow us to implement the guidelines of their functions and responsibilities.

Committees supporting and reporting directly to the Board of Directors



Annual General Meeting

Board of Directors

- Audit Committee
- Enterprise Risk Committee*
- Corporate Governance and Sustainability Committee*
- Compliance Committee

* Directly responsible for climate issues



The Board of Directors relies on supporting committees to fulfill its duties. These committees are responsible for reviewing, validating, and following up on climate change actions, as reported in the following:

- > On a semi-annual basis, the Sustainability Department presents progress related to the goals and actions defined in direct and indirect management
- > On a quarterly basis, the representative of the Board of Directors in the Corporate Governance and Sustainability Committee submits to the Corporate Governance and Sustainability Committee the definitions and progress achieved for follow-up and validation at this level
- > On a semi-annual basis, the Corporate Risk Committee presents a management report on the performance of the Corporate Risk Management System¹, which consolidates, among others, the management of environmental, social, and climate change risks.

The Sustainability Department designs and oversees the comprehensive management of our sustainability strategy as it pertains to the 8 material topics established by the Bank. The areas responsible for monitoring and advancing our climate change agenda are the Sustainability Management, the Credit Risk Vice Presidency and the Administrative Services Management; these units articulate and integrate internal and business actions for the general approach to this topic at a tactical and strategic level.

The Strategic Risk and Planning Departments monitor and control business indicators and risk appetite jointly, in line with our organizational objectives. Similarly, the Administrative Services Department is actively engaged in implementing and monitoring the operational eco-efficiency strategy. We ensure the proper implementation of these strategies by consolidating, monitoring, and reporting progress on the strategy to the Sustainability and Corporate Governance Committee. Sustainability Management is responsible to brief the Board of Directors of the Bank and its subsidiaries on progress. These reports are released twice a year.



We identified the current state of our climate governance model, as well as the gaps and challenges we face. Accordingly, we designed a 5-year plan that will allow us to evolve and mature our governance model by strengthening functions and roles at different levels across the organization. Thus, we will improve our practices related to the Board of Directors' oversight of climate change-related risks and opportunities, as well as enhance senior management's responsibilities in the assessment and management of climate change-related risks and opportunities.

⁸⁵ ERM: Enterprise Risk Management.



► COMMITTEES

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

We established the Sustainability Committee in 2019, as the unit entrusted with proposing and reviewing current and future sustainability policies, guidelines, and procedures, ensuring compliance with international standards and voluntary agreements⁸⁶, which were submitted to the Board of Directors for approval. It was also responsible for monitoring progress on this front.

Simultaneously, the Corporate Governance Committee’s functions included approving the annual report, analyzing potential candidates for the Board of Directors, monitoring the performance of its members, and establishing a remuneration policy for the Board of Directors and Senior Management. It was also charged with providing shareholders and the overall market with access to the Bank’s corporate governance information.

In 2021, the Board of Directors consolidated the Corporate Governance and the Sustainability committees into a single committee, under a comprehensive ESG business perspective.

- **Duties of the Corporate Governance and Sustainability Committee**

It supports the Board of Directors and its efforts to oversee, review, and implement policies, guidelines, and procedures related to good corporate governance practices and sustainability standards, in accordance with national⁸⁷ and international⁸⁸ measures and standards, as well as voluntary agreements to be submitted to the Board of Directors for approval.

The committee is composed of 5 permanent members: a member of the Board of Directors, the President of the Bank, the Executive Vice President of Risk, the Executive Vice President of Retail and Market Banking, and the Legal Vice President. The Vice President of Credit Risk and the Director of Sustainability are permanent guests of this committee, which meets on a quarterly basis.

CORPORATE RISK COMMITTEE

It supports the Board of Directors and oversees the operation of the Enterprise Risk Management System (ERM) established for the Bank and its subsidiaries. It is composed of 3 members of the Board of Directors and meets 4 times a year or whenever one of its members deems it convenient.

- **Duties of the Committee related to climate change**

Evaluate the harmonious functioning of the risk systems, ensure that the levels are maintained within the established risk appetite, and strengthen the risk management culture across the Bank. In relation to climate change risk, the committee follows up on the administration and management of climate risks for the scopes outlined, the improvements of the process and the definition and adjustment of the corresponding appetite.



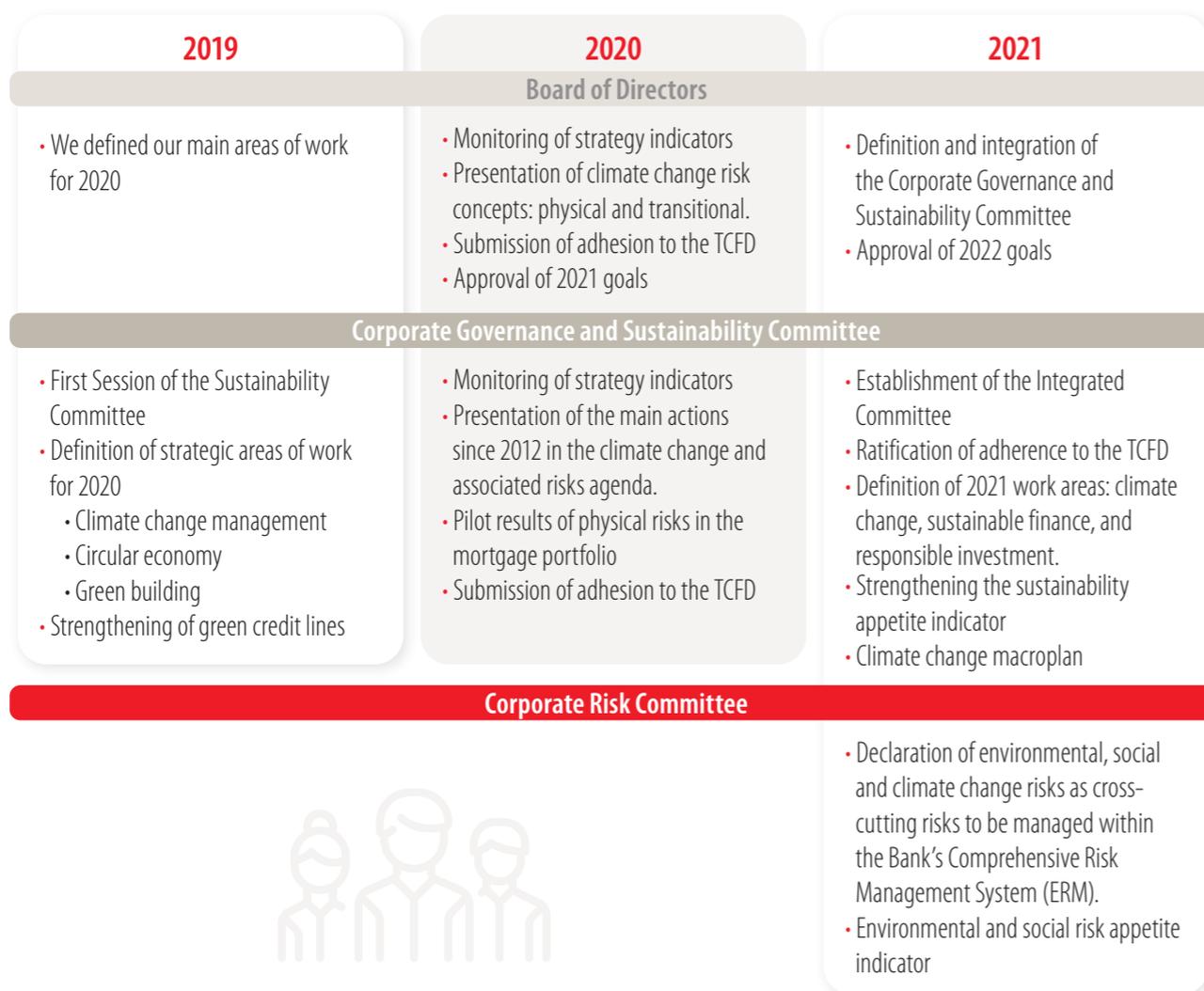
⁸⁶ Those in which both parties, i.e. the competent entity and the organization, voluntarily bind themselves to meet common sustainability objectives.

⁸⁷ Code of Best Corporate Practices - Código País.

⁸⁸ Dow Jones Sustainability Index.



► MAIN MILESTONES



The areas responsible for climate change management actively participate in spaces facilitated by the government and related associations, as well as in the processes to establish regulations, changes, and new guidelines to ensure compliance and the incorporation of processes and reports. This commitment was reinforced by the Bank's senior management by issuing guidelines to advance in the identification of risks and opportunities related to climate change and to embed this perspective into the business model. Furthermore, senior management has incentivized the salesforce to enhance their performance in terms of managing and mobilizing resources towards this end, and in terms of raising awareness among our customers.

In 2021, with the leadership of the Financial Superintendence of Colombia (SFC) and the Colombian Banking Association (Asobancaria), the financial sector was able to harmonize methodologies aimed at strengthening climate strategies. This included the identification of eligibility criteria for projects yielding environmental benefits and contributing to climate change mitigation and adaptation, based on the Green Taxonomy.

We were actively involved in Colombia's Green Taxonomy test, led by the Financial Superintendence of Colombia and the Colombian Banking Association, sponsored by technical cooperation resources from the European Union. As part of this test, we proposed a classification of prioritized activities in construction (C1 - Construction of new buildings) and transportation (T5 - Private transportation of eco-vehicles) with respect to the distribution of resources by Davivienda.

The results of this pilot test will be instrumental in building sustainability capabilities across the Colombian banking sector, considering that the analyses, lessons learned, and recommendations derived from this exercise will facilitate the alignment of the sector's portfolios with the criteria set forth in the Green Taxonomy for Colombia. This process ought to be replicated in other financial institutions nationwide.

Also in the Colombian context, the Financial Superintendence of Colombia issued Circular 031, conveying instructions regarding the disclosure of information on social and environmental issues, including climate issues. We actively participated in the review and training cycle. For its implementation, we defined with the areas involved an action plan that we must comply with by 2023, the year established for issuers in Colombia.



► POLICIES ASSOCIATED WITH CLIMATE CHANGE MANAGEMENT

The integrated management of our sustainability strategy is a function of the definition of associated policies.

- **Sustainability policy**

Defines the strategic direction in terms of sustainability, based on the higher purpose upheld by Grupo Bolivar, and grounded on 3 core principles associated with ESG: transformation, responsibility, and awareness. ([Click here](#) to see the Sustainability Policy)

- **Environmental policy**

It establishes guidelines to adequately manage and control the environmental and social impacts of our operation, our customers, and suppliers, effectively mitigating negative impacts, managing risks, and measuring KPIs. ([Click here](#) to see the Environmental and Social Policy)

- **Responsible Investment Policy**

Defines the guidelines followed by Grupo Bolivar to incorporate ESG criteria in underwriting and decision-making processes relative to issuer selection. Governs the review and control of these aspects, including climate change management. ([Click here](#) to see the Responsible Investment Policy).

- **Internal control management on climate issues**

Our Internal Audit contributes to the management of climate issues as follows:

- > Reviews fulfillment of duties and the reports related to the sustainability strategy with respect to our various different stakeholders, including reports on climate change under GRI and DJSI standards and indexes. Also, the Corporate Governance and Sustainability Committee annually reviews and reports on best practices.
- > Evaluation of the Internal Control System (ICS) of the Environmental and Social Risk Management Process. The Audit has recommended making environmental and social risk visible as part of the functions of the Corporate Risk Committee and integrating transversal elements of the organization’s risk framework, such as tolerance and appetite, as well as the interrelation with credit, legal or reputational risks, among others.



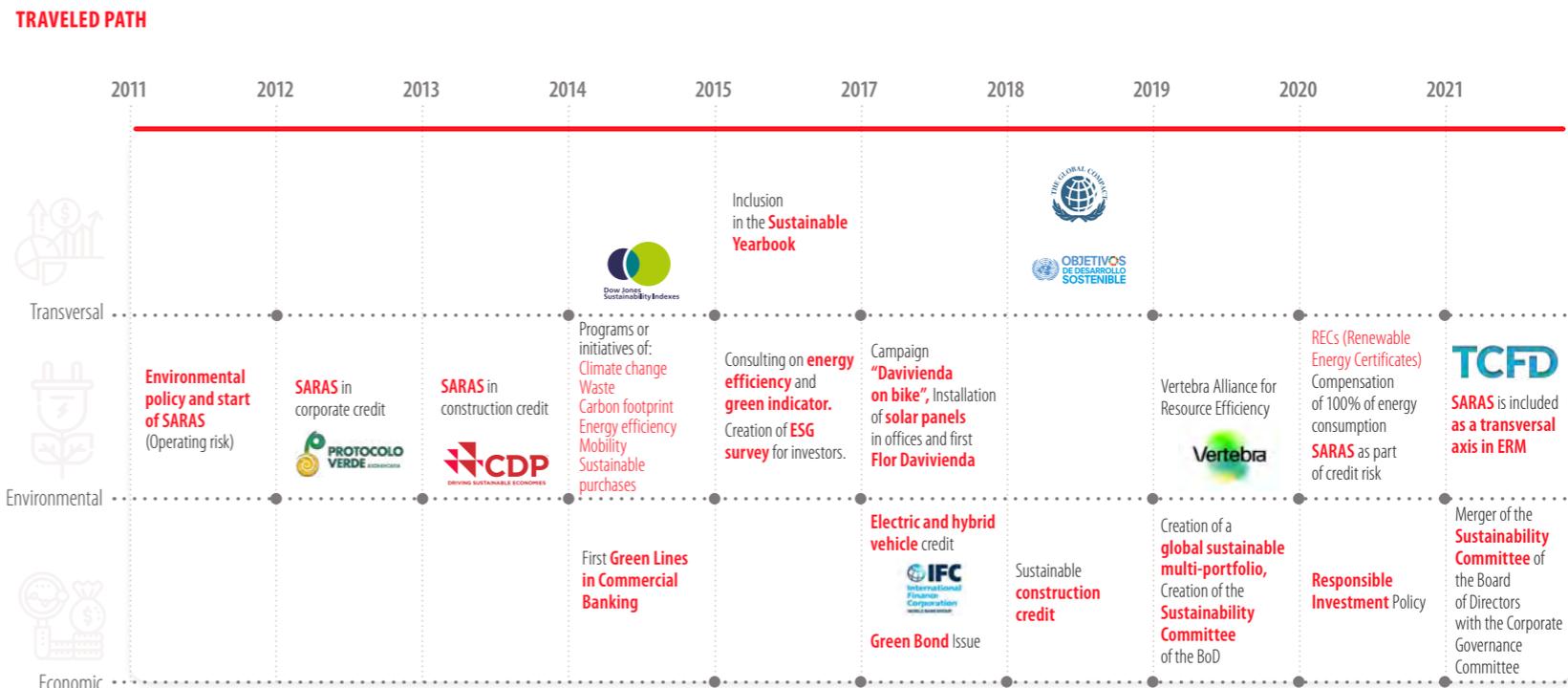
2. Strategy

Within our organizational strategy, sustainable management excels as one of the 5 corporate strategic objectives. We strive to articulate efforts and guarantee the Bank's long-term sustainability, which is directly associated with the comprehensive development of our core business and operations.

SUSTAINABLE MANAGEMENT AT DAVIVIENDA

Upon completion of the materiality analysis, we prioritized climate change as the most relevant material issue, recognizing the role we play as a financial institution towards our stakeholders. Consequently, we are working to strengthen the climate strategy through joint management with other material issues, such as sustainable finance, sustainable funding sources, eco-efficiency, and circular economy, so as to address all these matters comprehensively.

As part of our climate strategy, we have deployed actions and set forth definitions to foster initiatives towards contributing to the fulfillment of the 2030 and 2050 global goals. Find our most relevant milestones below:



We achieve positive impacts on society and the environment, beyond our operations in the countries we serve.

Grupo Bolivar has adhered to the SDGs since 2017. Davivienda, in 2021, conducted a new review, integrating the materiality analysis and the findings made by the Colombian financial sector. As a result, we prioritized 5 SDGs:



• **SDG 13 targets**



In accordance with our climate management strategy and its underlying processes, we defined our contribution to the following SDG 13 - Climate Action targets:

- > **Target 13.1:** Strengthen resilience and adaptive capacity to climate-related risks.
- > **Target 13.2:** Incorporate climate change measures into national policies and plans.
- > **Target 13.3:** Increase education and awareness on climate change.
- > **Target 13.b:** Promote mechanisms to build capabilities for effective planning and management of climate change.

CLIMATE CHANGE MANAGEMENT

Based on our Environmental Policy, international benchmarks, external commitments, and, considering training and disclosure as cross-cutting matters, we developed our climate strategy as follows:

• **Management through banking**

- > *Environmental and Social Risk Management System (SARAS)* ([Click here](#)): We assess climate change risks associated with our loan portfolio.
- > *Environmental products and programs:* We identify opportunities, finance, and promote our clients' initiatives and projects on climate change mitigation and adaptation, and we support investment initiatives.

• **Direct management of CO₂ emissions in our operations -Ecoefficiency**

- > Our strategy goal in eco-efficiency is to achieve the efficient use of natural resources and contribute to climate change mitigation through initiatives that integrate a culture of efficiency and the use of technical and technological solutions in the organization.

Similarly, by integrating the elements that identify the climate change risks and opportunities, we have found that they have the potential to generate material financial impacts, such as:

- > Increased income derived from product and service offerings
- > Decreased direct and indirect operating costs
- > Loss of income due to the impact of climate events
- > Brand positioning due to reputational risk mitigation



OUR CLIMATE STRATEGY SEEKS TO GENERATE POSITIVE ENVIRONMENTAL, SOCIAL, AND FINANCE IMPACTS FOR A BETTER FUTURE.



▶ CLIMATE CHANGE MANAGEMENT THROUGH BANKING

IDENTIFICATION OF CLIMATE CHANGE RISKS

The identification and evaluation of risks derived from climate change, whether physical or transition risks, are part of the SARAS Environmental and Social Risk Management System process. Furthermore, the Bank defines eligibility criteria for granting green credit lines in the Commercial and Retail banking businesses.

Davivienda identifies and defines climate change risks as follows:

- **Transition risks:**

Risks derived from the transition to a low-carbon economy, as a result from changes in regulations, technologies, and market trends, Davivienda has the next ones:

- > **Regulatory and legal risks:** Risks derived from policies that seek to transform production models. These affect mostly carbon-intensive industries.
- > **Technological risks:** Risks derived from the implementation of new technologies to transform production models, which may arise in experimental stages or have not been approved yet, or after the need to implement new, highly-expensive technologies.
- > **Market risks:** Tied to changes in consumer demand, due to their perception of activities or products that they consider CO₂ intensive, or due to an increase in the cost of raw materials.



