Banco Davivienda S.A. and Subsidiaries

Consolidated Financial Statements for the year ended on December 31st, 2021

CONTENT

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

We have audited the accompanying consolidated financial statements of Banco Davivienda S.A. and Subsidiaries (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 their respective notes, that include the significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, 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 consistent basis with the previous year.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of our Report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to our audit of the consolidated financial statements established in Colombia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the Loan Portfolio Impairment 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
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. We 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.	Our audit procedures to assess the adequacy of credit risk impairment included, among others, the following: • 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 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.

Other information

Management 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 our corresponding audit report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on it.

In connection with our audit of the consolidated financial statements, our 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 we have performed, we conclude that there is a material error in this other information, we are required to report this fact. We 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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

- 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. We are responsible for the direction, supervision, and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with 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 our audit.

We also provide Those Charged with Governance with confirmation that we have complied with relevant ethical requirements for independence and that we have disclosed to them all relationships and other matters that might reasonably be considered to bear on our independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we 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. We describe these matters in our Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

KPMG S.A.S.

KPMG S.A.S.
Bogotá, Colombia
February 23, 2022

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 HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

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 HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
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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
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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				
	Capital	Share premium	Legal reserve	Other reserves	First-time adoption effects	Other comprehensive income	Profit previous periods	Profit or loss	Total equity of the owners of the controlling company	Non-controlling interest	Total equity
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)					-		-
Legal reserve			41.852				(41.852)		-	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

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 HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Accountant
Professional License No. 35089-T

KPMG S.A.S.
(See my report dated February 23, 2022)

1. Reporting Entity

Banco Davivienda S.A., is a private entity with registered offices in the City of Bogotá D.C. at Avenida El Dorado 68C-61. It was incorporated under Public Instrument No. 3892 dated October 16, 1972, issued at the 14th Notary Office of the Circuit of Bogotá. Its operating license was granted under Resolution 562 dated June 10, 1997. The articles expire on April 27, 2018, as established by Public Instrument 7811, dated April 27, 2018, but may be terminated or extended prior to such term. Banco Davivienda S.A., and its Subsidiaries ("the Bank") are part of Grupo Bolivar located in Bogotá D.C., at Avenida el Dorado 68B-31 Piso 10 and its corporate purpose is to enter into or engage in all operations and contracts legally permitted to commercial banking institutions subject to requirements and limitations set forth by Colombian Law.

2. Significant events

As of December 31, 2021, the following significant events were recorded in the Bank's operations affecting the Consolidated Financial Statements.

Dividends decreed

On March 18, 2021, the Annual General Meeting approved the payment of dividends in shares of the occasional reserve, for $321.03 pesos per share, by increasing the par value by $10 pesos, from $170 to $180 pesos per share, and the difference of $311.03 pesos per share relates to share placement premium. This dividend was paid on April 22,2021. Decisions made by the Annual General Meeting regarding profit distribution are further explained in note 12.25.

Purchase of shares

During 3Q2021, the Bank bought Promociones y Cobranzas Beta S.A. shares via its subsidiaries Inversiones CFD S.A.S and VC Investments S.A.S. based on a business consolidation model under common control, considering that Grupo Bolivar S. A. continues to be the ultimate controlling company of the subsidiary, Beta. CFD S.A.S. paid $75,756, for a 94.56% interest, and VC Investments S.A.S. paid $1,066 for a 1.33% interest, for a total 95.89% stake.

Exchange rate effect

As of December 31, 2021, the Market Exchange Rate was 1 USD = 3,981.16 COP, implying a $548.66 depreciation from the year-end Market Exchange Rate recorded as of December 31, 2020, which was 3,432.5 COP. This resulted in a net expense on profits amounting to $142,687.

The effect of translation in equity had a net increase of $370,359, attributable to a higher value in the translation of investments in equity securities amounting to $455,303, offset by the restatement of financial liabilities designated as hedges net of deferred tax of $84,944.

3. Basis of preparation

a) Statement of compliance with accounting and financial reporting standards accepted in Colombia.

The consolidated financial statements have been prepared in accordance with Accounting and Financial Reporting Standards Accepted in Colombia (NCIF), as established in Law 1314 of 2009, regulated by the Single Regulatory Decree 2420 of 2015 as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019 and the directives issued by the Financial Superintendence of Colombia (SFC), in accordance with the provisionsset forth in Decrees 1851 of 2013 and 2267 of 2014 and external circulars 034 and 036 of 2014. The NCIF are based on the International Financial Reporting Standards (IFRS), along with IFRS interpretations, issued by the International Accounting Standards Board (IASB); the basic standards refer to those translated into Spanish and issued by the IASB as of the second half of 2020. The following items are excepted from the NCIF:

Item	Regulation	Exception
Treatment of the loan portfolio and its impairment	Decree 1851 issued in 2013 External Circular 036 issued by the SFC in 2014.	The consolidated financial statements show the impairment of the loan portfolio in accordance with NCIF, and the difference between theimpairment value calculated under NCIF and the provisions calculated under the standards established by the SFC using the expected loss methodology is disclosed in Other Comprehensive Income based on the terms specified in External Circular 36 issued in December 2014 and External Circular 37 issued in October 2015.
Alternative for recognition and presentation of deferred income taxes	Decree 1311 of 2021	Allows to account for the variation in the deferred income tax, derived from the increase in the income tax rate, as established in the Social Investment Law 2155, to be recognized against accumulated profits in equity, exclusively for 2021.

In accordance with Colombian law, the Bank must prepare Consolidated and Separate Annual Financial Statements, which are submitted by the Board of Directors to the Annual General Meeting of Shareholders for approval or disapproval. The consolidated financial statements disclose assets, liabilities, equity, income, expenses and cash flow of the Bank and its subsidiaries as if they were a single economic entity. Consolidated financial statements are submitted for the consideration of the highest corporate body for the purpose of reporting on the performance of the parent company and its subsidiaries. On the other hand, the separate financial statements account for investments in subsidiaries by applying the equity method. These financial statements are submitted to the Annual General Meeting ofShareholders so that, depending on their approval or disapproval, it may decide on the distribution of dividends and appropriations.

The main financial statements for legal purposes in Colombia are the Bank's Separate Financial Statements.

b) Going concern

The financial statements were prepared on a going concern basis. The crisis caused by COVID-19 and social distancing measures is gradually easing due to higher vaccination rates, but there are still remaining uncertainties arising from new variants and the need for boosters. Such uncertainties, coupled with an increase in local and global inflation rates, may have an impact on economic activity. Even under a recovery scenario, there is still uncertainty about the magnitude of these impacts on the macroeconomic environment and, therefore, on the environment in which the Bank operates. The Group will continue to monitor macroeconomic conditions and analyze possible scenarios, which largely depend on the evolution of the biosecurity protocols to be defined by the authorities, and on how the global and local economic recovery unfolds. Despite these external factors, the Bank's operation is conceived as a going concern, designed for the long term and sustainable. The latter is grounded in the evaluation of the Bank's current financial standing, its current intentions, the results of operations and access to financial resources in the financial market. The impact of such factors on future operations was also considered, and no situation was identified that would make it impossible for the Bank to operate as a going concern.

c) Accrual accounting

The Bank prepares its financial statements, except for cash flow information, on an accrual basis of accounting. Accordingly, the Bank recognizes items such as assets, liabilities, equity, income and expenses, when they meet the definitions and recognition criteria set forth in the conceptual framework of international financial reporting standards adopted in Colombia.

d) Materiality

The Bank's management determined the materiality of the figures to be disclosed in the Consolidated Financial Statements according to their function or nature. Therefore, if a specific item lacks materiality, it is added to other items, considering that it is not necessary for the Bank to provide a specific disclosure required by a NCIF, whenever the information lacks materiality.

e) Presentation

The Bank's management will not change the way items disclosed in the consolidated financial statements are presented and classified from one reporting period to the next, unless there is a review of the activities that are materialto the presentation of the consolidated financial statements, or when it becomes apparent that another presentation or classification would be more appropriate, based on the criteria defined in prevailing Bank policies.

The disclosure regarding the criteria and estimates used by the Bank to recognize assets and liabilities components appears in the note related to accounting policies. When required for clarity, the importance of using these estimates and assumptions affecting the amounts reported in the consolidated financial statements shall be stated in the detail of the explanatory notes for each component that requires a segregated description of the value judgments used relevant to the presentation of the consolidated financial statements.

Uniform accounting policies under NCIF were used to prepare the consolidated financial statements.

f) Presentation of the consolidated financial statements

I. Statement of Financial Position

It is presented showing the different asset and liability accounts ordered according to their liquidity, considering that, for a financial entity, this form of presentation provides more relevant and reliable information. Consequently, the notes to each of the financial assets and liabilities disclose the amount expected to be recovered or paid within twelve months and after twelve months.

II. Statement of Income and Other Comprehensive Income

They are presented separately in two statements as permitted by IAS 1 "Presentation of Financial Statements". Likewise, the income statement is presented by the nature of income and expenses, as it provides more reliable and relevant information for financial entities.

III. Statement of Cash Flows

This statement is presented using the indirect method. Interest income and expenses are presented as operating activities, dividends received are presented as investing activities, and dividends paid are presented as financing activities.

4. Main accounting policies

4.1. Basis of measurement

The consolidated financial statements were prepared on the historical cost basis, except for the following items, which are measured at fair value at the end of each period, as explained in the accounting policies included below:

Item	**Measurement Base**
Derivatives	Fair value
Financial instruments at fair value through profit or loss and with changes in other comprehensive income	Fair value
Long-term employee benefits	Actuarial calculation

I. Historical cost

Historical cost is usually based on the fair value of the consideration paid in exchange for goods and services.

II. Fair value

Fair value is defined as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the valuation date regardless of whether that price is observable or estimated directly using another valuation technique. In estimating the fair value of an asset or liability, the Bank considers the characteristics of such asset or liability, whether market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on this basis, except for lease transactions that are within the scope of IFRS 16, and valuations that have some similarities to fair value but are not fair value, such asvalue in use under IAS 36. See note 8.