- > **Reputational risk:** Associated to changing customer and social perceptions on how the organization is engaged in the transition to a low-carbon economy or to its detriment.



Transition risks identification

Transition risk type	Climate-related risks	Description of potential financial risk: customers and Bank	Timeframe		
			Short-term <4 years	Medium-term 4 to 10 years	Long-term >10 years
Regulatory or legal	Increase in greenhouse gas emissions prices	Possible financial impact to customers due to increased operating costs, higher insurance premiums, or increased investments to reduce emissions.	•		
		Increase in the Bank's lending costs due to its activity.		•	
	Increase in legal obligations due to the generation of emissions	Increased operating costs and expenses for customers.	•		
		Increased operating costs for the Bank due to the implementation of tracking and verification procedures.	•		
	Mandates and/or regulation of existing products and services	For customers, loss of asset value or depreciation before the end of their useful life (stranded assets), decrease in sales while new requirements are implemented.	•		
		Loss of value of guarantees and adjustment requirements to the Bank's balance sheet due to exposure to certain activities.	•		
Exposure to litigation	Increased costs due to potential environmental litigation for customers for non-compliance with regulations.		•		
	Possible lawsuits against the Bank for not complying with climate change regulations in the business or supply chain.		•		
Technological	Substitution of existing products and services for options that generate lower emissions (CO ₂)	Financial impact for customers due to early retirement and write-off of existing assets, need for capital expenditures.		•	
	Unsuccessful investments in new technologies	Customer spending on research and development (R&D) of new and alternative technologies.		•	
	Upfront costs for the transition to low-emission technology	For customers, upfront costs and expenses for research and development of new and alternative technologies.	•		
For the Bank, possible deterioration in the payment capacity or performance of clients with credit obligations.		•			





Transition risk type	Climate-related risks	Description of potential financial risk: customers and Bank	Timeframe		
			Short-term <4 years	Medium-term 4 to 10 years	Long-term >10 years
Market	Change in consumer behavior	For customers, reduced demand for goods and services due to changes in consumer preferences, which may lead to a decrease in sales.	•		
		For the Bank, possible deterioration in the payment capacity or performance of clients with credit obligations.	•		
	Uncertainty in market signals	Increased production costs for customers due to changes in input prices (e.g., energy and water) and output requirements (e.g., waste treatment).	•		
	Rising raw material costs	Sudden and unexpected changes in energy costs, affecting customers production processes.		•	
		The cost of energy consumed by the Bank may also be affected.		•	
	Change in income	Change in the mix and sources of revenue, resulting in a decrease in revenue for customers. For the Bank, possible deterioration in the payment capacity or performance of clients with credit obligations.		•	
Reputational	Change in prices	Loss of value of guarantees and adjustment requirements to the Bank's balance sheet due to exposure in activities.		•	
		Reduced customer profits due to decreased demand for goods and/or services.	•		
	Change in consumer preferences	Loss of clients for the Bank because it is considered to be financing projects or activities that are harmful to the environment.	•		
		Reduced customer profits due to reduced production capacity (e.g., supply chain disruptions).	•		
	Stigmatization of the industry	Deterioration of the Bank's positive image due to possible lack of commitment when financing projects or activities that affect the environment.	•		
		For clients and the Bank, reduced profits due to the negative impacts of required staff management and planning (e.g., attraction and retention of employees).	•		
Investment exclusions	Reduced availability of capital for customers. Decrease in interest to invest in the Bank.	•			



• **Physical Risks**

Risks generated by climate events, which may result in losses and damage to productive industries, infrastructure, assets, and communities. These are divided into:

- > **Acute risks:** Extreme events.
- > **Chronic (or incremental) risks:** long-term and gradual changes stemming from climate trends.



Physical risks identification

Type	Risk description	Description of potential financial risk: customers and Bank	Short-term <4 years	Medium-term 4 to 10 years	Long-term >10 years
Acute risks	Increase in the severity or frequency of extreme climate events (heat waves, torrential rains, hurricanes, etc.) that may cause adverse events, such as floods, landslides, or forest fires, among others.	Impairment or interruption of the operation or income from customers' activities.	•		
		Loss due to damage to the Bank's and customers' facilities and assets.	•		
		Deterioration or damage to collateral backing the loans, such as real estate.	•		
		Increased underwriting costs for clients and the Bank.	•		
	Business continuity disturbances due to events such as floods or hurricanes	Increased operating costs and loss of income due to interruptions in the Bank's operations.	•		
Chronic risks	Changes in precipitation patterns	Reduced revenues and higher costs of customers' productive activities.		•	
		Increase in operating costs of productive activities (such as crops and livestock) of customers due to soil degradation, depletion of water resources, droughts, forest fires, death of livestock, among others.		•	
	Temperature increase	Loss of value of client assets that have been pledged as collateral in areas of water scarcity.		•	
		Decrease in revenues from hydroelectric power generation customers		•	
	Regional displacement of people and economic activities.		•		
Sea level rise	Impairment of the Bank's credit guarantees.		•		



Based on the identification and management of climate change risks, both physical and transitional, as part of our risk management approach, we have defined policies that must be embedded into our business strategy and decision-making processes across the board, so as to prepare ourselves in the event of potential emerging risks, as well as to seize opportunities.

IDENTIFICATION OF OPPORTUNITIES

- Environmental Products and Programs - Green Credit Lines**

By integrating climate change into our strategy, we are able to boost new business, increase revenues, create and offer new products and services, mitigate emissions in financed productive activities, and enhance our reputation, as we become a driving force towards climate change adaptation and mitigation.

Consequently, the goal we have set out to achieve by 2030 is that our sustainable portfolio (environmental and social) ought to account for 30% of our overall portfolio. The following are products and services geared towards developing projects, acquiring assets, and conducting activities that yield environmental benefits, in line with climate change mitigation and adaptation. These criteria govern our offer of green credit lines for our corporate and retail banking clients:

Green credit offer criteria

Eligibility Criteria	Description	Short-term opportunity
Renewable energy	Generation or productive use of electricity, heat, cooling and any other form of energy from renewable resources: solar, wind, hydro (SHP), biomass, geothermal and tidal	•
	Manufacturers and suppliers of equipment or products for renewable energy projects.	
Energy efficiency	Acquisition, replacement, redesign and/or renewal of equipment or systems, or contract of services and/or products in order to reduce energy consumption in each service unit.	•
	Manufacturers and suppliers of equipment and/or products for energy efficiency projects.	
	Clean transportation, modernization and/or replacement of vehicles. Electric and hybrid vehicles.	
Cleaner production	Water efficiency: Investment that materially reduces water use per unit of production.	•
	Emissions reduction: Investment that reduces emissions through best practices. Waste management: Facilities for collection, sorting and recovery of materials, recycling and composting.	
Sustainable infrastructure	Construction, repair, improvement, expansion, equipment, operation and/or maintenance of infrastructure for public services, urban development, city projects and sustainable transportation.	•
Sustainable construction, green buildings - green mortgages	Projects that meet green building standards or equivalent, with certifications such as EDGE, LEED, BREEAM or CASA Colombia.	•

We define as a goal for 2030 to have a share of the sustainable portfolio (environmental and social) equivalent to 30% of our total portfolio.



From the point of view of identifying the opportunities arising from climate change, the following has been defined:

- > Follow up on existing green credit lines, their performance and growth
- > Tracking new mitigation and adaptation trends and activities, as well as the emergence of new taxonomies that allow us to complement and update our green credit offering, as well as other products and services for our clients
- > Analyze trends around methodologies, benchmarks, best practices, and metrics associated with climate issues
- > Embed eco-efficiency activities and initiatives into internal operations, enabling us to reduce costs (e.g. energy) and use NCRE (non-conventional renewable energy sources)

We also leverage incentives to business units. These are indicators for commercial managers who advise and assist clients who benefit from loans to develop projects that yield environmental benefits, such as renewable energy, energy efficiency, cleaner production, or sustainable infrastructure.

These definitions allowed us to work in conjunction with each business line and establish budgets and goals for short-term green financing credit lines. We are also strengthening our capabilities to identify our medium- and long-term goals. By 2022, we added sustainable finance goals to the performance bonus dashboard to define performance-based variable compensations.

In an effort to seize opportunities, faithful to our commitment to deliver value, we maintain and manage resources from multilateral banks to finance projects that yield social and environmental benefits. These resources have allowed us to create strategies that support projects to mitigate the impacts and effects of climate change in Colombia.

The use of these funds also generated added value, contributing to the strengthening of skills, knowledge, and the identification of opportunities.

Resources obtained to finance projects with environmental benefit

(Figures in USD million)

	2017	2019	2020	TOTAL
	150	335	370	885
IFC	150 Green Bond	335 Women-led SMEs, VIS, Green Portfolio	100 Women-led SMEs, VIS, Sustainable projects	585
BID			220 SMEs led by women, SMEs, women-owned VIS, Green portfolio	220
OFID			50 Women-led SMEs, VIS, Green buildings	50

Our responsible investment policy (<https://sostenibilidad.davivienda.com/en/>) recognizes that the environmental and social dimensions are fundamental. Therefore, as part of our processes to assess and set investment limits to issuers in the financial and real sectors, both local and international, we integrate environmental, social and governance (ESG) aspects, including climate change considerations.

Accordingly, our decisions to invest financial resources, whether our own or managed for third parties, include these concepts. Likewise, we conduct similar evaluations for marketable assets, and we report on the results to our clients for decision-making purposes.

Aligned with the commitment to generate value, we maintain and manage resources from multilateral banks to finance projects with social and environmental benefits.



► DIRECT MANAGEMENT OF CO₂ EMISSIONS ACROSS OUR OPERATIONS - ECO EFFICIENCY

The efforts that are included within our concept of eco-efficiency, are a set of programs and initiatives in the Bank’s direct operations that promote the efficient use of natural resources.

Across our direct operations, we manage climate change by integrating a culture of efficiency and technological solutions to the organization; for example, the measurement and reporting of our carbon footprint, the use of non-conventional renewable energy sources, the energy and water efficiency program, waste management, sustainable construction, and the identification of circular economy strategies.

To develop these programs, we established investment strategies, goal alignment, management and non-monetary incentives linked to the strengthening of culture, knowledge acquisition, and adoption of practices beyond the workplace.

To strengthen our sustainability culture in Colombia, we reward employees who participate in the “Environmental Leaders and Managers” program, who, in addition to receiving training to conduct an energy audit in their homes, are certified by the World Energy⁸⁹ and by Vértebra, a Colombian company. This initiative recognizes the best saving practices implemented by our leaders in their workplaces and homes.

Ongoing projects and initiatives to strengthen our strategy

Project	Consulting	Target
Strengthening of the green portfolio and identification of a TCFD work plan	IDB Invest Consulting, green lines and TCFD	<ol style="list-style-type: none"> 1. Support Davivienda to adhere to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The initial deliverable of this project is precisely this TCFD Report, along with the definition of the work plan to bridge the gaps over the next 5 years. 2. Support Davivienda Colombia in the generation of more green financial operations 3. Improve the system for identifying and monitoring the green portfolio.
Taxonomy harmonization in Colombia	Implementation of Green Taxonomy in Colombia <ul style="list-style-type: none"> • Test commercial bank • Metrix Finanzas 	Test the implementation of the Green Taxonomy in Colombia for 2 of the Bank’s existing green lines, identifying current status, gaps, and action plan.
Comprehensive eco-efficiency strategy	IFC Consulting	Establish an Operational Eco-efficiency Strategy, as well as the Supplier Development and Sustainability strategy 2021-2030 from 3 perspectives: suppliers, operational eco-efficiency, and Circular Economy. <p>New projects:</p> <ul style="list-style-type: none"> • 2023: Automation of office spaces • Lighting of common areas • Environmental leaders families <p>Project continuity:</p> <ul style="list-style-type: none"> • Continued Verterbra 2021-2024 • Purchase of 100% renewable energy consumption certification through REC⁹⁰. • Renovation of air conditioners

IN OUR DIRECT OPERATION WE INCLUDE CLIMATE CHANGE MANAGEMENT THROUGH THE INTEGRATION OF A CULTURE OF EFFICIENCY AND THE USE OF TECHNICAL AND TECHNOLOGICAL SOLUTIONS.

⁸⁹ Organization endorsed by the UN.

⁹⁰ REC: Renewable Energy Certificate.



One of our objectives in the Strategy is to strengthen and encourage the knowledge and management of Senior Management and the entire organization in climate matters within the framework of our culture of sustainability.

A key objective of our sustainability culture is to create a specific program for this purpose. A milestone achieved was to provide special training, within the framework of the Green Banking – Renac program in 2019, for a team of Senior Management employees, including the Bank’s President and Vice Presidents, who are directly involved in managing and identifying climate change risks, as well as in finding opportunities in renewable energies.

It is also essential to integrate the technical language associated with climate change, embedding it into our Enterprise Risk Management (ERM) system, highlighting present and future actions that will enable us to mobilize:

- > Business decision making
- > Focus on financial and human resources
- > Investment decisions
- > Strategic risk management
- > New business opportunities



3. Risk management

The objective of our Enterprise Risk Management (ERM) system is to achieve our strategic objectives by managing risks in a way in which the business is able to grow and leverage opportunities, integrating long-term objectives, operations management, and internal controls.

The macro processes and business lines that are most relevant to the strategy, or that generate the greatest risk exposures, must be supported by specialized risk areas responsible for determining the effectiveness of risk management. This joint analysis of strategy, business units, and implicit risks shows that each unit has different risk dimensions and operational complexities.

Therefore, each business cycle has different dimensions, which are managed by specialized teams through risk verticals, whose function is to comprehensively assess strategic, technical, and operational risks. Simultaneously, the transversal risk teams are in charge of assessing common risks, regardless of their origin, across the board.



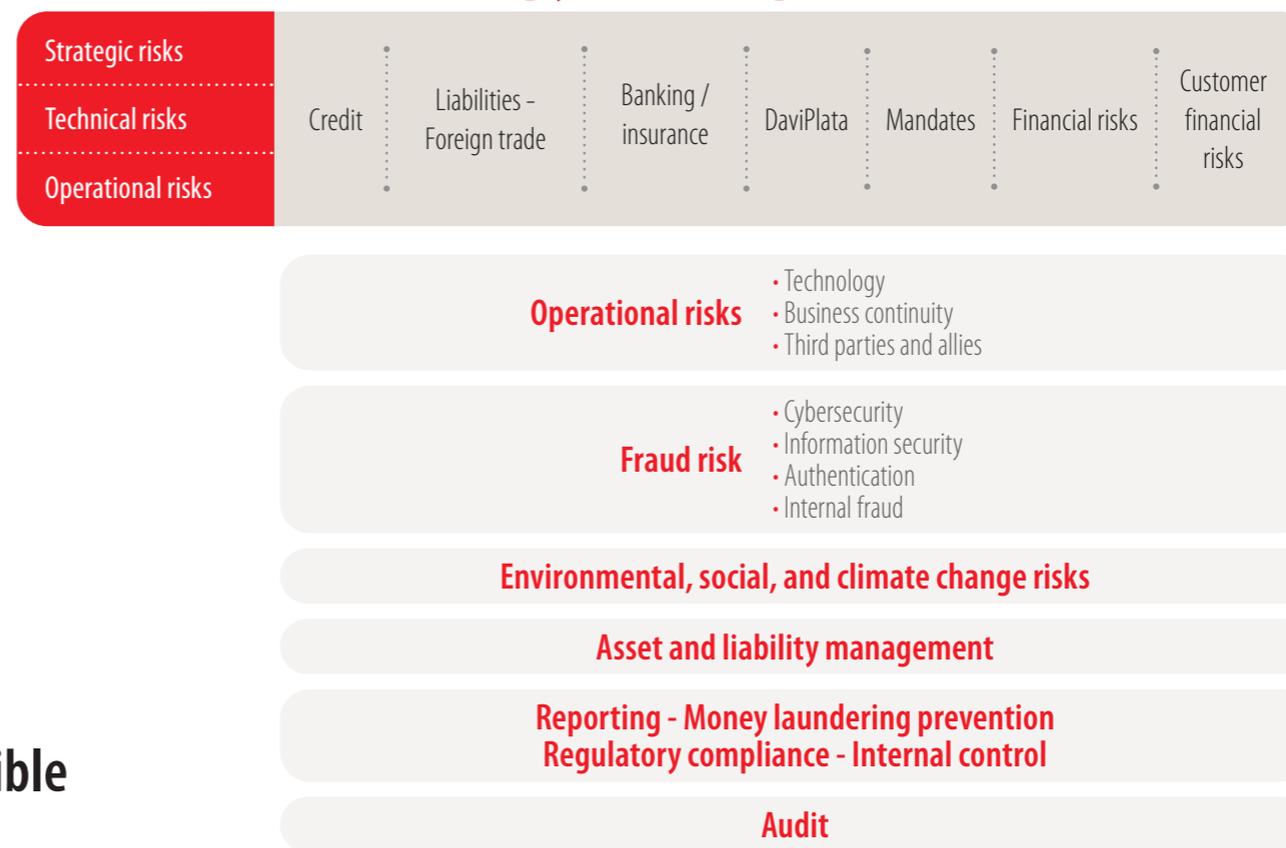
The most relevant macro-processes and lines of business in the strategy, or those that generate the greatest risk exposures, must be accompanied by the risk areas responsible for determining the effectiveness of this management.

General Framework

ERM

Higher Purpose
Enriching life with integrity

Strategy management



Since 2021, we have incorporated climate change risk into our general risk management framework, together with the Environmental and Social Risk management practice established in 2011, with the purpose of integrating it into each of the main verticals. The first diagnostics and quantification exercises of our exposure to climate risks: physical and transition risks were carried out with the credit vertical.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (SARAS)

Since its inception in 2011, SARAS has included policies and procedures for loan underwriting and assessment in the corporate, construction, business, and leasing segments, as well as in the evaluation of investment decisions and in the management of strategic suppliers. The methodology for environmental and social risk assessment is based on IFC standards, performance norms, and the exclusion list.

Taking into account the affinity of the topics, we established that climate change risk management would be developed within the SARAS framework, using tools already tested in the management system and test exercises to broaden the scope of the evaluation of these risks, initially in the loan portfolio.

With respect to climate change management, SARAS’s functions include administering and managing the climate risks of the different banks, alerting senior management to relevant risks, and identifying green business opportunities associated with climate change mitigation and adaptation. It is also responsible for validating compliance with eligibility criteria for projects that yield environmental benefits, and training and raising awareness of environmental, social and climate change risks.