4.2. Functional currency. Currency of presentation

The consolidated financial statements were prepared and presented in Colombian pesos, as this is the Bank's functional currency, and pursuant to the instructions issued by the Financial Superintendence of Colombia under External Circular 038 of 2013.

The items included in the Bank's consolidated financial statements are stated in the currency of the primary economic environment where the Bank operates (Colombian pesos). The financial statements are presented "in Colombian pesos", which is the Bank's functional and presentation currency. All information is presented in millions of pesos and has been rounded to the nearest unit.

4.3. Transactions in foreign currencies

When the financial statements of each individual entity included in the Bank's consolidated financial statements are prepared, transactions in currencies other than the Bank's functional currency (foreign currency) are recognized using the exchange rates prevailing at the dates of the transactions. At the end of each period, monetary items denominated in foreign currencies are translated at the exchange rates prevailing at that date. Non-monetary items that are measured at historical cost, in foreign currency, are not retranslated.

Exchange rate differences on monetary items are recognized in the income statement for the period, except when they arise from:

- Exchange rate differences arising from exchange rate hedging transactions (see Note 4.8 related to accounting policies for hedges).

The Bank's foreign currency assets and liabilities are stated in Colombian pesos in the Consolidated Financial Statements using the exchange rates in effect at the end of the period. Income and expense items are translated at the average exchange rates in effect for the period, unless the average rate for each period is inadequate, in which case the exchange rates in effect at the date of the transactions and equity at historical cost are used. Exchange rate differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests when appropriate). The Bank performs an exchange rate sensitivity analysis to assess significant fluctuations, see note 10 Corporate risk management.

On the sale of a foreign operation, i.e., sale of the Bank's entire interest in a foreign operation, or a disposition involving a loss of control in the subsidiary that includes a foreign operation, partial loss of joint control over a jointly controlled entity that includes a foreign operation, partial of which the retained interest is converted into a financial instrument; all cumulative exchange differences in equity related to that operation attributable to the Bank are reclassified to profit or loss.

The translation rates effective at the end of December 31, 2021 and 2020 are $3,981.16 and $3,432.50 per 1 USD, respectively.

4.4. Basis for consolidation of financial statements

The consolidated financial statements include the assets, liabilities, profits and cash flows of the Bank and its subsidiaries, and are prepared using uniform accounting policies for transactions or events in similar circumstances. Intercompany balances and transactions and any unrealized income or expenses are eliminated in the consolidation process. Unrealized gains arising from transactions with companies whose investment is recognized under the equity method are eliminated in proportion to the interest held in the investment. Unrealized losses are eliminated in the same manner as unrealized gains.

The Bank controls an entity if: a) it has existing rights giving the Bank the ability to exercise control over significant activities of the investee that significantly affect the investee's returns, b) it has rights over and/or is exposed to variable returns in the investee and c) it has the ability to use its power over the investee to influence the investee's returns.

Subsidiaries

The Bank indirectly exercises control over companies in which subsidiaries consolidate other entities. All consolidated entities are subsidiaries.

Subsidiaries are entities controlled by the Bank. An entity is controlled by the Bank when the Bank exercises power over the investee, is exposed to, or is entitled to variable returns from its interest in the investee and has the ability to influence those returns through its power over the investee. Generally, the exercise of control is aligned with the risksor returns absorbed from the subsidiaries. On the other hand, subsidiaries are consolidated from the date on which control is obtained until the date when control ceases.

The Bank assesses, for each period, the investments in which it has an interest of less than 50% to establish whether there is control and, therefore, obligation to consolidate these entities, taking into account the following considerations: a) substantial changes in the ownership of the Bank assessed, taking into account purchases or sales of its shares in the period; b) contractual changes in the governance; c) additional activities in the period such as providing liquidity, transactions not originally contemplated; and d) changes in the financing structure of the Bank assessed.

All intercompany balances, transactions and cash flows have been eliminated in the consolidation process.

When the Bank loses control over a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest.

Amounts previously recognized in other items of comprehensive income relating to the subsidiary are recorded using the same method established for the disposal of the relevant assets or liabilities (i.e., they are reclassified to profit or loss or transferred directly to other stockholders' equity items as specified/permitted by the applicable IFRS). The fair value of any investment retained in the subsidiary at the date that control is lost is deemed to be the fair value on initial recognition under IFRS 9 or, if applicable, the cost on initial recognition of an investment in an associate or joint venture.

For equity investments, a significant and prolonged decline in fair value below cost is deemed to be an impairment event.

The Bank's financial statements as of December 31, 2021 and 2020, include the following subsidiaries:

Subsidiaries in Colombia

Fiduciaria Davivienda S.A.

A private company incorporated through Public Instrument No. 7940 dated December 14, 1992 issued by the 18th Notary Office of Bogotá, D.C., authorized by the Financial Superintendence of Colombia through Resolution 5413 dated December 30, 1992, with a valid operating license and term until December 14, 2043, with registered office in the city of Bogotá, D.C.

Fiduciaria Davivienda S.A. is a leading company in the trust sector. Fiduciaria Davivienda S.A. offers its clients a wide portfolio of investment funds and structured trusts, powered by the knowledge and experience of its employees.

Corredores Davivienda S.A. – Comisionista de Bolsa

Corredores Asociados S.A. - Comisionista de Bolsa, is a private entity that was incorporated on December 5, 1980 through public instrument No. 6710 issued by the 1st Notary Office of Bogotá D.C.; its registered office is in the city of Bogotá D.C. and it was authorized by the Financial Superintendence of Colombia, through Resolution No. 061 dated March 9, 1981; the term of the Company's life is until December 31, 2030.

On February 24, 2011, the subsidiary Corredores Asociados Panamá S.A., Sociedad Anónima was incorporated under the laws of the Republic of Panama, registered with file No. 719028, document 1880528 of the Commercial Section of the Public Registry, obtaining a Securities Brokerage Firm License under Resolution No. 235-11 issued by the National Securities Commission on July 5, 2011.

On February 28, 2013, Banco Davivienda S.A., Fiduciaria Davivienda S.A., and Sociedades Bolivar S.A. executed an agreement to purchase 100% of the shares of Corredores Asociados for $120,000, under which the Bank acquired 94.89% of the shares. Such purchase was authorized by the Financial Superintendence of Colombia on May 16, 2013 and was formalized on December 25, 2013.

Cobranzas Sigma S.A.

Cobranzas Sigma S.A., is a private entity that was incorporated through a Sole Private Shareholders' Agreement on December 3, 2010, registered on December 9, 2010 under No. 01412815 of Book IX. Its registered office is in the city of Bogotá, D.C., the company was incorporated for an indefinite term, but it may be dissolved or extended before such term. On October 31, 2018, the company's transformation from a Simplified Joint Stock Company (S.A.S.) to a Corporation (S.A.) was approved.

Its corporate purpose is the judicial and/or extrajudicial collection of the portfolio delivered in leasing, according to the valuation made by the firm Estructuras Financieras S.A.S. Likewise, the Board of Directors unanimously requested Management to call an Extraordinary General Meeting of Shareholders for December 23, 2015, in order to submit for consideration of the highest corporate body the approval of the merger commitment or agreement and the exchange relationship between Banco Davivienda S.A. and Leasing Bolívar S.A.

On December 23, 2015, the General Shareholders' Meeting approved the merger between Banco Davivienda S.A., and Leasing Bolívar S.A., Financing Company.

Effective January 4, 2016, after the Financial Superintendence of Colombia approved the merger between Leasing S.A., and Banco Davivienda S.A., through Resolution 1667 dated December 2, 2015, Sigma became a subsidiary of Banco Davivienda S.A.

Corporación Financiera Davivienda S.A.

Private company incorporated through Public Instrument No. 16904 issued on September 9, 2019 at the 29th Notary Office of Bogotá D.C and authorized by the Financial Superintendence of Colombia under Resolution 1168 issued on September 2, 2019, with operating license granted through Resolution 1631 dated December 3, 2019 and registered at the Chamber of Commerce with a capital of $55,000, Banco Davivienda S.A., acquired a 90% interest, Banco Davivienda Internacional Panamá a 9.99% stake, and other companies of Grupo Bolivar hold a minority interest.

Corporación Financiera Davivienda S.A. is the sole shareholder of VC Investments S.A.S., a private entity, incorporated on September 6, 2019, through a private document registered in the Chamber of Commerce of Bogotá D.C. under number 02505176 of Book IX. In addition, Inversiones CFD S.A.S., a private entity, was incorporated on March 31, 2021, through a Sole Shareholder private document registered in the Chamber of Commerce of Bogota D.C. under number 02684292 of Book IX.

Inversiones CFD is a majority shareholder of Promociones y Cobranzas Beta S.A. and indirectly of Ediciones Gamma S.A. and Delta International Holdings, LLC

Subsidiaries abroad

Inversiones Financieras Davivienda S.A. - El Salvador

On June 25, 2003, the Financial Superintendence authorized the firm Inversiones Financieras Bancosal S.A. to be incorporated as the controlling company for the sole purpose of managing the financial conglomerate of Banco Davivienda Salvadoreño, which is composed of the following companies: Inversiones Financieras Davivienda. S.A., the controlling company with exclusive control; Banco Davivienda Salvadoreño S.A. And its subsidiaries;Valores Davivienda El Salvador, S.A. de C.V; and Seguros Comerciales Bolívar, S.A., Seguros de Personas Bolívar, S.A. and Davivienda Servicios S.A. de C.V.

The sole purpose of Inversiones Financieras Davivienda S.A. is to invest in the capital stock of Salvadoran companies or companies incorporated abroad, engaged in financial intermediation or with complementary purposes to the banking and financial businesses permitted by the laws of the Republic of El Salvador, with the prior approval of the Superintendence of the Financial System.

Banco Particular de El Salvador was incorporated on January 5, 1885 and Davivienda Seguros was incorporated on March 6, 1958 and the company Davivienda Vida Seguros, S. A. Seguros de Personas was incorporated on July 13, 2000.

Banco Davivienda S.A. acquired the subsidiary Inversiones Financieras Davivienda El Salvador on November 30, 2012.