SINCE 2021, WE INCORPORATED THE RISK OF CLIMATE CHANGE TRANSVERSALLY INTO OUR GENERAL RISK MANAGEMENT FRAMEWORK.





PROGRESS IN CLIMATE CHANGE RISK MANAGEMENT

Some of our milestones in climate change risk management include:

2018

- > We participated in the Natural Capital pilot project carried out by the Natural Capital Finance Alliance (NCFA), a partnership between UNEP FI and the Global Canopy Programme (GCP), financed by the Swiss Embassy. This allowed us to analyze the dependencies of ecosystem services of financed activities and climate situations existing in the regions, considering temperatures, rainfall and soil and water quality, among others.

2019

- > We included the identification of the flood and landslide threat level in environmental and social risk evaluations of loan applications made by our clients in the Business and Construction segments. Threat information was provided by Seguros Bolívar (insurance company), leveraging the synergies existing between the companies of Grupo Empresarial Bolívar.

2020

- > We developed a pilot test to identify current physical risks associated with the overall mortgage loan portfolio, classifying loans by flood and landslide threat levels.

- > We analyzed and prioritized threats and physical climate variables associated with our various loan portfolios.
- > We reviewed and analyzed to obtain a primary understanding of future climate change scenarios in Colombia.
- > We identified regulations related to climate change that may lead to adjustments in productive sectors generating the most CO₂ emissions, identifying transition risk.
- > We committed to integrating TCFD recommendations into our management model, joining a group of leading companies committed to taking action on climate change and considering how it may impact business.
- > We participated in the Green Banking - Renac program, obtaining special training for a team of senior management personnel directly involved in the management and identification of risks associated with climate change and renewable energy opportunities.

SARAS DUTIES INCLUDE MANAGING THE CLIMATE RISKS OF THE DIFFERENT BANKS, ALERTING SENIOR MANAGEMENT OF RELEVANT RISKS, AND IDENTIFYING GREEN BUSINESS OPPORTUNITIES ASSOCIATED WITH MITIGATION AND ADAPTATION TO CLIMATE CHANGE.



- > Through our sustainability culture program “Good things multiply”, we raised awareness among our employees and trained them on the efficient use and importance of water, energy and biodiversity, as well as the importance of waste management.

2021

- > We geo-referenced loans in the prioritized mortgage and construction loan portfolios.
- > We increased the scope of the pilot test run to identify current physical risks by flood and landslide hazard levels, including other types of loans.
- > For prospective analysis, we researched, integrated, and compiled data, such as data on climate variables, average temperature and precipitation in future climate change scenarios for Colombia.
- > By using heat maps, we identify segments with high CO2 emissions, to prioritize and visualize transition risks.
- > Within the framework of our environmental risk appetite, we defined a threshold for recognizing exposure to the main carbon-intensive sectors as a proportion of our loan portfolio, which led us to identify clients in these sectors and to support them as they transition to a low-carbon economy.

Our approach has allowed us to advance in the understanding of climate change risks, despite the high degree of uncertainty. Our challenge is to continue researching, running exercises, and incorporating alternative insights, enabling us to compare, understand, and define work plans focused on overcoming limitations, improving, and optimizing procedures.

In this context, the databases, procedures, and tools developed up to the date of this report allow us to describe the methodologies followed for the identification, assessment, and management of physical and transitional risks derived from climate change, in accordance with the definitions of these risks described in the strategy chapter (*see risk definition table*).

METHODOLOGY

Methodology in relation to physical and transitional climate hazards

Stage	Description
Identification	Collection and consolidation of information to identify risk exposure within the defined scope.
Evaluation	Classification and evaluation of exposure to high, medium, and low risks.
Mitigation	Policies and procedures aimed at reducing the impact and probability of occurrence of risks.
Monitoring	Monitoring and benchmarking for policies and limits in risk management.
Report	Periodic risk status reports.

We have focused our efforts on identifying and assessing our exposure to climate change risk in order to address, in the coming years, the mitigation and monitoring stages.

From the perspective of managing risks related to climate change, we have identified our exposure to physical risks, based on the threat of events that may deteriorate the infrastructure underlying the activities or projects financed to our clients. As for transition risks, we consider them based on their share in our overall loan portfolio, focusing on the industries with the highest intensity of CO2 emissions.

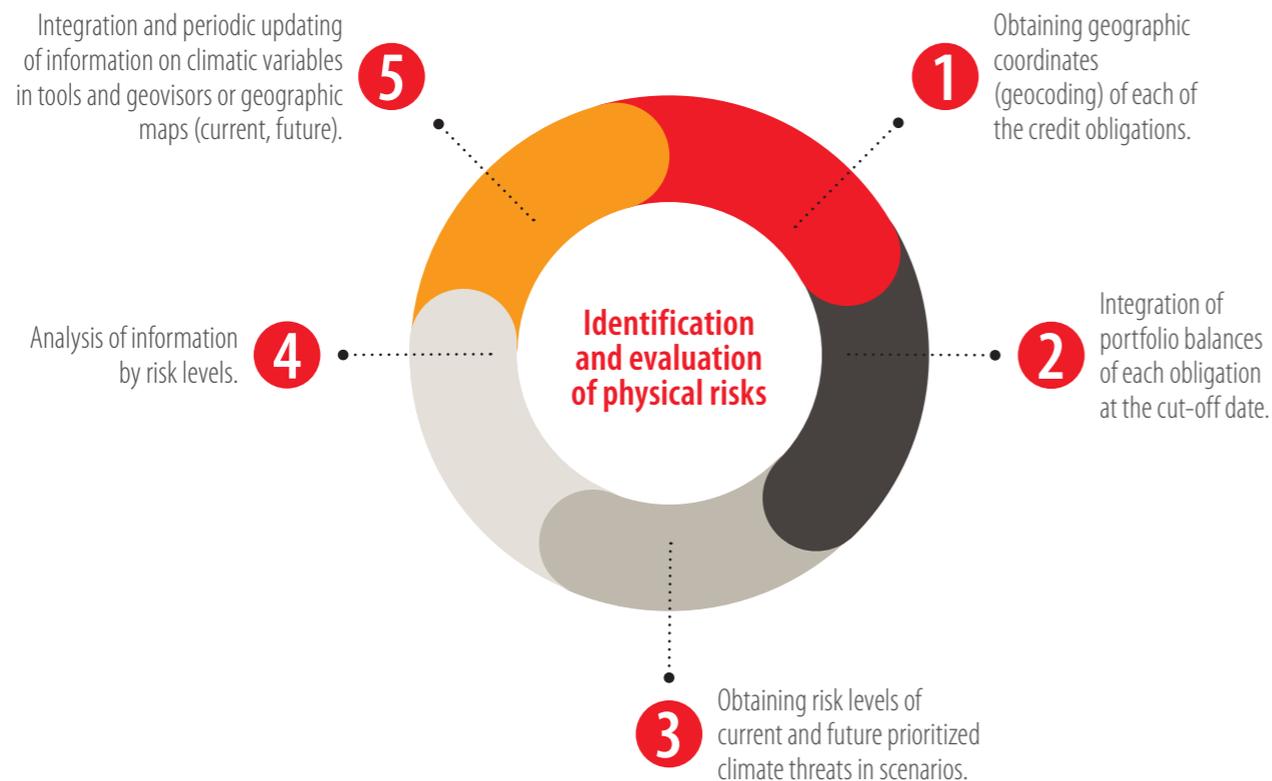


We have focused on the identification and evaluation of our exposure to climate change risk to address, in the following years, the mitigation and monitoring stages.



PHYSICAL RISK

In physical risk management, based on the pilot tests conducted, we defined and implemented the following procedures to support the risk identification and assessment stages:



THE IDENTIFICATION OF PHYSICAL HAZARDS INCLUDES CONSULTATION IN GEOGRAPHY TOOLS AND THE IDENTIFICATION OF BACKGROUND EVENTS SUCH AS FLOODS, MASS REMOVAL AND DROUGHT.

Scope of physical risk identification and assessment process:

Current	<ul style="list-style-type: none"> Individual loan applications tied to sensitive projects or activities This information is considered by the Credit Approval Committee. For current loan portfolios, based on the massive cross-referencing of obligations with geographic maps.
Future	<ul style="list-style-type: none"> To integrate analysis variables, based on a forward-looking perspective, into outstanding loan obligations.

Results in loan portfolio

We assessed loan applications, under our environmental and social risk methodology, in order to establish the risks. The analysis included queries to geographic tools and the identification of historic climate events, such as floods, droughts, and landslides.

In 2021, we assessed 307 loan applications tied to projects within our corporate, business and construction segments, equivalent to 23% of the commercial portfolio. In terms of our consolidated results, we identified that, with respect to the flood threat, 99.7% of the applications evaluated were at medium and low levels, and, for the mass removal threat, 99.6% were at medium and low levels due to susceptibility to these conditions.



Additionally, we conducted a pilot test analysis of the current flood and landslide hazard variables for the mortgage and construction portfolios. This consisted of obtaining the geographic coordinates of the client's main address for each loan within this portfolio, to then associate the level of flood or mass removal threat to each loan. We are currently analyzing and calibrating the results in order to incorporate them into our decision-making.

• **Pilot test aimed at analyzing different scenarios**

Scenario analysis allows us to rely on a forward-looking vision, consistent with an increase in climate-related physical risks, and to evaluate the financial implications of different assumptions, so as to inform strategic decision-making, foreseeing actions aimed at defining policies, criteria, and financial planning.

By using our existing databases and maps on current physical flood and landslide hazards, we identified the opportunity to use these insights through a pilot test exercise to integrate the data into future scenarios. Consequently, in Colombia, we analyzed the base information of the document "Third National Communication on Climate Change", published by Ideam⁹¹, with the purpose of studying the adequacy of including it in the analysis of future climate scenarios.

That document published an average map built from data on climate behavior in different possible future climate pathways or trajectories, which are called "Representative Concentration Pathways" (RCP⁹²), classified as follows:

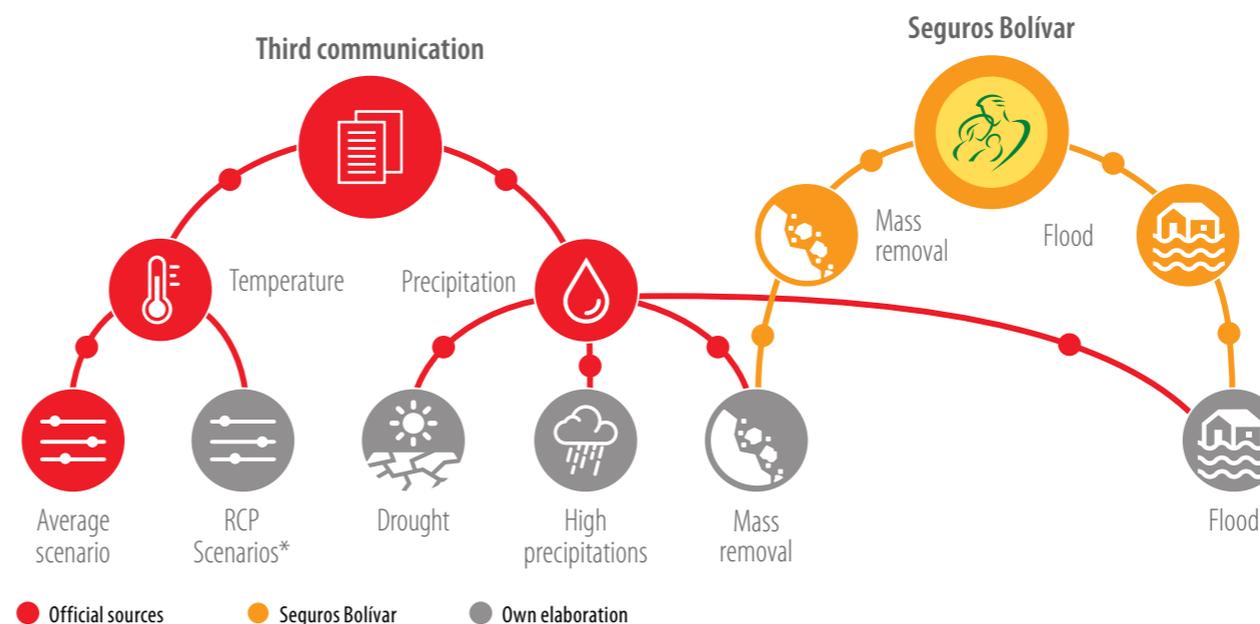
- > RCP2.6: 2-degree warming
- > RCP4.5: warming less than 2 degrees
- > RCP6.0: warming that may exceed 2 degrees
- > RCP8.5: warming up to 4 degrees

In turn, these possible paths are estimated for the 2011-2040, 2041-2070, and 2071-2100 periods.

These insights were possible thanks to the synergy between Davivienda and Seguros Bolívar. Subsequently, we integrated the data to build flood and landslide hazard layers for each of the aforementioned time periods, creating new maps for the analysis of geographic information that we will later cross-reference with portfolio balances.

The analysis of scenarios allows us to have a prospective vision consistent with increasing climate-related physical risks and assess the financial implications of different assumptions.

Integration of climate change scenarios



⁹¹ Ideam: Institute of Hydrology, Meteorology and Environmental Studies, in Colombia.
⁹² RCP: Representative Concentration Pathways.



These exploratory exercises have allowed us to obtain findings for consultation and discussion with internal experts in the areas of credit, risk, and business lines, thereby strengthening analyses to incorporate them into the different risk management systems in the following years.

• **Other alternative exercises**

At the end of 2021, we started an alternate pilot exercise with information from the *Worldclim.org* website, where the results of the models used for the climate change maps in each of the RCPs (different carbon dioxide or CO₂ concentration pathways) are published: RCP 2.6, RCP 4.5, RCP6.0, RCP8.5, for the time periods 2021-2040, 2041-2060, 2061-2080 and 2081-2100.

Taking into account that WorldClim has worldwide information, we believe that with this information we can generate layers of analysis for Colombia and the other countries where the Bank operates in Central America and the United States.

In 2022, we will focus on using this information to compare the preliminary results with the other exercises conducted, and to advance in the development of the most successful management model for these processes.

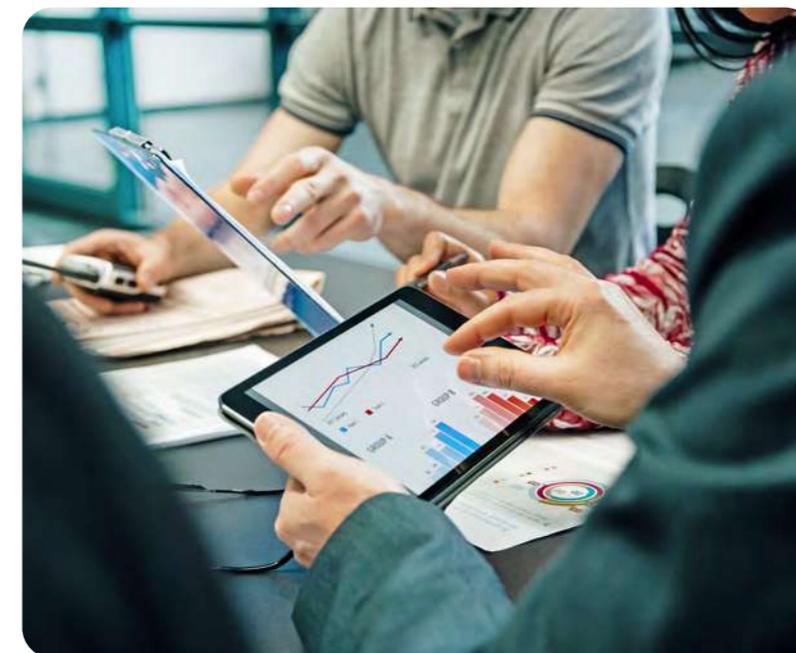
TRANSITION RISKS

Regarding transition risks derived from climate change, in accordance with the identification and definitions presented in the Strategy chapter, we conducted a pilot test to classify our commercial banking portfolio by economic industries and prioritizing based on the following variables:

1. Materiality according to share in the portfolio.
2. Industry prioritized and recommended by TCFD

3. Sensitivity to changes in regulations: we use Sectoral Mitigation Plans as reference. These are a set of actions, programs, and policies aimed at reducing greenhouse gas (GHG) emissions, from a baseline of projected emissions in the short, medium, and long term.
4. Consideration of existing regulations: we consolidated Colombian regulations related to climate change by industry, identifying restrictions or new requirements, as well as the set of ancillary public policies.
5. Sensitivity to changes in the market and technology: we include the Sectoral Mitigation Plans as references and, according to expert criteria, we qualify according to the possible changes in the industry derived from adjustments in the market and those required in technology.

Based on these results, we prioritized 11 industries to generate a heat map of the relative sensitivity of the productive sectors to transition risks: political or legal, technological, market, and reputational; the result of this assessment is presented in the chart below:



Proprietary methodology

Ranking	Industries	exposure as % of overall portfolio
Industries exposed to transition risks	Oil, Gas, Coal, Power, Energy, Iron, Steel, Plastics and Fuels	3%
Industries with medium and low sensitivity to transition risks:	Cement and Concrete, Transportation and Vehicles	3%
Other industries of the commercial, mortgage, and consumer portfolios		94%
TOTAL		100%

We will continue to identify, apply, and calibrate the methodology for climate risk management in order to strengthen the identification and measurement of climate risks and to propose mitigation and monitoring stages.



RISK APPETITE FRAMEWORK (RAF)

Our risk appetite framework considers the definitions of threshold, stakeholders, objectives, and risk metrics. Through these elements we define the top layer of the risk appetite framework, which must be articulated with specific metrics for each line of business and/or type of risk, together with the elements defined in the Bank's strategic plan. In this way, we connect the development of the organizational strategy and the search for profitability with the desired or tolerated risk levels.

Within the framework of environmental, social, and climate change risk management, we made progress in defining and proposing the environmental risk appetite, within the framework of exclusion lists and portfolio threshold, including metrics and appetite for climate change risks, as well as business growth proposals to take advantage of opportunities related to the financing of projects aimed at climate change adaptation and mitigation.

Our risk appetite framework considers the definitions of thresholds, stakeholders, objectives, and risk metrics.



4. Objectives and targets

Climate change requires commitment from governments, organizations, individuals and, in general, from all stakeholders to ensure that progress is made towards achieving the targets that will allow us to meet this ambitious global agenda. To attain significant results, it is key to establish a system based on metrics that will lead us towards the accomplishment of these objectives related to direct and indirect impacts. This system must be aligned with methodologies to evaluate and manage the risks and opportunities derived from climate change, and to assess compliance with the established targets.

This section shares advances made regarding indicators used to guide and measure our climate strategy performance, including the CO₂ emissions reports, as well as objectives and metrics used to manage risks and opportunities associated with climate change, based on the objectives and commitments related to the management of financial resources for green lines and portfolio alignment.

Davivienda monitors the results of our internal operations by measuring our carbon footprint, the use of renewable energy in our facilities, our water efficiency program, and waste management. In business-related management, by including variables for climate change risk analysis into SARAS and the financing of climate change mitigation and adaptation projects.

ECO-EFFICIENCY

Measurement of direct impacts - Eco Efficiency

Indicator	2019	2020	2021	Reduction compared to 2019
Scope 1 Emissions from consumption of refrigerant gas for air-conditioning and power plant fuels (Ton CO ₂ eq)	2,904	2,596	2,620	9.8%
Scope 2 Emissions from electric energy consumption (Ton CO ₂ eq)	7,005	4,894	4,668	33%
Scope 3 Emissions from consumption of reams of paper and air travel of employees (Ton CO ₂ eq)	1,278	345	247	80.7%
Total carbon footprint (Ton CO₂eq)	11,187	7,836	7,534	32.6%

CLIMATE CHANGE REQUIRES COMMITMENT FROM GOVERNMENTS, ORGANIZATIONS, INDIVIDUALS AND, IN GENERAL, FROM ALL STAKEHOLDERS TO ENSURE THAT PROGRESS IS MADE TOWARDS ACHIEVING THE GOALS THAT WILL ALLOW US TO MEET THIS AMBITIOUS GLOBAL AGENDA.

Goals with respect to 2019*	2022	2023
Carbon footprint reduction Scope 1	1%	2%
Carbon footprint reduction Scope 2	4%	6%
Carbon footprint reduction Scope 3	17%	20%
Carbon footprint offsetting	80%	85%

* Baseline year for this measurement.

The target defined for the year 2022 is to reduce the total carbon footprint, by 5% compared to 2019, taking into account the atypical scenario of 2019 and 2020 and once we return to work models with greater presence, the reduction will not be as big as in these two years.



• **Renewable energy**

We began operating 10 solar panel systems installed between 2020 and 2021, completing a total of 16 photovoltaic generation systems in Colombia⁹³, with a total installed capacity of 291 kWp and an increase in clean energy generation of 165% with respect to 2020: 140.3 MWh of clean energy generated for self-consumption.

Measuring direct impacts - Renewable energy

Solar power generation	Indicator	2017-2019	2020	2021	Total	Share
Solar panels on office roof, for self-consumption	Number of systems installed	6	9	1	16	Since their installation, the photovoltaic systems have generated 253 MWh of energy for self-consumption, equivalent to avoiding the emission of 57.3 tons of CO ₂ e.
	Installed power (kWp)	0	163.5	0	164	
	Energy generated (MWh)	59.3	53	140.3	253	

Goals with respect to the year 2019*	2022	2023
Clean energy generation at our sites (increase in kWh/year)	185	190

* Base year for this measurement



We are working to obtain certification of 100% renewable energy consumption through REC (Renewable Energy Certificates). Starting in 2021, we will annually offset 100% of our energy consumption through the purchase of renewable energy certificates (C-FER)⁹⁴.



⁹³ Our photovoltaic system on the island of San Andres is temporarily out of service due to damage caused by hurricane Iota. We are in the process of repairing it in order to put it back into operation as soon as possible.

⁹⁴ A renewable energy certificate (also known as a REC) is a tradable product created when an energy source is certified as renewable. By purchasing a certain number of RECs, the same amount of kilowatts consumed will be generated from renewable sources.

• **Energy efficiency**

We manage the efficient use of energy and implement actions to reduce energy consumption.

Target with respect to the year 2019*	2022	2023
Energy efficiency (consumption reduction)	4%	6%

* Base year for this measurement.

Energy efficiency actions

Investments	COP 10.1 billion
Annual savings	COP 1,509 million
Annual CO ₂	400 Ton

Water efficiency actions

Amount of investments	COP 50.9 million
Annual savings	COP 6.5 million

GREEN FINANCING

Metrics from the business

(Amounts in COP billions)

Business lines	2019	2020	2021	Goals 2022
Sustainable construction	547	672	769	
Renewable energies	26	178	19	
Energy efficiency	3	239	207	
Sustainable infrastructure	165	597	537	
Clean production	7	1	1	
Electric vehicles	24	50	106	
Green mortgages		55	99	
Green rediscount financing*	597	-	-	
TOTAL	1,369	1,794	1,739	2,403

* As of 2020, the amount of rediscounted green financing is distributed among each of the lines.



AS ONE OF OUR PRIORITY TARGETS FOR 2030, WE HAVE DEFINED THE ACHIEVEMENT OF CARBON NEUTRALITY IN OUR MANAGEMENT.



IN 2021, WE DOUBLED THE BALANCE OF OUR ELECTRIC AND HYBRID VEHICLES PORTFOLIO, GROWING BY 98% IN TERMS OF DISBURSEMENTS, REACHING A PORTFOLIO BALANCE TOTALING 104 BILLION COP.

• **Impact measurements**

Our target is to broaden the scope of these measurements to attain an overarching coverage, across our various banking segments and products. The following results were achieved in 2021:

Energy efficiency

Within our leasing line, we measured 2 outstanding solar photovoltaic projects, thus getting more companies to join these practices and contribute to the control of climate change in their respective industries.

- > **El Trapiche de San Sebastián.** Installation of 195.3 thousand kwh/year, equivalent to the reduction of 78.7 kg CO₂ or the planting of 315 trees per year.
- > **Cooperativa de Caficultores de Anserma,** Installation 123 thousand kwh/year, equivalent to the reduction of 46.7 kg of CO₂ or the planting of 187 trees per year.

Electric and hybrid vehicles

In 2021, we doubled the balance of our electric and hybrid vehicles portfolio, growing by 98% in terms of disbursements, reaching a portfolio balance totaling COP 104 billion. Consequently, emissions equivalent to approximately 302 tons of CO₂ per year have been reduced.

Green Bond

The resources of this Bond issued in 2017 have allowed us to finance mainly sustainable construction projects, on which we highlight the obtaining of the following benefits:

- > Reduction of energy consumption between 16% and 46% with respect to traditional buildings
- > Avoided emissions of approximately 10.5 thousand tons CO₂ eq per year.

We continue to advance in a comprehensive strategy that will allow us to improve metrics and achieve objectives in line with our work plan.

Once the current and historic metrics and measurements are fully set up, the challenge is to propose broader measurements with medium- and long-term objectives, both strategic and operational, that will allow us to perform in line with the challenges of the industry.



► GLOSSARY



- > **Climate change:** Refers to changes in the planet’s temperature and weather patterns over the long term. These changes have always occurred naturally, but since the 19th century human activities have been the main driver, mainly due to deforestation and the burning of fossil fuels, such as coal, oil and gas, which produce heat-trapping gasses. *(United Nations)*
- > **CDP:** Carbon Disclosure Project, a non-profit organization that manages the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. *(CDP)*
- > **Decarbonization:** Reducing the carbon share of energy consumption on a global scale. *(Robeco)*
- > **Ideam:** Institute of Hydrology, Meteorology, and Environmental Studies of Colombia. *(Ideam)*
- > **Resilience:** Capacity of a living being to adapt to a disturbing agent or an adverse state or situation. *(RAE)*
- > **Physical risk:** Arises from the physical effects of increasingly severe and frequent extreme weather and climate-related events, such as droughts, floods or hurricanes, and from progressive longer-term changes in weather patterns, such as increases in average temperature and changes in precipitation. These phenomena can cause direct damage to assets and infrastructure, disrupt supply chains or affect agricultural production, thereby reducing the value of assets and the profitability of companies. *(Green Finance for Latin America and Caribbean)*
- > **Transition risk:** Arises from processes geared towards a “carbon neutral economy” and may be driven by changes in policy, regulations, technologies, or market trends. Policy changes could be, for example, restrictions on carbon emissions, carbon pricing, or more stringent energy efficiency standards. These changes may result in the rapid repricing of a wide range of asset values through unanticipated or premature write-downs of “carbon-intensive industries”. *(Green Finance for Latin America and Caribbean)*
- > **TCFD:** Task Force on Climate-related Financial Disclosure, an international organization that makes recommendations for more effective climate-related disclosures that could promote more informed insurance underwriting, credit and investment decisions and, in turn, enable stakeholders to better understand carbon-related asset concentrations in the financial sector. *(TCFD)*



APPENDIX 2. INDEPENDENT VERIFICATION MEMORANDUM



Deloitte & Touche Ltda.
Nit. 860.005.813-4
Calle 16 Sur No. 43A-49
Pisos 4 y 9
Ed. Corficolombiana
Medellín
Colombia

Tel: +57 (604) 604 1899
www.deloitte.com/co

Independent Assurance Report on the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders of Banco Davivienda S.A.

To the Management of Banco Davivienda S.A.

Assurance report subject matter

We have been engaged by Banco Davivienda S.A. (the "Company") to perform assurance procedures to provide limited assurance on the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders in accordance with the in the provisions of the criteria section of this report, for the year ending December 31st, 2021. This assurance engagement was performed by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Criteria

The criteria used by Banco Davivienda S.A. to prepare the identified sustainability information, which is subject of the limited assurance report, were established considering the terms and conditions set forth in the GRI Standards as well as the GRI Financial Services Sector Supplement and with the modified indicators that the Administration defined as a complement to what is mentioned in the GRI and additionally, indicators defined by the Administration as its own for Colombia, which are detailed in Appendix attached.

Management's responsibility for the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders

Management is responsible for the preparation of the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders in accordance with the criteria established in the GRI Standards. Such responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a Report of the Board of Directors and the Chairman to the General Assembly of Shareholders statement that is free from material errors, whether due to fraud or error.

The Report of the Board of Directors and the Chairman to the General Assembly of Shareholders is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In the preparation of the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders, Management makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

Our independence and quality control

We have complied with the ethical and independence requirements of the Code of Professional Ethics of the Public Accountant issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte se refiere a Deloitte Touche Tohmatsu Limited, sociedad privada de responsabilidad limitada en el Reino Unido, a su red de firmas miembro y sus entidades relacionadas, cada una de ellas como una entidad legal única e independiente. Consulte www.deloitte.com para obtener más información sobre nuestra red global de firmas miembro.



Deloitte.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1), and therefore maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

Responsibility of independent assurance practitioner

Our responsibility is to express a limited assurance conclusion about the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance work in accordance with the "International Standard for Assurance Engagements, Other Than Audits or Reviews of Historical Financial Information" ISAE 3000 – Revised, issued by the International Auditing and Assurance Standards Board (IAASB). Such standard requires us to plan and conduct our work to obtain limited assurance as to whether the information in the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders is free of material error.

The procedures we conducted were based on our professional judgment and included inquiries, observation of the processes performed, inspection of documentation, analytical procedures, assessment of the adequacy of quantification methods and reporting policies, and agreement or reconciliation with the underlying records.

Given the circumstances of the engagement, we have performed the following procedures:

- a. Through inquiries, we gained an understanding of Banco Davivienda's control environment and relevant information systems but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor test their operational effectiveness.
- b. Understanding of the processes and tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.
- c. Substantive testing, based on a sample basis, of sustainability information identified by the Company, to determine the indicators subject to limited assurance and verify that the data have been adequately measured, recorded, collected, and reported through:
 - i. Inspection of policies and procedures established by the Company.
 - ii. Inspection of supporting documentation of internal and external sources.
 - iii. Recalculation
 - iv. Comparison of the contents presented by Management with what is established in the criteria section of this report.

Appendix details the sustainability performance standards and indicators included in the scope of our work.

Our limited assurance engagement was made only with respect to the sustainability performance disclosures included in the tables above, for the year ended December 31st, 2021; and we have not performed any procedures with respect to previous years, projections and future targets, or any other items included in the Report of the Board of Directors and the Chairman to the General Assembly of Shareholders for the year ended December 31st, 2021 and therefore do not express a conclusion thereon.

Deloitte.

A limited assurance engagement involves evaluating the appropriateness, in the circumstances, of the Company's use of the criteria as a basis for the preparation of the sustainability information report; assessing the risks of material errors in sustainability reporting due to fraud or error; responding to risks assessed as necessary in the circumstances; and evaluating the overall presentation of sustainability information report information. The scope of limited assurance engagement is substantially less than that of reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to the risks assessed. Therefore, we do not express a reasonable assurance conclusion as to whether the information in the Company's sustainability information report has been prepared in all material respects, in accordance with the criteria of the provisions of the criteria section of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the work we have done, the procedures we have performed and the evidence we have obtained, nothing has come to our attention that would lead us to believe that the sustainability performance standards and indicators for the year ended December 31st 2021, have not complied in all material respects, as established in the criteria section of this report.

Restriction of use

Our report is issued solely for the purpose set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability information identified and does not extend to any other financial and non-financial information included in Banco Davivienda S.A.'s Report of the Board of Directors and the Chairman to the General Assembly of Shareholders for the year ended December 31st 2021, nor to its financial statements, taken as a whole.

JORGE ENRIQUE MÚNERA D
Partner
Medellin, 17th of March 2022



APPENDIX

Below are the GRI Standards, the GRI Financial Services Sector Supplement Standards, the GRI Standards with complementary guidelines established by the Administration and additionally, indicators defined by the Administration as its own.

These evaluation criteria are an integral part of our independent limited assurance report on the Report of the Board of Directors and the President to the General Assembly of Shareholders of Banco Davivienda S.A. for the year ended December 31st, 2021.

GRI Standards	Description
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken.
GRI 306-3 (2020)	Waste generated.

Financial Services Sector Supplement	Description
GRI FS14 (2016)	Initiatives to improve access to financial services for disadvantaged people.
GRI FS8 (2016)	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

Modified GRI Standards	Description
GRI 302-1 (2016)	Energy consumption within the organization. a. Energy consumption outside the organization, in joules or multiples, without considering solar energy.
GRI 302-4 (2016)	Reductions in energy consumption. a. Reduction in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
GRI 303-5 (2018)	Water consumption a. Total water consumption (in cubic meters) of all zones.
GRI 305-1 (2016)	CO ₂ emissions scope 1. a. The gross value of direct GHG emissions (scope 1) in metric tons of CO ₂ equivalent. b. The gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ , NF ₃ or all.
GRI 305-2 (2016)	CO ₂ emissions scope 2. a. The gross value of direct GHG emissions (scope 2) in metric tons of CO ₂ equivalent. b. The gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ , NF ₃ or all.
GRI 305-3 (2016)	CO ₂ emissions scope 3. a. The gross value of direct GHG emissions (scope 3) in metric tons of CO ₂ equivalent.

	b. The gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ , NF ₃ or all.
GRI 305-5 (2016)	Reduction of GHG emissions. a. The reduction of GHG emissions as a direct consequence of the reduction initiatives in metric tons of CO ₂ equivalent. b. The gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ , NF ₃ or all.
GRI 306-4 (2020)	Waste diverted from disposal. a. Total weight of waste not destined for disposal in metric tons.
GRI 306-5 (2020)	Waste destined for disposal. a. Broken down weight of the waste destined for disposal based on the composition of the waste. b. Broken down weight of hazardous waste based on: i. incineration (with energy recovery); ii. incineration (without energy recovery); iii. transfer to a landfill; iv. other removal operations. c. Broken down weight of non-hazardous waste based on: i. incineration (with energy recovery); ii. incineration (without energy recovery); iii. transfer to a landfill; iv. other removal operations. d. For each disposal operation included in Contents 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous and non-hazardous waste not destined for disposal: i. on site; ii. off premises. e. Contextual information necessary to understand the data and how it is collected.
GRI 403-9 (2018)	Work accident injuries a. For all employees: i. The number and rate of fatalities resulting from a workplace accident injury. ii. The number of recordable work accident injuries.
GRI 405-1 (2016)	Diversity of governance bodies and employees. a. The percentage of women in the governing bodies of the organization b. The percentage of female employees by job category for each of the following diversity categories: i. age group: under 30 years old, between 30 and 50 years old, over 50 years old; ii. other indicators of diversity, where appropriate (such as minority groups or vulnerable groups).



Deloitte.

Own Indicators	Description
Dav.14	Measurement of paper consumption.
Dav.22	Number of interactions accessing the financial education program.
Dav.23	Investment in social development.
Dav.27	Use of funds linked to the Social Bond.

Social Bond Indicators
Amount of outstanding loan balances – Women's SMEs.
Number of outstanding loans – Women's SMEs.
Amount of loans disbursed – Women's SMEs.
Number of loans disbursed – Women's SMEs.
Number of active clients - SME Women.
Number of active clients - SMEs.
Total number of loans to SMEs Women over the total portfolio to SMEs.
Amount of outstanding loans – VIS Women.
Number of outstanding loans – VIS Women.
Amount of loans disbursed – VIS Women.
Number of loans disbursed – VIS Women.