There is a representative office in Guatemala which began operations in May 2014.

Banco Davivienda Honduras S.A.

It was incorporated in the city of Tegucigalpa, M.D.C. through public instrument No. 12 dated March 31, 1948, with the corporate name Banco la Capitalizadora Hondureña S.A.

The Bank became a subsidiary of Primer Banco del Istmo, S.A. (BANITSMO), a Panamanian financial institution. In July 2006, HSBC purchased 99.98% of the shares.

The Bank's corporate name change from Banco el Ahorro Hondureño S.A. to Banco HSBC Honduras, S.A. was approved in February 2007 through instrument number 265 dated May 9, 2007, effective as of July 23, 2007.

Banco Davivienda S.A., acquired the subsidiary Banco HSBC Honduras S.A. on December 7, 2012, through instrument number 198, modifying the corporate name of this commercial company to "Banco DAVIVIENDA Honduras S.A., under registration number 63,147, entry number 16,077 of the Commercial Registry.

Grupo del Istmo Costa Rica S.A.

Banco Davivienda S.A. acquired the subsidiary Grupo del Istmo Costa Rica on November 23, 2012.

Grupo del Istmo was incorporated as a corporation under the laws of the Republic of Costa Rica, its principal activity is the holding of shares, with its principal place of business in San José, Costa Rica.

As of December 31, 2014, Grupo del Istmo (Costa Rica), S.A. holds 99.92% of the shares of Corporación Davivienda (Costa Rica), S.A. formerly Corporación HSBC (Costa Rica), S.A., which is an entity authorized as a Financial Group by the Consejo Nacional de Supervisión del Sistema Financiero (CONASSIF), since April 15, 1999, through article 23 of act 86-993.

As of December 31, 2014, Grupo Financiero del Istmo is comprised of Corporación Davivienda (Costa Rica). S.A., which holds 100% of the shares of the following companies domiciled in San José, Costa Rica:

Banco Davivienda (Costa Rica), S.A. (formerly Banco HSBC (Costa Rica), S.A.
Davivienda Puesto de Bolsa (Costa Rica), S.A. (formerly HSBC Puesto de Bolsa (Costa Rica), S.A.) (Securities)
Davivienda Corredora de Seguros Costa Rica S.A. (formerly Davivienda Sociedad Agencia de Seguros (Costa Rica) S.A.) (Securities)
(Costa Rica) S.A.

In March 2015 Grupo del Istmo acquired the company Arrendadora empresarial GDICR, Sociedad Anónima for 1 million colones and Corporación Davivienda (Costa Rica) acquired the shareholding held by Grupo Istmo in the subsidiary Arrendadora empresarial GDICR, changing the name of the leasing company to "Davivienda Leasing Costa Rica S.A.", being capitalized in 270 million colones (approximately USD 0.5 million).

In October 2015 Grupo del Istmo (Costa Rica) S.A. made a capital contribution to Corporación Davivienda (Costa Rica), with the proceeds of a loan for USD 6.1 million received from Banco Davivienda Panamá Licencia General, so that the latter in turn acquired from Riesgos e Inversiones Bolívar Internacional S.A., a company domiciled in Panama City, 51% of the common and nominative shares of the companies Davivienda Seguros Costa Rica (formerly Seguros Bolívar Aseguradora Mixta S.A.).

Seguros Bolívar Honduras S.A.

In 2005, the parent company of the insurance company, Primer Banco del Istmo, S.A. (BANISTMO), sold its shares to the company's parent company. (BANISTMO), sold the shares of Seguros Bolívar Honduras S.A. to another of its Panamanian subsidiary companies, HSBC Seguros (Panamá), S.A. Subsequently, in July 2006, the Board of Directors of HSBC Seguros (Panamá) S.A. signed a purchase and sale agreement with HSBC Asia Holdings, whereby it sold 99.98% of the shares of the parent company.

Also during 2005, the parent company of the insurance company sold the shares of Seguros El Ahorro Hondureño, S.A. (today Seguros Bolívar Honduras, S.A.), S.A. (today Seguros Bolívar Honduras, S.A.). (today Seguros Bolívar Honduras, S.A.) to another of its Panamanian subsidiary companies: HSBC Seguros (Panamá), S. A. (formerly Compañía Nacional de Seguros, S.A. (CONASE), which became a subsidiary of HSBC Seguros (Panamá), S. A.

(formerly Compañía Nacional de Seguros, S.A.). (CONASE), which became the owner that consolidates the financial statements of the subsidiary.

In February 2007, the company name was changed from "Seguros El Ahorro Hondureño S.A." to "Seguros HSBC Honduras S.A.", (Seguros HSBC, S.A) and the capital stock was increased to 3,468,000 shares.

In 2009, HSBC Seguros Panamá, S.A. was taken over by HSBC Bank (Panamá) S.A., on January 24, 2012, HSBC Bank (Panamá) S.A., entered into a purchase agreement for the sale of 88.64% of the shares of Seguros HSBC Honduras S.A., with Banco Davivienda S.A., operation concluded on December 7, 2012, by agreement of the Extraordinary Shareholders' Meeting held on May 17, 2012 and resolution No.502-11/2012 of the Central Bank of Honduras, the company was authorized to change its current corporate name to Seguros Bolívar Honduras, S. A.