APPENDIX 3. GRI CONTENT

GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
GRI 2: General Disclosures 2021	The organization and its reporting practices	2-1	Organizational details	Banca Davivienda S.A Bogotá - Colombia Av. El Dorado # 68C - 61		
		2-2	Entities included in the organization's sustainability reporting	About this report Pag. 3		
		2-3	Reporting period, frequency and contact point	About this report Pag. 3		
		2-4	Restatements of information	No restatements of the information have been given in this report.		
		2-5	External assurance	Memorandum of independent review - Pg. 190		
	Activities and workers	2-6	Activities, value chain and other business relationships	Appendix 5. Administrative aspects Suppliers - Pg. 204		
		2-7	Employees	Human talent Pg. 94		
		2-9	Governance structure and composition	Corporate Governance Pg. 113		
	Governance	2-10	Nomination and selection of the highest governance body	Corporate Governance Pg. 115		
		2-11	Chair of the highest governance body	Corporate Governance Pg. 115		
		2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Pg. 117		



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
	Governance	2-13	Delegation of responsibility for managing impacts	Corporate Governance Pg. 113		
		2-14	Role of the highest governance body in sustainability reporting	This report has been reviewed and approved by the Board of Directors		
		2-15	Conflicts of interest	Conflict of interest and use of privileged information manual		
		2-18	Evaluation of the performance of the highest governance body	Corporate Governance Pg. 117		
		2-19	Remuneration policies	Corporate Governance Pg. 118		
		2-20	Process to determine remuneration	Corporate Governance Pg. 118		
	Strategy, policies and practices	2-22	Statement on sustainable development strategy	Ou strategy Sustainable strategy - Pg. 18		
		2-23	Policy commitments	Human Rights Policy		
		2-28	Membership associations	Ou strategy Sustainable strategy - Pg. 18		
	Stakeholder engagement	2-29	Approach to stakeholder engagement	Dialogue with our stakeholders - Pg. 19		
2-30		Collective bargaining agreements	100% of Davivienda's employees are covered by a collective bargaining agreement			
GRI 3: Disclosures on material topics 2021		3-1	Process to determine material topics	Sustainable management Materiality analysis Pg. 51		
		3-2	List of material topics	Sustainable management Materiality analysis Pg. 51		
		3-3	Management of material topics	Sustainable management Materiality analysis Pg. 53 - 92, 111 - 121		



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
GRI 201: Topic management disclosures 2016	Climate Change	201-1	Direct economic value generated and distributed	Social Financial statement Pg. 156		
		201-2	Financial implications and other risks and opportunities due to climate change	TCFD report Pg. 158		
GRI 204: Procurement Practices 2016		204-1	Proportion of spending on local suppliers	Appendix 5. Administrative aspects Suppliers - Pg. 204		
GRI 205: Anti-corruption 2016	Corporate Governance	205-3	Confirmed incidents of corruption and actions taken	Corporate governance Ethic code - Pg. 111		X
GRI 206: Anti-competitive Behavior 2016	Corporate Governance	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate governance Ethic code - Pg. 111		
GRI 207: Tax 2019		207-1	Approach to tax	Financial statement		
		207-2	Tax governance, control, and risk management	Financial statement		
		207-4	Country-by-country reporting	Financial statement		
GRI 302: Energy 2016	Ecoefficiency and Circular Economy	302-1	Energy consumption within the organization	Sustainable management Ecoefficiency and circular economy - Pg. 75		X
		302-4	Reduction of energy consumption			X
GRI 303: Water and Effluents 2018	Ecoefficiency and Circular Economy	303-5	Water consumption	Sustainable management Ecoefficiency and circular economy - Pg. 77		X
		305-1	Direct (Scope 1) GHG emissions			X
GRI 305: Emissions 2016	Ecoefficiency and Circular Economy	305-2	Energy indirect (Scope 2) GHG emissions	Sustainable management Ecoefficiency and circular economy - Pg. 74		X
		305-3	Other indirect (Scope 3) GHG emissions			X
		305-5	Reduction of GHG emissions			X



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
GRI 306: Waste 2020	Ecoefficiency and Circular Economy	306-1	Waste generation and significant waste-related impacts	Sustainable management Ecoefficiency and circular economy - Pg. 78		
		306-2	Management of significant waste-related impacts	Sustainable management Ecoefficiency and circular economy - Pg. 78		
		306-3	Waste generated	Sustainable management Ecoefficiency and circular economy - Pg. 78		X
		306-4	Waste diverted from disposal	Sustainable management Ecoefficiency and circular economy - Pg. 78		X
		306-5	Waste directed to disposal	Sustainable management Ecoefficiency and circular economy - Pg. 78		X
		DAV.14	Paper consumption measurement	Sustainable management Ecoefficiency and circular economy - Pg. 79		X
		DAV.15	Amount of tons of recycled paper	Sustainable management Ecoefficiency and circular economy - Pg. 79		
GRI 401: Employment 2016		401-1	New employee hires and employee turnover	Human talent Pg. 93		
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human talent Pg. 100		
		401-3	Parental leave	Human talent Pg. 101		
		DAV.19	Results of the organizational climate survey	Human talent Pg. 94		



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa	
GRI 403: Occupational Health and Safety 2018		403-1	Occupational health and safety management system	Human talent Pg. 100			
		403-2	Hazard identification, risk assessment, and incident investigation				
		403-3	Occupational health services				
		403-4	Worker participation, consultation, and communication on occupational health and safety				
		403-5	Worker training on occupational health and safety				
		403-6	Promotion of worker health				
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
		403-8	Workers covered by an occupational health and safety management system				
		403-9	Work-related injuries		Human talent Pg. 101		X
		403-10	Work-related ill health				
GRI 404: Training and Education 2016		404-1	Average hours of training per year per employee	Human talent Pg. 97			
		404-2	Programs for upgrading employee skills and transition assistance programs	Human talent Pg. 96			
		404-3	Percentage of employees receiving regular performance and career development reviews	Human talent Pg. 98			
GRI 405: Diversity and Equal Opportunity 2016	Corporate Governance / Equity, Diversity and Inclusion	405-1	Diversity of governance bodies and employees	Human talent Pg. 95 Corporate governance Pg. 115		X	
GRI 415: Public Policy 2016	Corporate Governance	415-1	Political contributions	Appendix 5. Administrative aspects Donations and contributions - Pg. 203			



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
Financial Services Sector Supplement	Sustainable Finance	FS4	Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable management Sustainable finance - Pg. 65		
	Sustainable Finance	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainable management Sustainable finance - Pg. 58		
	Sustainable Finance	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Sustainable management Sustainable finance - Pg. 58		
		FS14	Initiatives to improve access to financial services for disadvantaged people.	Daviplata Pg. 34		
		DAV.1	Skills management programs that foster product and services development and improvement.	Innovation Pg. 26		
		DAV.2	New products and services through digital channels	Digital transformation Pg. 28		
	Corporate Governance	DAV.3	How often does the Board of Directors monitor the Sustainability strategy	Twice a year		
	Corporate Governance	DAV.4	Claims regarding non-compliance with the Bank's Code of Good Governance	Corporate Governance Ethic code - Pg. 111		
		DAV.5	Risk management results	Risk management Pg. 104		
		DAV.6	Survey results measuring customer satisfaction.	Dialogue with our stakeholders Pg. 21		
		DAV.7	Supplier assessment through the Environmental and Social Risk Management System - SARAS, which incorporates environmental, labor, human rights, and community criteria.	Sustainable management Sustainable finance - Pg. 64		
		DAV.8	Assessment of operational risks in the supply chain	Appendix 5. Administrative aspects Suppliers - Pg. 206		
		DAV.9	Describe the actions to incorporate sustainable criteria into the procurement process	Appendix 5. Administrative aspects Suppliers - Pg. 205		



GRI standard	Material issue	Disclosure	Location	Omission	External Verification	Verificación externa
		DAV.10	Conduct supplier six-month assessment based on criteria such as: quality, compliance, and post-sales service.	Appendix 5. Administrative aspects Suppliers - Pg. 206		
		DAV.11	Describe the actions to keep suppliers informed.	Appendix 5. Administrative aspects Suppliers - Pg. 204		
		DAV.12	Supplier training and development programs	Appendix 5. Administrative aspects Suppliers - Pg. 207		
	Sustainable Funds	DAV.13	Result of the assessment of environmental and social criteria in investment evaluation.	Sustainable management Sustainable finance - Pg. 64		
	Ecoefficiency and Circular Economy	DAV.16	Initiatives promoting sustainable construction	Sustainable management Ecoefficiency and circular economy - Pg. 81		
	Ecoefficiency and Circular Economy	DAV.18	Description of environmental programs supported during the period	Sustainable management Ecoefficiency and circular economy - Pg. 81		
	Financial Education	DAV.22	Initiatives to improve the population's access to the Financial Education Program	Sustainable management Financial education - Pg. 86		X
	Community Relationship	DAV.23	Investment in social development	Sustainable management Community relationship - Pg. 89		X
	Community Relationship	DAV.24	Programs developed and managed by the Organization that lead to social development.	Sustainable management Community relationship - Pg. 87		
	Sustainable Finance	DAV.25	Procedures for social and environmental risk assessment and control in business lines.	Sustainable management Sustainable finance - Pg. 56		
	Sustainable Finance	DAV.26	Processes to monitor customer implementation of social and environmental requirements included in agreements or transactions	Sustainable management Sustainable finance - Pg. 56		
	Sustainable Funds	DAV.27	Use of Funds linked to the Social Bonus	Sustainable management Sustainable funds - Pg. 70		X



APPENDIX 4.

TRANSACTIONS WITH RELATED PARTIES, SIGNIFICANT TRANSACTIONS, AND SUBSEQUENT EVENTS

TRANSACTIONS WITH PARTNERS AND DIRECTORS

In 2021, transactions conducted by Banco Davivienda with its partners and directors were in line with the entity's general policies. These transactions are detailed in Note 14 of the Financial Statements.

Loans and financial liabilities with related parties amounted to COP 211.97 billion and COP 1.15 trillion, respectively.

Traditionally, Banco Davivienda maintains business relationships with other companies of the group, aiming for a greater efficiency through the specialization of each company in those tasks in which there are competitive advantages.

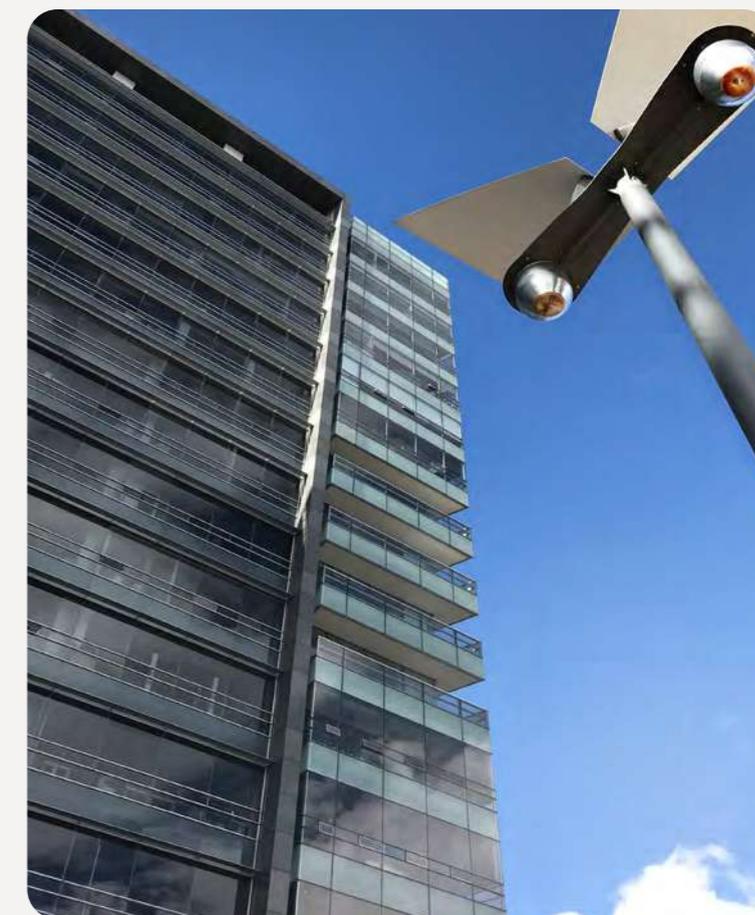
BUSINESS GROUP SPECIAL REPORT

Traditionally, Banco Davivienda maintains business relationships with companies belonging to the same business group, striving for greater combined efficiency by using the expertise of each individual company.

Below is a summary of the main transactions with related parties as of December 31, 2021. Further details are provided in Note 14 to the Financial Statements:

Assets:	COP 621.2	billion
Liabilities:	COP 1.26	trillion
Income:	COP 678.8	billion
Expenses:	COP 340.1	billion

There were no important decisions made or not made by Banco Davivienda influenced by other entities or in the interest of Grupo Bolivar S.A., just as there were no decisions made or not made by Grupo Bolivar S.A. in the interest of the Bank.



APPENDIX 5. ADMINISTRATIVE MATTERS

Legal Standing

Currently, there are no lawsuits against the Bank that could impact its liquidity or financial stability. The most important proceedings are listed in Note 12.20 to the Separate Financial Statements.

Free movement of invoices

The Bank certifies that it complies with the provisions set forth in Article 87 of Law 1676 of 2013, as it does not prevent the free movement of invoices by withholding such invoices or through similar actions. Banco Davivienda complies with Article 87 of Law 1676 of 2013.

Administrative Standing

As of December 2021, Banco Davivienda employed 10,971 positions under open-ended contracts and 1,137 under fixed-term contracts, for a total of 12,108.

Intellectual Property

Banco Davivienda certifies that as of December 2021 it complied with intellectual property and copyright regulations.

Outflows to company officers

In 2021, payments to key personnel given authority and responsibility for planning, directing and controlling the entity's activities, directly or indirectly, amounted to COP 9.4 billion.

Outflows to related advisors or managers

Payments to advisors and managers in 2021 are listed below:

- > Board of Directors' payments: COP 1,537 million.



Donations and contributions

In 2021, donations totaling COP 18.1 billion and contributions totaling COP 108.4 billion were made, as follows:

Banco Davivienda / 2021 Contributions

(Figures in COP million)

Lobbying, interest representation or similar:	0
Local, regional or national political campaigns/ organizations/ candidates	213
Trade associations or tax-exempt groups (e.g. think tanks):	25,506
Other (e.g. spendings related to ballot measures or referendums):	0
Total contributions and other spendings:	25,719

Detalle de las principales contribuciones

(Figures in COP million)

Financial Superintendence of Colombia	22,790
Asobancaria	1,633
Autoregulation Corporation of Colombian Capital Markets (CAMVC)	481
National Business Association of Colombia - Andi	252
Colombian Chamber of Construction Camacol	156

Advertising and public relations expenses

Advertising expenses amounted to COP 86.3 billion and public relations expenses amounted to COP 1.9 billion.

Assets abroad

The company's cash and other assets abroad amounted to COP 15.9 billion and liabilities in foreign currency amounted to COP 13.6 billion.

Domestic and/or foreign investments

Investments in equity securities are disclosed in Note 12.3.7 to the Financial Statements. These amounted to COP 5.7 trillion, as follows:

Banco Davivienda / Main Investments in 2021

(Figures in COP)

International investments	4.5 trillion
National investments	694.0 billion
National subsidiaries	621.3 billion
Associates	72.8 billion
TOTAL	5.7 trillion

**IN 2021 DONATIONS
OF COP 18,100 MILLIONS
AND CONTRIBUTIONS OF
COP 25,700 MILLIONS WERE MADE.**



Foreseeable evolution of the Bank

We will continue to pursue the higher purpose that we share as a business group by maintaining a leading role in strengthening economic recovery in each of the countries we serve, and therefore our growth projections are aligned with a favorable macroeconomic outlook for our business development. To achieve these expected results, we will keep the customer at the center of our business model, delivering new experiences through reliable, simple, and user-friendly solutions.

We expect a sustained growth of our loan portfolio, driven mainly by consumer and mortgage loans, while we expect a more moderate growth of our commercial loan portfolio, although increasing our share in the SME segment.

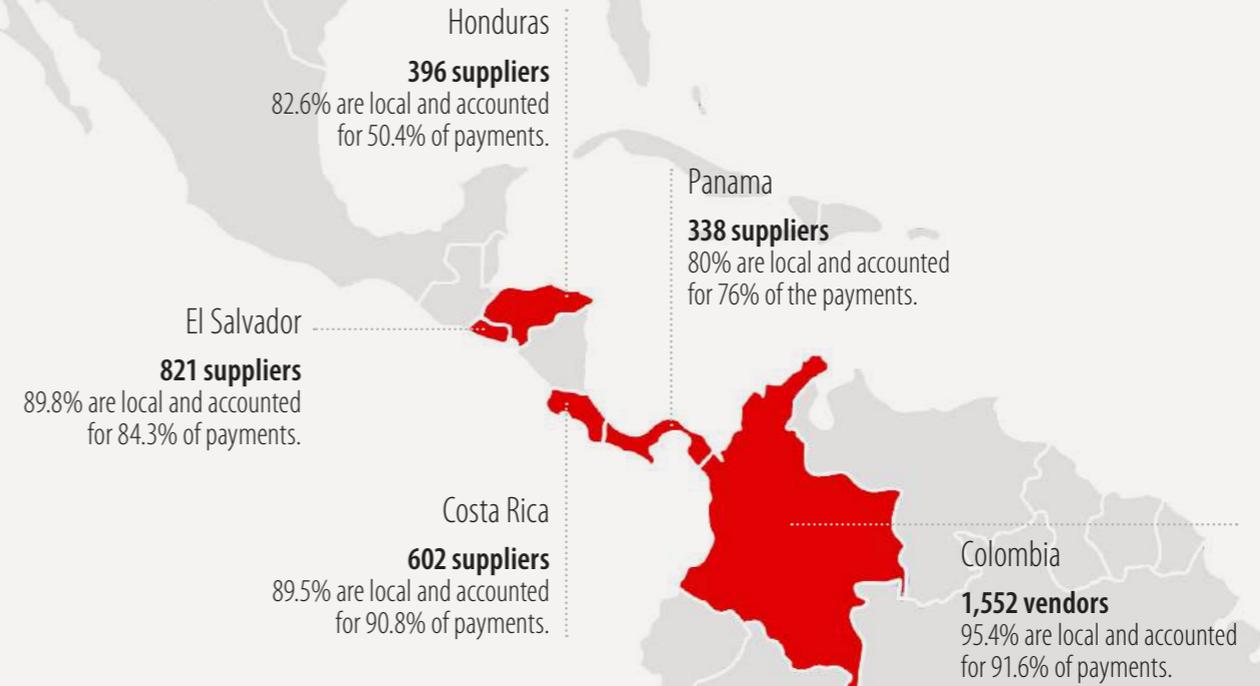
We will continue to move forward in our transformation process, delivering value to all of our stakeholders, leveraging effective risk management, innovation, strategic partnerships, analytical capabilities, exponential technologies, and attracting and training the best talent for the digital world.

Our Vendors

We rely on 3.7 thousand suppliers in the countries where we operate.

We believe that managing our suppliers and partners is essential to our supply chain; therefore, beyond relying on strategic, tactical, or transversal companies to meet all of our needs, we establish relationships based on respect, transparency, and trust from the outset. Over the last few years, we have strengthened our relationships by using more efficient and user-friendly platforms, streamlined and safer processes, as well as direct interaction channels with our representatives to address concerns, provide immediate solutions and receive recommendations that turn into opportunities for improvement and shared benefits.

Vendors



We also strive for the comprehensive growth of our employees involved in our processes, refocusing their efforts to become them more analytical, less operational and increasingly service oriented, stimulating their professional growth and their professional prospects within the area or in other organizational units of the Bank.

The Bank has defined an action framework, which establishes that suppliers participating in our procurement processes must know and comply with applicable regulations and, of course, ethical, and corporate principles and values set forth in our Code of Ethics and Code of Good Corporate Governance documents, which are applicable to the goods or services hired.

The management of our suppliers and allies **is essential in our supply chain**; therefore, from the first contact we establish a relationship of respect, transparency and trust.