The main purpose of the company is the acceptance of risk coverage, to cover indemnities for losses suffered by the assets or equity of the controlling company and which are known as damage and personal insurance, including accident contracts.

Banco Davivienda Panamá S.A.

Banco Davivienda (Panamá), S. A. (the "Bank"), formerly Bancafé (Panamá), S. A., was incorporated on December 13, 1966 under the laws of the Republic of Panama, and began operations under a general banking license granted by the National Banking Commission, now the Superintendency of Banks of Panama (the "Superintendency"), which permits the Bank to conduct banking transactions in Panama and abroad. On May 3, 1988, through Resolution No. 34-88, said entity additionally granted an international license. By Resolution number S.B.P. 0067 of June 29, 2011, the Superintendency of Banks of Panama authorized the transfer and consolidation of the activities maintained under the International License, under the General License. Therefore, this resolution leaves Resolution No. 34-88 without effect.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks, in accordance with Decree Law 9 of February 26, 1998 and other legal norms in force. The main domicile is in Panama City, Republic of Panama.

On February 16, 2007 Banco Davivienda S.A., acquired the subsidiary Bancafé Panamá and currently owns 100% of the shares.

On November 19, 2012 Bancafé Panamá changed its name and logo to Banco Davivienda Panamá.

Banco Davivienda Panama adopted International Financial Reporting Standards and presented its opening financial statement and its first comparative statement in December 2014.

On March 13, 2018 the Superintendency of Banks of Panama authorized the incorporation by public deed No. 3,488 of the Company - Inversiones Rojo Holding S.A., a subsidiary of Banco Davivienda Panamá S.A.

In 2018, Banco Davivienda Panamá S.A. acquired the following companies Torre Davivienda Sucursal S.A., Torre Davivienda Piso 12 S.A., Torre Davivienda Piso 13 S.A., Torre Davivienda Piso 14 S.A., Torre Davivienda Piso 15 S.A., Torre Davivienda Piso 16 S.A., Torre Davivienda Piso 17 S.A., Torre Davivienda Piso 18 S.A., for a value of USD 94,516. The acquisitions were business combinations under common control. Banco Davivienda (Panamá) S.A., measured the assets acquired and liabilities assumed using the book value in the financial statements of each entity (book value accounting). There was no impact on the consolidated financial statements because the transaction was atthe Banco Davivienda (Panamá) S.A. level and the effects were eliminated during the consolidation process.

International License

On June 3, 2015, Banco Davivienda (Panamá) S.A. was spun off to form the new subsidiary Banco Davivienda Internacional S.A. (Panama), with a capital of USD 10,000,000, corresponding to 10,000 shares at a unit price of USD 1,000. This new entity is 100% owned by Banco Davivienda S.A., as a result the new paid-in capital of Banco Davivienda (Panama) S.A. was USD 19,100,000.

Authorized by the Colombian Financial Superintendency pursuant to filings 2014035808-010-000 of May 29, 2014 and 2014088027-015-000 of October 20, 2014 and by the Superintendency of Banks in Panama with resolution SBP-0106-2015 of June 19, 2015, the following accounting records were made to support the authorized spin-off process:

Assets were transferred for USD 109,117 made up of USD 84,054 of loan portfolio and USD 25,063 of investments in bonds and deposits for USD 109,117. The spin-off process culminated in 2016.

As a result of the spin-off, part of the capital reserve of USD 1.3 million was transferred from the equity to create the dynamic reserve.

Below is the situation in assets, liabilities, equity and profit of the Bank and the companies included in consolidation without the effect of homologation, elimination and homogenization to NCIF Financial Reporting Accounting Standards.

	December 31, 2021			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S.A. (Matriz) excluded	112,635,101	104,517,115	8,117,986	723,737
Grupo del Istmo Costa Rica S.A. (*)	14,199,629	12,836,226	1,363,403	186,902
Inversiones Financiera Davivienda S.A. (*)	11,954,688	10,526,081	1,428,607	133,203
Banco Davivienda Honduras S.A	6,151,979	5,514,838	637,141	56,249
Seguros Bolívar Honduras S.A.	397,222	258,095	139,127	22,982
Banco Davivienda Panamá S.A. (*)	5,141,782	4,817,766	324,016	(7,698)
Davivienda Internacional Panamá S.A.	702,739	387,634	315,105	39,063
Corredores Davivienda S.A. (*)	381,737	268,020	113,717	12,076
Cobranzas Sigma S.A.	1,538	313	1,225	474
Fiduciaria Davivienda S.A.	272,551	31,171	241,380	49,131
Corporación Financiera Davivienda S.A (*)	250,637	67,456	183,181	30,632
Total	152,089,603	139,224,715	12,864,888	1,246,751

	December 31, 2020			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S.A. (Matriz) excluded	106,532,321	95,176,454	11,355,867	223,809
Grupo del Istmo Costa Rica S.A. (*)	12,625,575	10,569,513	2,056,062	99,547
Inversiones Financiera Davivienda S.A. (*)	10,703,022	9,144,268	1,558,754	59,804
Banco Davivienda Honduras S.A	4,705,792	4,202,357	503,435	24,809
Seguros Bolívar Honduras S.A.	338,042	237,881	100,161	14,539
Banco Davivienda Panamá S.A. (*)	4,388,775	3,757,339	631,436	13,623
Davivienda Internacional Panamá S.A.	555,731	335,784	219,947	7,325
Corredores Davivienda S.A. (*)	854,294	715,144	139,150	17,453
Cobranzas Sigma S.A.	1,091	340	751	601
Fiduciaria Davivienda S.A.	292,430	40,576	251,854	60,688
Corporación Financiera Davivienda S.A (*)	81,210	4,516	76,694	(202)
Total	141,078,283	124,184,172	16,894,111	521,996

(*) Sub-consolidated

To date, there are no contractual restrictions on the use of the Bank's assets and the settlement of its liabilities, except for the reserve requirement to protect customer deposits.

4.5. Cash and cash equivalents

Cash and cash equivalents include available balances held with central banks, correspondent banks, and financial instruments that are highly liquid, with original maturities of three months or less, subject to insignificant risk and used by the Bank to manage its short-term obligations. The Bank defines as insignificant risk financial instruments with wideand deep markets, for which there is total certainty and ease of valuation; and with minimal credit risk, reflected in ratings that support a strong capacity of the issuer or counterparty to meet its financial obligations.

Cash equivalents are measured at fair value or amortized cost for those financial instruments that meet the conditions for this valuation. See note 12.1.

4.6. Interbank and overnight funds

Includes interbank fund purchase and sale transactions, repo transactions, simultaneous transactions and temporary transfer of securities.

Interests in repo transactions, simultaneous transactions and temporary transfer of securities are recorded in the statement of financial position as an obligation or receivable, depending on the corresponding position. These transactions are treated as collateralized financing and are initially recognized at fair value, being the amount of cash disbursed and received, respectively. The disbursing party takes possession of the securities that serve as collateral for financing and that have a market value equal to or greater than the principal amount borrowed.

For repo transactions, the initial amount may be calculated with a discount on the market price of the securities involved in the transaction; during the term of the transaction, it may be established that the securities initially delivered may be replaced by others and restrictions may be placed on the mobility of the securities involved in the transaction.

In the case of simultaneous operations, a discount may not be established on the initial amount market price of the securities, nor may it be arranged that securities initially delivered can be replaced by others during the life of the operation, and restrictions cannot be placed on the mobility of the securities of the operation.

The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not derecognized in the statement of financial position, since the risks and benefits of the financial asset cannot be transferred.

Yields on repo and simultaneous transactions and interest on interbank transactions are recorded in the income statement.

Interbank funds with a term of 90 days or less are considered as cash equivalents for cash flow presentation purposes.

4.7. Financial Instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to liabilities are deducted from the fair value of financial liabilities at initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in the Income Statement.

4.7.1. Financial assets

The Bank has classified its financial assets at amortized cost or fair value according to the business model defined to manage the risks and benefits as well as the characteristics of contractual cash flows of financial assets.

The characteristics of cash flows show whether the instrument is held to obtain contractual cash flows or for sale or for both.

Evaluation of the business model

The evaluation of the business model involves assessing the activities that are regularly carried out by the Bank and the role played by the various financial assets towards achieving the Bank's objectives. The analysis of the instrumentsis performed on an aggregate basis (division - subdivision), and then progresses to an individual analysis of each portfolio, product or line of business that requires it, allowing for the possibility of having sub-portfolios, each one of them responding to a different business model.

Evaluation of characteristics of contractual cash flows, SPPI Test.

The Bank determines whether a financial asset satisfies the conditions as a Solely Payment of Principal and Interest security, to evaluate the characteristics of contractual cash flows.

The Bank established two business models for investment portfolio management; i) structural management: investments whose purpose is associated with financial intermediation, balance sheet market risk management, and the need to count on liquid assets to support the financial intermediation process; and ii) trading management: investments whose purpose is to maximize the profits generated by the Treasury through the purchase and sale of financial instruments.

All purchases or sales of financial assets made under normal market conditions are recognized and derecognized based on the trade date. Purchases or sales made under normal market conditions are those purchases or sales of financial assets that require the assets to be delivered within the time frame established by norm or custom in that market.

4.7.1.1. Financial assets at amortized cost

The Bank holds financial instruments that are measured at amortized cost when its objective is to hold them for the purpose of collecting contractual cash flows and the contractual terms of the asset yield cash flows at specified dates that are solely payments of principal and interest on the principal outstanding and the Bank has the ability to hold them to maturity.

Financial assets are stated at amortized cost net of impairment provisions. Interest income is recognized by the effective interest method and is recorded in the income statement as interest income.

Investments measured at amortized cost are evaluated each period for evidence of impairment, and impairment losses are recognized in the income statement.

Financial instruments are reclassified only if there is a change in the Bank's business model.