Risk management with suppliers

For Davivienda and its subsidiaries, both suppliers and other third parties (e.g., partners) are a key element for achieving strategic and business objectives. Accordingly, in 2021 we continued to strengthen our risk management model for third parties and partners, harmonizing efforts with related companies, in order to prevent and address threats promptly.

As a result of our efforts, in 2021 we visited new third parties who, as partners, are important players in strengthening our risk management model.

Based on our response to the health emergency, we have prioritized digital interaction with third parties and continued to conduct virtual assessments and tours of the facilities where they carry out their operations.

We have decided to move from a retrospective analysis of third parties to a continuous evaluation of the effectiveness of their risk management systems. By incorporating specialized technological tools, we will ensure that the analyses have a timely and positive impact on the development of the third parties' activities, in order to improve safety and control, thereby guaranteeing the achievement of common objectives and benefits for both parties.

We continue applying our risk management model for third parties and partners, which includes monitoring the life cycle of the relationships established with different companies. We have thus ensured that our third parties keep their security and control mechanisms up to date, in order to achieve the objectives established in our business relationship, aligned with industry best practices and comply with applicable regulations.

In 2021, we evaluated the risk management practices of 132 external parties. We also remained in permanent contact with these third parties to advise them, when applicable, on specific control and safety issues inherent to the activities they were entrusted with, within the framework of the signed contracts.

THROUGH THE INCORPORATION OF SPECIALIZED TECHNOLOGICAL TOOLS, WE WILL ENSURE THAT THE ANALYZES HAVE A TIMELY AND POSITIVE IMPACT ON THE DEVELOPMENT OF THE ACTIVITIES OF THIRD PARTIES, SEEKING TO IMPROVE SECURITY AND CONTROL CONDITIONS, GUARANTEEING THE ACHIEVEMENT OF COMMON OBJECTIVES AND BENEFITS FOR BOTH PARTIES.

Sustainable procurement

Davivienda establishes policies for those who are interested in becoming our business partners. All suppliers are subject to the provisions defined by Davivienda, where we promote transparency and objectivity in all negotiations and in the corporate objective of the contracts. Our vendor relationship policies are published on the vendor site, which may be accessed through the link: www.proveedores.davivienda.com, Relationship section / chapter "Relationship Policies" that govern suppliers.

For this purpose, we incorporate, among other aspects, environmental, social and economic criteria for the procurement of goods and services provided by third parties to the Bank, observing the Sustainable Procurement Management Guide for the financial system published by the Colombian Banking Association (Asobancaria). The goods and services prioritized for sustainable procurement are computer equipment, household appliances, paper, lighting supplies and security, cleaning and cafeteria services. We also assessed the environmental and social risk management practices of our strategic suppliers, considering the likelihood of greater or lesser environmental or social impact, respectively.

Davivienda has established sustainability criteria for the procurement of goods and services in accordance with the "Procurement and Vendor Management Process", which includes a specific section for prioritized products and another section for the assessment of sustainable procurement.



We continue strengthening the capabilities of our suppliers using best environmental and social practices when acquiring goods and services. At the end of 2021, we made sustainable procurements for COP 247 billion, distributed as follows:

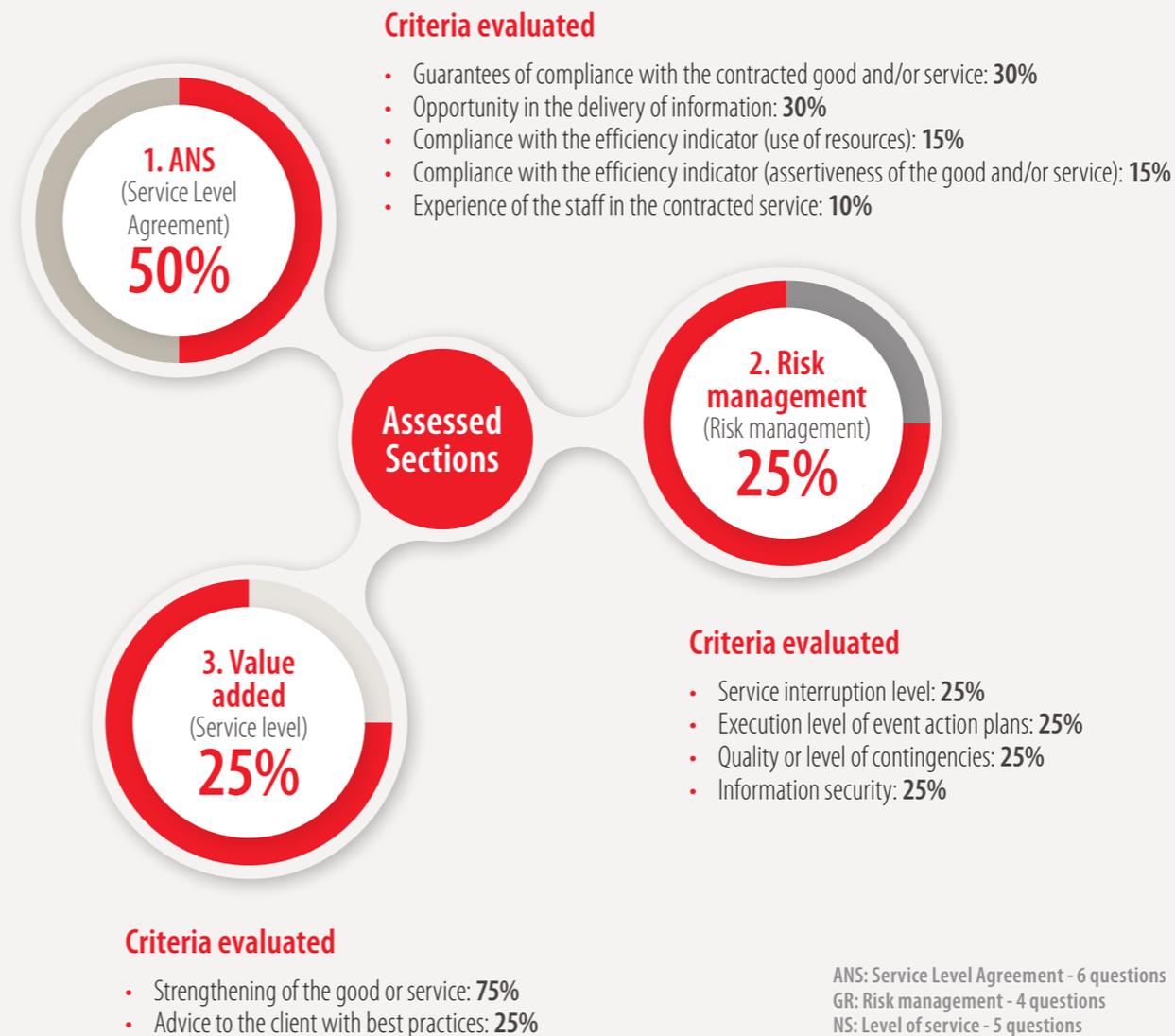
- > Provision of cafeteria services, for COP 12.1 billion.
- > Facility Manager services for COP 209.6 billion.
- > Acquisition of Rojo tú collections (Colombia and Central America) for COP 25.2 billion.

Similarly, we continue applying the SARAS methodology to assess potential environmental and social risks associated with the goods and services we procure from our suppliers. The application of this methodology has allowed us to promote among our suppliers the importance of managing environmental, social and climate change risks, as well as to leverage opportunities to measure, manage and report environmental indicators. In 2021, we assessed 61 suppliers, 92% of which were classified in environmental and social risk category B (medium) and 8% in category C (low).

We continue to strengthen the capacities of our suppliers with good environmental and social practices in the acquisition of goods and services. In 2021 we made sustainable purchases for COP 247 billion.

Supplier Performance Assessment

Assessment criteria



Social contribution

In 2021 we established a partnership with Fundación Bolívar Davivienda through its Aflora program, to convene several foundations nationwide interested in receiving, as a donation, clothing from the uniforms of our employees (Bank and national subsidiaries) from previous collections that were in good condition and in disuse, so as to donate them to people with limited resources.

Likewise, suppliers who manufacture our uniforms joined in this effort to donate to those in need, handing over new uniforms from previous years that were left in stock.

With our partner Domesa, we delivered 9.6 tons of men’s and women’s clothing to 7 foundations in the country linked to the Aflora Program, as follows:

- > Garments donated by our employees nationwide: 1,094 kg.
- > Garments delivered by our clothing suppliers: 8,527 kg, distributed as follows:
 - > Permoda: 4,187 kg.
 - > Villa Romana: 4,340 kg

Vendor Development

As part of our vendor training strategy, in 2021 we trained under the Disney Service scheme, continuing with the “Service Weavers” program whereby we sensitized and trained the employees responsible for the Bank’s cleaning and cafeteria, addressing specific topics:

- > What footprint do you want to leave; 632 participants.
- > Resilience; 632 participants
- > Auxiliary 10; 632 participants
- > End of the year farewell; 707 participants
- > Waste management; 707 participants
- > Energy efficiency and management of electrical equipment; 707 participants

Similarly, we held the 9th Annual Risk Management Development Meeting, targeting strategic third parties for the Bank. Sixty-three companies participated, represented by 108 attendees, and we addressed issues related to cybersecurity, information security, technological risk management, fraud, operational and customer service risks.

Furthermore, we worked in conjunction with our suppliers to launch in September the first edition of the “Inspira Awards” in Colombia. This event sought to acknowledge projects that have generated value for Davivienda throughout the year, across categories such as “Digital Transformation” and “Efficiency in processes and sustainability”. These projects were developed or implemented by our suppliers within the Bank. External jurors participated to evaluate all submissions. In 2021, 3 projects were acknowledged, one in each category:

- > Digital Transformation Masiv S.A.S. with the Sherlock-HUB project.
- > Process Efficiency ASIC S.A.S. with the project Covid Contingency - Employee Operation Continuity.
- > Sustainability Well Agency S.A.S. with the project Be Friend



In September 2021, we launched the first edition of the “Inspira Awards” in Colombia, which recognize the projects that have generated the most value for Davivienda during the year.



APPENDIX 6.1. CONSOLIDATED FINANCIAL STATEMENTS



KPMG S.A.S.
Calle 90 No. 19C - 74
Bogotá D.C. - Colombia

Teléfono 57 (1) 6188000
57 (1) 6188100
home.kpmg/co

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of Banco Davivienda S.A. and Subordinates (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding year

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of my Report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

© 2022 KPMG S.A.S., sociedad colombiana por acciones simplificada y firma miembro de la organización global de firmas miembro independientes de KPMG, afiliadas a KPMG Internacional Limited, una entidad privada inglesa limitada por garantía. Todos los derechos reservados. KPMG S.A.S. Nit. 880.000.846-4



Evaluation of the Impairment of the Loan Portfolio under IFRS 9 (see notes 4.7.1.3, 6, 12.5.4 and 12.5.5 to the consolidated financial statements)

Key Audit Matters	How it was addressed in the Audit
<p>The Group periodically reviews the credit risk exposure of its loan portfolio. That determination is one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements, due to the high degree of judgment involved in the development of the models to determine the impairment based on an expected loss approach required in the IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2021 is \$118,620,359 million and \$5,374,361 million, respectively.</p> <p>I considered the evaluation of loan portfolio impairment as a key audit matter, because it involves significant measurement complexity that required judgment, knowledge and experience in the industry especially in relation to: (1) the evaluation of the methodologies used, including the methodology for estimating the loss due to default; (2) the probability of loss given the default and its key factors and assumptions; (3) the rating of the loans and qualitative factors that are incorporated into the variables of the internal models, which include impacts from the COVID-19 pandemic, established by the Group; and (4) calculations of the estimated impairment due to credit risk of the entire loan portfolio.</p>	<p>My audit procedures to assess the adequacy of credit risk impairment included, among others, the following:</p> <ul style="list-style-type: none"> • Involvement of professionals with experience and knowledge in the evaluation of credit risk and information technology, to evaluate certain internal controls related to the Group's process for determining the impairment of the loan portfolio. This included controls related to: (1) validation of the models that determine the probability of loss, severity and exposure at the time of default, (2) the Group's monitoring of the determination of portfolio impairment; (3) information technology controls over input data to models that determine credit impairment, as well as related calculations; (4) evaluation to identify whether there has been a significant change in credit risk; (5) the evaluation of the macroeconomic variables and the weighted scenarios used in the models to determine the deterioration of the loan portfolio; and (6) the verification of controls related to the evaluation of commercial credits analyzed individually and write-offs. • Professionals with knowledge in credit risk assessment and information technology assisted me in: (1) evaluating the methodologies and key data used to determine the probability of loss, severity and exposure in case of default, and the parameters produced by the models; (2) evaluate the macroeconomic variables and the weighted probability scenarios used in the internal models, including the

	<p>consideration of alternative data for certain variables; (3) recalculation of the expected loss model and its related data; and (4) evaluate the qualitative adjustments applied to the model.</p>
--	---

Other matters

The consolidated financial statements as at and for the year ended December 31, 2020 are presented solely for comparative purposes. They were audited by another public accountant, a member of KPMG S.A.S. who in his report dated February 24, 2021 expressed an unqualified opinion thereon.

Other information

The administration is responsible for the other information. The other information includes the content of the annual report, related to: "Letter from the Chairman, results of our management, financial results and annex administrative aspects", but does not include the consolidated financial statements and my corresponding audit report

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion on it.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the consolidated financial statements or my knowledge obtained in the audit, or whether in any way, there appears to be a material misstatement.

If, based on the work I have performed, I conclude that there is a material error in this other information, I am required to report this fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with the Group's Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.
- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with Those Charged with the Group's Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's consolidated financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

(Original signed in Spanish)
 Gustavo Adolfo Roa Camargo
 Statutory Auditor of Banco Davivienda S.A.
 Registration 90879 - T
 Member of KPMG S.A.S.

February 23, 2022





CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL REPORTING ACCOUNTABILITY

The undersigned Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the terms established in Articles 46 and 47 of Law 964 of 2005, and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Consolidated Financial Statements covering the period between January 1 and December 31, 2021, are free of defects, inaccuracies or errors that would prevent ascertaining the true financial standing or operations of Banco Davivienda S.A. and its Subsidiaries, in accordance with the provisions of Article 46 of Law 964 of 2005.

Pursuant to the terms set forth in the Accounting and Financial Reporting Standards accepted in Colombia and in accordance with the aspects specified in the Conceptual Framework, the information and assertions included in the Consolidated Financial Statements have been duly verified and obtained from accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. and its Subsidiaries rely on adequate disclosure and control systems for financial information. For that purpose, procedures have been designed to ensure that such information is presented appropriately, and the Audit and Financial Management Department verifies the operability of such systems.

Furthermore, we report that there is no evidence of significant deficiencies in the design and operation of internal controls that would have prevented the Bank and its subsidiaries from recording, processing, summarizing or adequately presenting their consolidated financial information. Management control activities have been carried out to prevent the risk of fraud in processes that would affect the quality of the consolidated financial information, and to evidence changes in its evaluation methodology.

Assets, liabilities and net equity existing at the balance sheet date are recorded in the Consolidated Financial Statements and represent probable future rights and obligations, respectively. Transactions conducted during the period corresponding to the entity and its subsidiaries were recorded and the economic facts have been recognized for the appropriate amounts, classified, described and faithfully disclosed, taking into account the aspects referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.



The assertions made in the Financial Statements have been previously verified, in accordance with regulatory provisions. These assertions are faithfully drawn from the books in accordance with Article 37 of Law 222 of 1995. The Bank and its Subsidiaries rely on adequate procedures for control and disclosure of financial information. The operability of these procedures has been verified, in accordance with the terms established in Article 46 of Law 964 of 2005.

Bogota, February 21, 2022

Juan Carlos Hernández Núñez
 Legal Representative

Carmen Anilsa Cifuentes Barrera
 Accountant
 Professional License 35089-T



Banco Davivienda S.A. and Subsidiaries
Consolidated Financial Statement of Financial Position
(Millions of Colombian Pesos (COP))

As of December 31:	Note	2021	2020
Assets			
Cash	12.1	13,154,039	10,260,758
Interbank and overnight funds	12.2	2,306,686	1,695,345
Investments measured at fair value	12.3	10,692,673	11,722,977
Derivatives	12.4	758,438	1,410,469
Loans portfolio and financial leases operations, net	12.5	113,245,998	100,280,057
Accounts receivable, net	12.6	1,689,453	1,473,369
Taxes receivable		787,819	573,940
Assets held for sale, net	12.7	204,529	91,371
Investments measured at amortized cost, net	12.3	4,688,585	3,837,400
Investments in associates	12.8	112,821	100,390
Other companies	12.9	506,610	454,501
Property and equipment, net	12.10	1,617,710	1,677,091
Investment property, net	12.11	130,703	126,476
Goodwill	12.13	1,551,888	1,635,185
Intangible assets, net	12.14	281,048	208,979
Other assets, net	12.15	951,500	865,057
Total Assets		152,680,500	136,413,365
Liabilities			
Deposits	12.17	100,879,206	88,526,231
Saving accounts		51,734,398	39,959,495
Checking accounts		17,035,646	13,016,044
Time deposits		29,928,957	33,739,238
Other deposits		2,180,205	1,811,454
Interbank and overnight funds	12.18	835,081	1,936,230
Derivatives	12.4	648,303	1,640,252
Credits from banks and other obligations	12.19	14,138,621	14,418,748
Debt instruments issued	12.20	16,910,828	12,535,392
Accounts payable	12.21	1,879,113	1,589,854
Employee benefits	12.22	325,813	293,702
Current tax liabilities		75,286	62,653
Deferred tax liabilities, net		770,453	788,720
Technical reserves	12.23	297,267	277,511
Other non-financial liabilities and estimated liabilities	12.24	1,640,711	1,624,071
Total Liabilities		138,400,682	123,693,364
Equity			
Capital and reserves (1)		10,667,757	10,331,144
Adjustments in the first-time adoption		122,389	136,517
Other comprehensive income		2,084,681	1,727,550
Profits attributable to the owners of controlling company		1,239,203	394,848
Total equity of owners of controlling company		14,114,030	12,590,059
Non-controlling interests		165,788	129,942
Total equity		14,279,818	12,720,001
Total liabilities and equity		152,680,500	136,413,365

(1) Includes share placement premium.

See the notes attached to the consolidated financial statements.

JUAN CARLOS HERNANDEZ NUNEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)

Banco Davivienda S.A. and Subsidiaries
Consolidated Statement of Income
(Millions of Colombian Pesos (COP))

Years ended December 31	Note	2021	2020
Interest and investment income		10,587,155	11,447,584
Interest on loans		10,171,991	10,519,171
Investments and valuation, net	13.1	357,561	840,800
Interbank and overnight funds, repos, simultaneous operations		57,603	87,613
Interest expense		3,105,618	3,880,614
Deposits and time deposits		1,663,141	2,338,270
Checking accounts		19,518	24,897
Saving accounts		574,439	803,769
Time deposits		1,069,184	1,509,604
Credits from banks or other financial obligations		374,050	558,465
Debt instruments issued		937,351	831,247
Other interest		131,076	152,632
Gross Financial Margin		7,481,537	7,566,970
Impairment of financial assets, net		3,301,033	4,199,642
Impairment of financial assets		6,609,225	6,327,937
Reduction of financial assets		(3,308,192)	(2,128,295)
Net Financial Margin		4,180,504	3,367,328
Insurance transactions income, net	13.2	127,353	120,636
Commissions and service income, net	13.2	1,501,150	1,129,578
Result of investment in associates and joint operations, net		1,338	2,963
Operating expenditures	13.3	4,500,055	4,139,050
Staff expenditures		1,793,954	1,608,231
Overhead		2,397,633	2,218,433
Amortizations and depreciation		308,468	312,386
Profit (loss) on exchanges, net		142,687	(439,184)
Derivatives, net		355,088	464,665
Dividends received		23,038	18,995
Other income and (expenses), net	13.4	(58,075)	(49,769)
Operating Margin		1,773,028	476,162
Income tax	13.5	511,864	68,130
Current income tax		516,028	179,197
Deferred income tax		(4,164)	(111,067)
Profit for the year		1,261,164	408,032
Profit attributable to the owners of the controlling company		1,239,203	394,848
Profit attributable to non-controlling interest		21,961	13,184
Profit per share in COP (1)		2,744	874

(1) Calculated as follows: Profit attributable to owners of the controlling company / Weighted average number of shares outstanding

See the notes attached to the consolidated financial statements.

JUAN CARLOS HERNANDEZ NUNEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)



Banco Davivienda S.A. and Subsidiaries
Consolidated Statement of Other Comprehensive Income
(Millions of Colombian Pesos (COP))

Years ended December 31:	2021	2020
Profit attributable to the owners of the controlling interest	1,239,203	394,848
Profit attributable to non-controlling interest	21,961	13,184
Profit for the year	1,261,164	408,032

Components of other comprehensive income that will not be reclassified to the profit for the period, net of taxes ⁽¹⁾:

Financial instruments with changes in other comprehensive income	(70,165)	60,965
Long-term employee benefits	1,976	(1,320)
Impairment of loan portfolio for consolidated financial statement income ⁽²⁾	56,651	31,860

Total other comprehensive income that will not be reclassified to the profit for the period, net of deferred taxes	(11,538)	91,505
---	-----------------	---------------

Components of other comprehensive income that will be reclassified to the profit for the period, net of deferred taxes:

Equity method from investments in associates - OCI	(1,689)	(3,481)
Exchange difference on translation	370,358	13,726

Total other comprehensive income that will be reclassified to the profit for the period, net of taxes	368,669	10,245
--	----------------	---------------

Total other comprehensive income, net of taxes	357,131	101,750
---	----------------	----------------

Total comprehensive result	1,618,295	509,782
-----------------------------------	------------------	----------------

Comprehensive income attributable to the holders of the controlling interest	1,602,962	507,038
--	-----------	---------

Comprehensive income attributable to the holders of the non-controlling interest	15,333	2,744
--	--------	-------

Total comprehensive result	1,618,295	509,782
-----------------------------------	------------------	----------------

(1) Note 13.5 discloses taxes related to each item of other comprehensive income.

(2) Required by the Financial Superintendence of Colombia.

See the notes attached to the consolidated financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)

Banco Davivienda S.A. and Subsidiaries
Consolidated Statement of Changes in Equity
(Millions of Colombian Pesos (COP))

Years ended December 31, 2021 and 2020	Capital and reserves					Retained earnings		Total equity of the owners of the controlling company	Non-controlling interest	Total equity		
	Capital	Share premium	Legal reserve	Other reserves	First-time adoption effects	Other comprehensive income	Profit previous periods				Profit or loss	
Balance December 31, 2019	76,784	4,676,804	4,513,942	21,792	138,527	1,625,800	-	1,470,627	12,524,276	126,623	12,650,899	
Profit transfer								1,470,627	(1,470,627)	-	(13,623)	(13,623)
Dividends distribution:												
Dividends declared in cash, \$926 per share on 451,670,413 subscribed and paid shares. Mar 26 and Sep 23, 2020.								(418,247)	(418,247)			(418,247)
Reserve transactions:												
Capitalization of legal reserve to meet commitment made by the AGM on March 2019			460,671					(460,671)	-			-
Other reserves				540,562				(540,562)	-	240		240
Release of other reserves, to increase legal reserve			338,125	(338,125)					-	-		-
Disposal of profits from previous years realized in 2019, to increase legal reserve			40,589					(40,589)	-	774		774
Other comprehensive income, net of income tax						101,750		(12,568)		89,182	2,744	91,926
Realizations first-time adoption of IFRS					(2,010)		2,010			-		-
Profit for the year								394,848		394,848	13,184	408,032
Balance December 31, 2020	76,784	4,676,804	5,353,327	224,229	136,517	1,727,550	-	394,848	12,590,059	129,942	12,720,001	
Profit transfer								394,848	(394,848)	-	(5,635)	(5,635)
Dividends distribution:												
Payment of dividends in shares at the rate of \$321.03 pesos per share, increasing the par value of the share by \$10, increasing the par value to \$180 per share, and the difference of \$311.03 pesos corresponds to a share placement premium.	4,517	140,483		(145,000)							(3)	(3)
Reserve transactions:												
Other reserves				276,631				(276,631)	-	3,283		3,283
Release of other reserves, to increase legal reserve			78,333	(78,333)				(41,852)	-	-		-
Legal reserve			41,852					(18,130)	-	716		716
Disposal of profits from previous years realized in 2020, to increase other reserves				18,130				(18,130)	-	-		-
Other comprehensive income, net of income tax						357,131		(5,044)		352,087	15,334	367,421
Realizations first-time adoption of IFRS					(14,128)		14,128			-	190	190
Withholding tax on dividends paid in stock							(1,774)		(1,774)			(1,774)
Withholding for dividends paid in stock							(65,545)		(65,545)			(65,545)
Profit for the year								1,239,203		1,239,203	21,961	1,261,164
Balance December 31, 2021	81,301	4,817,287	5,473,512	295,657	122,389	2,084,681	-	1,239,203	14,114,030	165,788	14,279,818	

See the notes attached to the condensed consolidated interim financial information.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)



Banco Davivienda S.A. and Subsidiaries
Consolidated Statement of Cash Flows
(Millions of Colombian Pesos (COP))

Years ended December 31:	Note	2021	2020
Cash flows from operating activities:			
Profit for the period		1,261,164	408,032
Reconciliation between profit for the period and net cash provided by (used in) operating activities			
Impairment of investments, net	12.3.6	4,290	5,413
Impairment of loans and financial leasing operations, net	12.5.4	3,757,114	4,384,316
Impairment of accounts receivable, net	12.6	64,707	66,860
Impairment of assets held for sale, net	12.7	1,977	9,918
Impairment of property and equipment and investment property, net	12.10	1,936	603
Impairment of other assets, net		108,442	62,913
Provision for severance payments		61,442	53,717
Provision for other non-financial liabilities and estimated liabilities, net	12.24	268,121	466,278
Net interest income		(7,123,973)	(6,726,171)
Depreciation		246,850	255,792
Amortizations		61,618	56,594
Exchange difference, net		112,273	452,880
Profit on sale of investments, net		(24,000)	(76,910)
Profit on equity method associates, net		(1,338)	(3,608)
Net gain on investments		(333,564)	(763,889)
Valuation of derivatives and spot operations, net		(355,087)	(464,665)
Loss on sale of loans and leasing assets, net		(993)	-
Loss on sale of property and equipment, net	12.10.2	1,564	768
Loss on sale of assets held for sale	12.7	11,825	(677)
Profit on sale of assets held for sale	12.11.3	(3,269)	(1,437)
Provision for income tax	13.5	511,864	68,130
		(1,367,037)	(1,745,143)
Changes in operating assets and liabilities:			
Money market lending and similar operations		643	(643)
Derivative financial instruments		14,293	587,841
Investments measured at fair value		1,080,853	(277,956)
Loans portfolio and financial leases operations		(16,289,433)	(10,114,805)
Accounts receivable		(474,792)	(879,548)
Other assets		(311,026)	(173,098)
Deposits		12,188,055	11,815,078
Ordinary interbank funds		(1,101,149)	176,510
Accounts payable		62,766	314,516
Employee benefits		42,080	36,169
Technical reserves		19,756	59,917
Accruals and provisions		(166,758)	74,281
Other liabilities		(17,385)	(537,550)
Cash (used) from operating activities		(6,319,134)	(664,431)
Proceeds of the sale of loans		646,849	26,320
Sale of assets held for sale		22,865	30,516
Sale of other assets		45,890	-
Income tax paid		(262,982)	(252,688)
Interest received		10,351,572	9,329,210
Interest paid		(3,079,100)	(3,959,683)
Payment of severance		(66,875)	(50,622)
Net cash provided by operating activities		1,339,085	4,458,622

Banco Davivienda S.A. and Subsidiaries
Consolidated Statement of Cash Flows (continued)
(Millions of Colombian Pesos (COP))

	Nota	2021	2020
Cash flows from investment activities:			
Dividends received		25,622	22,390
Acquisitions in investments measured at amortized cost		(4,661,678)	(2,867,535)
Acquisitions in investments measured at fair value		(11,660,200)	(14,375,938)
Increase in investments in associates and other companies		(8,144)	(9,677)
Increase (Decrease) in repurchase of shares; non-controlling interest		13,885	(9,862)
Acquisition of property and equipment		(89,813)	(174,134)
Proceeds of sale of investments		16,457,582	14,706,032
Proceeds of sale of property and equipment		7,280	3,342
Proceeds of sale of investment property		18,117	4,687
Net cash provided (used in) by investing activities		102,651	(2,700,695)
Cash flows from financing activities:			
Proceeds from new loans in financial debt	12.19	7,252,587	11,911,000
Debt repayment	12.19	(9,151,525)	(11,798,565)
Issues of debt instruments	12.20	4,539,265	1,714,371
Redemptions of debt instruments issued	12.20	(855,952)	(1,494,102)
Payment of lease liabilities		(136,304)	(121,773)
Payment of cash dividends		(3)	(417,192)
Net cash provided by (used in) financing activities		1,648,068	(206,261)
Net increase in cash and cash equivalents		3,089,804	1,551,666
Effect of exchange difference on cash and cash equivalents		415,461	(63,975)
Cash and cash equivalents at the beginning of the year		11,955,460	10,467,769
Cash and cash equivalents at the end of the year (*)		15,460,725	11,955,460

(*) Includes cash equivalents at under 90 days in money market and similar asset operations for \$2,306,686 as of December 2021 and \$1,694,702 as of December 2020.

See the notes attached to the consolidated financial statements.

JUAN CARLOS HERNANDEZ NUNEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated February 23, 2022)



APPENDIX 6.2. INDIVIDUAL FINANCIAL STATEMENTS



KPMG S.A.S.
Calle 90 No. 19C - 74
Bogotá D.C. - Colombia

Teléfono 57 (1) 6188000
57 (1) 6188100
home.kpmg/co

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

Report on the Audit of the Separate Financial Statements

Opinion

I have audited the separate financial statements of Banco Davivienda S.A. (the Bank), which comprise the separate statement of financial position as at December 31, 2021 and the separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In my opinion, the aforementioned separate financial statements, prepared in accordance with information faithfully taken from the books and attached to this report, present fairly, in all material respects, the separate financial position of the Bank as of December 31 of 2021, the separate results of its operations and its separate cash flows for the year ending on that date, in accordance with Accounting and Financial Information Standards accepted in Colombia, applied uniformly with the previous year.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Separate Financial Statements* section of my Report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the separate financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

© 2022 KPMG S.A.S., sociedad colombiana por acciones simplificada y firma miembro de la organización global de firmas miembro independientes de KPMG, afiliadas a KPMG Internacional Limited, una entidad privada inglesa limitada por garantía. Todos los derechos reservados. KPMG S.A.S. Nit. 860.000.846-4





Evaluation of the provision for credit risk of the commercial portfolio according to the Guidelines of the Financial Superintendence of Colombia applicable to the separate financial statements (see notes 4.6.1.5.5, 5, 12.5.6 and 12.5.14 to the separate financial statements)	
Key Audit Matters	How it was addressed in the Audit
<p>The balance of the commercial loan portfolio and its provision for credit risk as of December 31, 2021, amount to \$39,313,210 and \$2,693,009 million, respectively.</p> <p>The Bank records the commercial portfolio provision in accordance with the provisions of the Financial Superintendence of Colombia, which establishes the constitution of minimum provisions in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.</p> <p>I considered the methodology for assigning the credit risk rating of clients classified in the commercial portfolio as a key audit matter, because it incorporates significant elements of judgment in the key assumptions of analysis, including financial variables and payment behavior of customers, which allow capturing the credit risk associated with the impacts of the COVID-19 pandemic. This assigned risk rating is incorporated as a parameter in the reference model for calculating the provisions for credit risk of the commercial portfolio.</p>	<p>My audit procedures to assess the assignment of the credit risk rating and the effect on the provision included, among others, the following:</p> <ul style="list-style-type: none"> • Involvement of professionals with experience and knowledge in the evaluation of credit risk and information technology, to evaluate certain internal controls related to the process carried out by the Bank to determine the provision of commercial credits. This included controls associated with: (1) validation of the credit risk rating assignment methodology and/or models under regulatory provisions; (2) the Bank's monitoring of credit risk rating assignment and the value result of provisions; (3) information technology controls over input data to loan provision determination models, as well as provision calculations; and (4) the evaluation to identify if there was a significant change in the credit risk of the commercial portfolio. • Inspection of a sample of credit portfolio files, to verify that the rating given to commercial portfolio clients complies with the guidelines defined by the Financial Superintendence of Colombia for the provisioning system and that it is supported by the financial characteristics, qualitative or economic of the client and its subsequent incorporation into the reference model for the calculation of provisions.



Other matters

The consolidated financial statements as at and for the year ended December 31, 2020 are presented solely for comparative purposes. They were audited by another public accountant, a member of KPMG S.A.S. who in his report dated February 24, 2021 expressed an unqualified opinion thereon.

Responsibilities of Management and Those Charged with the Bank's Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:





- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the separate financial statements present the underlying transactions and events so as to achieve a fair presentation.
- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with Those Charged with the Bank's Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.



From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's separate financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on my test results, in my opinion, during 2021:

- a) The bookkeeping of the Bank has been kept in accordance with legal regulations and accounting techniques.
- b) The transactions recorded in the ledgers are in accordance with the bylaws and the decisions of the Shareholders' Meeting.
- c) Correspondence, account vouchers, minute books and share registry books are duly kept and maintained.
- d) The Bank has complied with the regulations and instructions of the Financial Superintendence of Colombia related to the adequate management and provisioning of assets received in payment and with the implementation and impact on the statement of financial position and the statement of income for the year of the applicable risk management systems.
- e) There is a concordance between the accompanying financial statements and the Management Report prepared by the administrators, which includes the Management's acknowledgment of the free circulation of invoices issued by vendors or suppliers.
- f) The information contained in the self-assessment statements of contributions to the Comprehensive Social Security System, particularly that related to affiliates and their contribution base income, has been taken from the accounting records and supports. The Bank is not in arrears for contributions to the Comprehensive Social Security System.

In order to comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Single Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1) and 3) of Article 209 of the Commercial Code, related to the evaluation of whether the acts of the Partnership's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders'





Meeting and whether there are adequate measures of internal control, conservation and custody of the Partnership's assets or those of third parties in its possession, I issued a separate report dated February 23, 2022.

- 2. Follow up on the responses to the letters of recommendation addressed to the management of the Bank and there are no matters of material importance pending that could affect my opinion.

(Original signed in Spanish)
 Gustavo Adolfo Roa Camargo
 Statutory Auditor of Banco Davivienda S.A.
 Registration 90879 - T
 Member of KPMG S.A.S.

February 23, 2022



CERTIFICATE OF THE SEPARATE FINANCIAL STATEMENTS

RESPONSIBILITY FOR FINANCIAL REPORTING

The undersigned Legal Representative and Accountant of Banco Davivienda S.A. pursuant to the terms established in Articles 46 and 47 of Law 964 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the separate Financial Statements for the period running from January 1 to December 31, 2021, do not contain defects, inaccuracies or errors preventing from ascertaining the true financial standing or the operations of Banco Davivienda S.A., in accordance with the provisions of Article 46 of Law 964 of 2005.

Consistent with the terms set forth in the accounting and financial reporting standards accepted in Colombia and in accordance with the items included in the Conceptual Framework, the information and assertions included in the separate financial statements have been duly verified and obtained from the accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. relies on adequate systems for disclosure and control of financial information, using appropriate procedures designed to ensure that such information is presented in an appropriate manner. The Audit and Financial Management Department verifies the operability of such systems.

Likewise, we hereby inform that no significant deficiencies have been evidenced in the design and operation of internal controls that would have prevented the Bank from recording, processing, summarizing or adequately presenting its financial information. Management control activities have been carried out to prevent the risk of fraud in processes that affect the quality of financial information and to evidence changes in its evaluation methodology.

Assets, liabilities and equity existing at the balance sheet date are recorded in the separate financial statements and represent probable future rights and obligations, respectively. The transactions that occurred during the period and that correspond to the entity were recorded and the economic facts have been recognized by the appropriate amounts, classified, described, and faithfully disclosed, in accordance with the aspects set forth in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements included in the Financial Statements have been previously verified, in accordance with regulatory provisions, and have been faithfully taken from the books in accordance with Article 37 of Law 222 of 1995. The Bank maintains adequate procedures for control and disclosure of financial information. These



procedures have been verified in accordance with the terms established in Article 46 of Law 964 of 2005.

Bogota, January 31, 2022

Juan Carlos Hernández Núñez
Legal Representative

Carmen Anilsa Cifuentes Barrera
Accountant with Professional License 35089-T

Banco Davivienda S.A.
Separate Statement of Financial Position
(Millions of Colombian pesos (COP))

As of December 31:	Note	2021	2020
Assets			
Cash	12.1	7,094,112	5,613,981
Active money market operations and related operations	12.2	2,220,164	1,302,188
Financial investment instruments, net	12.3	6,408,906	7,013,552
Derivatives	12.4	755,942	1,407,345
Loans portfolio and financial leases operations, net	12.5	85,649,331	77,039,266
Accounts receivable, net	12.6	2,178,278	2,352,788
Taxes receivable		717,560	534,621
Assets held for sale, net	12.7	159,036	53,228
Investments measured at amortized cost, net	12.3	3,396,732	3,189,427
Investments in subsidiaries and associates	12.3	5,202,868	4,491,244
Property and equipment, net	12.8	1,086,880	1,191,859
Investment property, net	12.9	77,498	79,527
Goodwill	12.11	1,080,775	1,080,775
Intangibles	12.12	145,099	109,709
Other assets, net	12.13	1,158,574	1,072,811
Total Assets		117,331,755	106,532,321
LIABILITIES			
Deposits and term deposits	12.14	76,626,405	68,214,839
Savings accounts		44,633,034	34,547,636
Checking accounts		10,030,483	7,412,544
Term deposits		19,879,567	24,642,076
Other deposits		2,083,321	1,612,583
Money market and overnight operations	12.15	495,537	1,111,215
Derivatives	12.4	648,109	1,640,073
Credits from banks or other obligations	12.16	9,029,583	9,894,984
Debt instruments issued	12.17	14,457,740	11,174,892
Accounts payable	12.18	1,665,804	1,403,165
Employee benefits	12.19	199,782	191,716
Current tax liabilities		44,191	37,336
Deferred tax liabilities, net		19,819	152,275
Other non-financial liabilities and estimated liabilities	12.20	1,330,145	1,355,959
Total liabilities		104,517,115	95,176,454
EQUITY			
Capital and reserves (*)	12.21	10,499,571	10,257,633
Adjustments in first-time adoption		297,459	394,855
Other comprehensive income		734,496	435,212
Profits from prior years		106,925	44,358
Profit for the year		1,176,189	223,809
Total equity		12,814,640	11,355,867
TOTAL LIABILITIES AND EQUITY		117,331,755	106,532,321

(*) Includes share placement premium.

See the notes attached to the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90879-T
Member of KPMG S.A.S.
(See my report of February 23, 2022)

Banco Davivienda S.A.
Separate Statement of Income
(Millions of Colombian pesos (COP))

Years ended December 31	Note	2021	2020
Interest income and investment results		7,962,761	8,692,684
Loans portfolio		7,940,019	8,248,666
Investments and valuation net	13.1	56,690	492,977
Money market operations		(33,948)	(48,959)
Interest Expenses		2,246,427	2,860,312
Deposits and term deposits		1,134,000	1,698,305
Checking accounts		19,518	24,897
Savings accounts		352,865	546,941
Term deposits		761,617	1,126,467
Banks borrowings and other financial debt		207,024	357,234
Deb instruments issued		824,228	728,351
Other interest		81,175	76,422
Gross Financial Margin		5,716,334	5,832,372
Impairment for financial assets, net		2,746,413	3,690,044
Impairment of financial assets		6,157,224	5,597,706
Recoveries of financial assets		(3,410,811)	(1,907,662)
Net Financial Margin		2,969,921	2,142,328
Commissions and service income, net	13.2	946,623	703,552
Equity method result		451,765	309,180
Dividends		37,336	34,470
Operating Expenditures	13.3	3,304,455	3,069,278
Staff Expenditures		1,284,310	1,126,820
Operating expenses		1,803,871	1,717,975
Amortizations and depreciation		216,274	224,483
Exchange difference, net		53,206	(541,448)
Derivatives, net		336,433	482,197
Other income and expenses, net	13.4	(48,759)	16,255
Operating Margin		1,442,070	77,256
Income tax and supplementary	13.5	265,881	(146,553)
Income tax and supplementary		305,375	17,202
Deferred income tax and supplementary		(39,494)	(163,755)
Profit for the year		1,176,189	223,809
Profit per share for the year in COP (*)		2,604	496

(*) Calculated as: Profit for the period / weighted average of shares outstanding
See the notes attached to the separate financial statement

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90679-T
Member of KPMG S.A.S.
(See my report of February 23, 2022)

12

Banco Davivienda S.A.
Separate Statement of Other Comprehensive Income
(Millions of Colombian pesos (COP))

Years ended December 31:	2021	2020
Profit for the year	1,176,189	223,809
Components of other comprehensive income that will not be reclassified to the income of the period, net of deferred taxes		
Long-term employee benefits	4,475	(194)
Total of other comprehensive income that will not be reclassified to the income of the period, net of deferred taxes	4,475	(194)
Components of other comprehensive income that will be reclassified to the income for the period, net of deferred taxes		
Unrealized gains on fixed-yield investments	(43,641)	84,732
Interest in investments accounted for using the equity method	(78,350)	(72,519)
Exchange difference on translation, subsidiaries abroad	501,744	123,643
Net hedging of investments outside Colombia, net of deferred taxes	(84,945)	(51,016)
Total other comprehensive income that will be reclassified to the profit for the period, net of taxes	294,808	84,840
Total other comprehensive income, net of taxes	299,283	84,646
Total Comprehensive Result	1,475,472	308,455

See the notes attached to the separate financial results.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90679-T
Member of KPMG S.A.S.
(See my report of February 23, 2022)

13



Banco Davivienda S.A.
Separate Statements of Changes in Equity
 (Millions of Colombian Pesos (COP))

Periods ended December 31, 2021 and 2020:	CAPITAL AND RESERVES					RETAINED EARNINGS			
	Capital	Share premium	Legal reserve	Other reserves	First-time adoption	Other comprehensive income	Profit previous years	Profit for the year	Total shareholders equity
Balance December 31, 2019	76,784	4,676,804	4,211,061	389,032	396,864	350,566	48,345	1,316,203	11,465,659
Profit transfer							1,316,203	(1,316,203)	-
Dividends distribution:									
Dividends declared in cash, \$926 pesos per share over 451,670,413 subscribed and paid shares. Payment Dates: Mar.26 and Sep.23, 2020							(418,247)		(418,247)
Reserve transactions:									
Capitalization of legal reserve to meet commitment made by the AGM on March 2019			460,671				(460,671)		-
Other reserves				437,285			(437,285)		-
Release of other reserves, to increase the legal reserve			338,125	(338,125)					-
Disposal of profits from previous years realized in 2019 to increase the legal reserve.			5,996				(5,996)		-
First-time adoption					(2,009)		2,009		-
Other comprehensive income, net of income taxes						84,646			84,646
Profit for the year								223,809	223,809
Balance December 31, 2020	76,784	4,676,804	5,015,853	488,192	394,855	435,212	44,358	223,809	11,355,867
Profit transfer							223,809	(223,809)	-
Dividends distribution:									
Payment of dividends in shares at the rate of \$321.03 pesos per share, increasing the par value of the share by \$10, raising the par value to \$180 per share, and the difference of \$311.03 pesos corresponds to share placement premium.	4,517	140,483		(145,000)					-
Movement of reserves:									
Other reserves				223,809			(223,809)		-
Release of other reserves, to increase legal reserve			78,333	(78,333)					-
Disposal of profits from previous years realized in 2020 period, to increase the Occasional Reserve				18,129			(18,129)		-
First-time adoption					(97,396)		97,396		-
Other comprehensive income, net of income taxes						299,283			299,283
Withholding tax on dividends paid in stock							(1,774)		(1,774)
Effect of change in income tax rate							(14,926)		(14,926)
Profit for the year								1,176,189	1,176,189
Balance December 31, 2021	81,301	4,817,287	5,094,186	506,797	297,459	734,496	106,925	1,176,189	12,814,640

See the notes attached to the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
 Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
 Chief Accountant
 TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
 Statutory Auditor of Banco Davivienda S.A.
 TP. No. 90879-T
 Member of KPMG S.A.S.
 (See my report of February 23, 2022)



Banco Davivienda S.A.
Separate Statement of Cash Flows
(Millions of Colombian pesos (COP))

Years ended December 31:	Note	2021	2020
Cash flow from operating activities:			
Profit for the year		1,176,189	223,809
Reconciliation of profit for the period and net cash provided (used) in operating activities			
Provision (recovery) in financial instrument investments, net	12.3.6	82,011	(108)
Provision against loans and leases, net	12.5.14	3,067,094	3,336,131
Provision against accounts receivable, net	12.6	66,921	524,817
Provisions against assets held for sale, net	12.7.4	19,014	13,264
Provision against property and equipment and investment property, net	12.8.3/12.9.3	1,528	1,438
Provision against other assets, net	12.13	12,075	28,613
Provision for severance payments		55,380	50,013
Estimated liabilities provision, net	12.20	89,015	308,634
Interest income, net		(5,659,644)	(5,339,395)
Depreciations	13.3.2	185,086	195,227
Amortizations	13.3.2	31,188	29,256
Exchange difference, net		(53,206)	541,448
Profit (loss) on loan portfolio sales, net		(5,202)	-
Profit (loss) on equity method, net		(451,765)	(309,180)
Valuation of investments, net		(55,765)	(492,998)
Profit (loss) on sale of trading investments, net		(931)	(1,225)
Profit (loss) on sale of investments available for sale, net		6	1,246
Valuation of derivatives and spot operations, net		(336,433)	(482,197)
Profit (loss) on sale of assets held for sale, net	12.7.3	(380)	(478)
Profit (loss) on sale of property, equipment, and leasing assets, net	12.8.2	2,662	939
Profit (loss) on sale of investment property, net	12.9.4	(3,269)	(1,437)
Profit (loss) on sale of other assets		(10,582)	(7,465)
Income tax provision	13.5	265,881	(146,553)
Changes in operating assets and liabilities:			
Active money market operations and related operations		157,131	(147,321)
Financial investment instruments, net		495,863	(664,631)
Loans and financial leasing operations		(11,427,444)	(8,794,437)
Accounts receivable		(106,198)	(677,787)
Other assets		(271,413)	(124,423)
Deposits and term deposits		8,194,639	10,441,262
Money market and overnight operations		(615,679)	(254,881)
Derivatives		(9,901)	616,294
Accounts payable		247,677	185,025
Employee benefits		7,424	16,407
Other liabilities and estimated liabilities		(20,686)	182,353
Proceeds of the sale of loans	12.5.11	643,813	19,934
Proceeds of sale of assets held for sale	12.7.3	32,003	29,870
Proceeds of sale of other assets		78,781	64,593
Payment of severance		(47,687)	(43,574)
Income tax paid		(374,004)	(479,380)
Interest paid		(2,287,310)	(3,026,442)
Interest received		8,298,012	7,339,004
Net cash provided (used) in operating activities		1,471,894	3,155,665

15

Banco Davivienda S.A.
Estado Separado de Flujos de Efectivo (Continuación)
(Millones de pesos colombianos (COP))

Years ended December 31	Note	2021	2020
Cash flow from investing activities:			
Dividends received		216,211	213,091
Increase in available-for-sale investments		(4,262,488)	(1,925,084)
Increase in investments to maturity		(3,013,380)	(2,618,035)
Increase in investments in securities		(135,972)	(7,703)
Acquisition of property and equipment	12.8	(63,626)	(136,080)
Proceeds of sale of investments		7,155,044	3,355,680
Proceeds of sale of property and equipment	12.8.2	4,397	2,797
Proceeds of sale of investment property	12.9.4	18,128	4,687
Increase in intangible assets		(65,998)	(34,405)
Net cash used in investing activities		(147,684)	(1,145,052)
Cash flow from financing activities:			
Issues of debt instruments	12.17	3,218,553	1,066,284
Debt issue redemptions	12.17	(441,047)	(777,466)
New financial obligations	12.16	3,271,139	9,094,062
Payments for the period of financial obligations	12.16	(5,029,319)	(9,214,269)
Payment of lease liabilities		(77,922)	(102,158)
Payment of cash dividends		(135)	(418,140)
Net cash (used in) provided by financing activities		941,269	(351,687)
Net increase in cash and cash equivalents		2,265,479	1,658,926
Effect of the variation in exchange difference on results		272,236	(183,941)
Cash and cash equivalents at the beginning of the year		6,776,561	5,301,576
Cash and cash equivalents at the end of the period		9,314,276	6,776,561

(* Includes cash equivalents at under 90 days in money market and similar asset operations for \$2,220,164 on December 31, 2021 y and \$1,162,580 on December 31, 2020.

See the notes attached to the separate financial statement.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90679-T
Member of KPMG S.A.S.
(See my report of February 23, 2022)

16



APPENDIX 7.

CERTIFICATION AND RESPONSIBILITY FOR FINANCIAL INFORMATION

INDIVIDUAL FINANCIAL STATEMENTS

The undersigned Legal Representative and Accountant of Banco Davivienda S.A. pursuant to the terms established in Articles 46 and 47 of Law 964 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the separate Financial Statements for the period running from January 1 to December 31, 2021, do not contain defects, inaccuracies or errors preventing from ascertaining the true financial standing or the operations of Banco Davivienda S.A., in accordance with the provisions of Article 46 of Law 964 of 2005.

Consistent with the terms set forth in the accounting and financial reporting standards accepted in Colombia and in accordance with the items included in the Conceptual Framework, the information and assertions included in the separate financial statements have been duly verified and obtained from the accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. relies on adequate systems for disclosure and control of financial information, using appropriate procedures designed to ensure that such information is presented in an appropriate manner. The Audit and Financial Management Department verifies the operability of such systems.

Likewise, we hereby inform that no significant deficiencies have been evidenced in the design and operation of internal controls that would have prevented the Bank from recording,

processing, summarizing or adequately presenting its financial information. Management control activities have been carried out to prevent the risk of fraud in processes that affect the quality of financial information and to evidence changes in its evaluation methodology.

Assets, liabilities and equity existing at the balance sheet date are recorded in the separate financial statements and represent probable future rights and obligations, respectively. The transactions that occurred during the period and that correspond to the entity were recorded and the economic facts have been recognized by the appropriate amounts, classified, described, and faithfully disclosed, in accordance with the aspects set forth in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements included in the Financial Statements have been previously verified, in accordance with regulatory provisions, and have been faithfully taken from the books in accordance with Article 37 of Law 222 of 1995. The Bank maintains adequate procedures for control and disclosure of financial information. These procedures have been verified in accordance with the terms established in Article 46 of Law 964 of 2005.

Bogotá, January 31, 2022

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant T.P. 35089-T



CERTIFICATION AND RESPONSIBILITY FOR FINANCIAL INFORMATION CONSOLIDATED FINANCIAL STATEMENTS

The undersigned Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the terms established in Articles 46 and 47 of Law 964 of 2005, and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Consolidated Financial Statements covering the period between January 1 and December 31, 2021, are free of defects, inaccuracies or errors that would prevent ascertaining the true financial standing or operations of Banco Davivienda S.A. and its Subsidiaries, in accordance with the provisions of Article 46 of Law 964 of 2005.

Pursuant to the terms set forth in the Accounting and Financial Reporting Standards accepted in Colombia and in accordance with the aspects specified in the Conceptual Framework, the information and assertions included in the Consolidated Financial Statements have been duly verified and obtained from accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. and its Subsidiaries rely on adequate disclosure and control systems for financial information. For that purpose, procedures have been designed to ensure that such information is presented appropriately, and the Audit and Financial Management Department verifies the operability of such systems.

Furthermore, we report that there is no evidence of significant deficiencies in the design and operation of internal controls that would have prevented the Bank and its subsidiaries from recording, processing, summarizing or adequately presenting their consolidated financial

information. Management control activities have been carried out to prevent the risk of fraud in processes that would affect the quality of the consolidated financial information, and to evidence changes in its evaluation methodology.

Assets, liabilities and net equity existing at the balance sheet date are recorded in the Consolidated Financial Statements and represent probable future rights and obligations, respectively. Transactions conducted during the period corresponding to the entity and its subsidiaries were recorded and the economic facts have been recognized for the appropriate amounts, classified, described and faithfully disclosed, taking into account the aspects referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The assertions made in the Financial Statements have been previously verified, in accordance with regulatory provisions. These assertions are faithfully drawn from the books in accordance with Article 37 of Law 222 of 1995. The Bank and its Subsidiaries rely on adequate procedures for control and disclosure of financial information. The operability of these procedures has been verified, in accordance with the terms established in Article 46 of Law 964 of 2005.

Bogotá, February 21, 2022

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant T.P. 35089-T





BANCO DAVIVIENDA S.A.

This Annual Report, and its appendices were at Davivienda's Shareholders' disposal, within the terms established by law.

This report was prepared by:

EXECUTIVE VICE PRESIDENCY OF RISK

Ricardo León Otero / Executive Vice President of Risk

Paula Reyes del Toro / Vice President of Credit Risk

David Orlando Pedraza Sanabria / Manager - Investor Relations and Capital Management

Sandra Rodríguez Nieto / Head - Environmental and Social Risk

Paula Lorena Botía Cella / Specialist- Investor Relations and Capital Management

Andrea Blanco Barrios / Professional - Investor Relations and Capital Management

Juan Felipe Manotas Morales / Professional - Investor Relations and Capital Management

Laura Tatiana Bedoya Cruz / Professional - Investor Relations and Capital Management

Juan José Muegues Díaz / Professional in Practice - Investor Relations and Capital Management

Juan Felipe Botero Garzón / Apprentice- Investor Relations and Capital Management

EXECUTIVE VICE PRESIDENCY OF PERSONAL BANKING AND MARKETING

Maritza Pérez Bermúdez / Executive Vice President of Personal Banking and Marketing

Cristina Arias / Director of Sustainability

Carlos José Santos Lardé / Regional Head of Sustainability

Lina María Toro Osorio / Colombia's Head - Sustainability

Lina Marcela Moscoso Rodríguez / Professional - Sustainability

Carlos Eduardo Torres Prieto / Director of Marketing and Advertising

María Mercedes Márquez Olarte / Manager - Public Relations

Carlos Javier Larrota Rangel / Head - Brand and Advertising

Juanita Barriga Herrera / Professional - Brand and Advertising

VICE PRESIDENCY OF ACCOUNTING AND TAXES

Juan Carlos Hernández Núñez / Vice President of Accounting and Taxes

Carmen Anilsa Cifuentes Barrera / Financial Director

Nayibe Rey Ortiz / Head - Financial and Regulatory Department

Sandra Liliana Bejarano / Head - Corporate Accounting Department

DESIGN & PRODUCTION

Design concept / Babel Group

Layout and photo retouching / Todo Comunica

Director of Content production and editing / José F. Machado

Photography / Stock Davivienda, Stock Todo Comunica, iStock

FOR FURTHER INFORMATION

Sustainability and Public Relations / sostenibilidad@davivienda.com

Investor Relations and Capital Management / ir@davivienda.com

www.davivienda.com

Bogotá, March 23rd, 2022