Financial assets at fair value through profit or loss

Financial assets that are purchased for the purpose of selling or repurchasing them in the short term are held for trading. The Bank manages these investments and makes purchase and sale decisions based on their fair values in accordance with its risk management or investment strategy. These assets are recognized at fair value on the trade date, and changes in fair value and gains or losses on sale are recorded in the income statement.

Financial assets at fair value through equity

Financial assets that are designated at fair value through equity are recognized at fair value on the trade date, adding transaction costs directly attributable to the acquisition. Changes in fair value are recorded in other comprehensive income, interest is recognized when incurred in the income statement, gains or losses generated when sold are calculated on cost and recognized in net income for gains (losses) in other income.

Certain equity investments that complement the Bank's business are recognized at fair value through equity, irrevocably choosing to classify them in this category, and are recognized at fair value plus any transaction costs on the trade date. Changes in equity values are recognized in other comprehensive income.

Impairment of financial instruments at amortized cost or at fair value through OCI - Investments

Impairment for these investments is measured as follows:

- If the credit risk of the investment asset has increased significantly since initial recognition, it is recognized at an amount equal to the expected credit losses over the life of the asset, or

- If the credit risk of the investment has not increased significantly since its initial recognition, it is recognized for an amount equal to the expected credit losses for the next 12 months.

The Bank reviews these investments at least annually or semiannually, depending on the type of company involved, notwithstanding individual or industry-specific reviews of situations that impact the creditworthiness of counterparties.

For investments in debt securities, a deterioration of the credit rating is deemed as objective evidence of impairment. Other factors considered in the impairment assessment include the financial position, the main financial indicators of the issuer of the instrument, significant and continuing losses of the issuer or contractual defaults, including non-payment of interest or non-compliance with covenants agreed in loans. Note 12.3.3 discloses the credit risk by grade and the expected credit loss of these financial instruments.

4.7.1.2. Derecognition of financial assets

The accounting treatment of transfers of financial assets is conditioned by the extent to which the risks and benefits associated with the transferred assets are transferred to third parties.

- The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the risks and benefits inherent to the ownership of the financial asset are materially transferred. For example, the unconditional sale of financial assets, the sale of financial assets with a promiseto repurchase them at fair value at the repurchase date, asset securitizations in which the transferor does not retain subordinated financing or grant any type of credit enhancement to the new holders, and other similar cases.

- When derecognizing a financial asset in its entirety, the difference between the carrying amount of the asset and the sum of the consideration received and receivable and the cumulative gain or loss that has been recognized in other comprehensive income and retained earnings is recognized in the income statement.

- If the Bank neither transfers nor substantially retains all the risks and benefits of ownership and continues to retain control of the transferred asset, the Bank recognizes its interest in the asset and the associated obligation for the amounts it would be required to pay. For example, sales of financial assets with a promise to repurchase for a fixed price or for the sale price plus interest.

In this case, the following elements are recognized:

a) An associated financial liability, which is recognized at an amount equal to the consideration received and is subsequently measured at amortized cost, unless it qualifies for classification in other financial liabilities at fair value through profit or loss,

b) Both the income from the transferred financial asset not derecognized and the expenses of the new financial liability are maintained without offsetting.

If the Bank substantially retains all the risks and benefits inherent to ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized loan for the proceeds received.

For example, asset securitization where the transferor assumes subsidiary financing or other credit enhancements for a portion of the transferred asset.

4.7.1.3. Loan portfolio

The loan portfolio is comprised of assets with fixed or determinable payments, which represent only payments of principal and interest, which the Bank does not intend to sell and which are not quoted in an active market. Loans are recorded at amortized cost, net of allowances for impairment, write-offs and uncollected accrued interest, including interest paid, origination costs and fees, syndicated loan fees and unamortized discounts or premiums when conditionsare met.

Interest income is recognized by the effective interest method. Costs and origination commissions are considered to adjust the interest rate of the loan and recognized in interest income over the term of the loan.

Commissions are recognized by the effective interest rate method during the term of the credit or as commission income when there are no disbursements as contractually agreed.

Decrees 1143 of 2009, 1190 of 2012, 0701 of 2013, 2480 of 2014, and 161 of 2014 issued by the Government established the "conditional coverage" mechanism to facilitate home ownership. The Bank implements the procedures of this mechanism in mortgage loan disbursements and housing leasing contracts to promote home ownership. The government covers interest rates on the loans granted since July 2012, up to a predefined overall quota. The Bank offered its customers an additional incentive from installment 85 up to a maximum of the following eight (8) years and will bear the value that the government had been paying if the customer remains in compliance with his or her obligations under the same conditions. As of June 23, 2018, the benefit of rate coverage is only granted to customers who purchase housing in projects with sustainable certifications. In order to fulfill this obligation, a provision was estimated based on a model that considered the real performance of the loans, which must be adjusted to the extent that the coverage is provided by the Bank.

Residential leasing

The property subject of this type of operation is owned by the Bank and insured for fire and earthquake

It corresponds to the financed value of the real estate delivered in lease to the user for its use and enjoyment, in exchange of a periodical rental payment, during the agreed term, and upon maturity the property is restored to its owner or is transferred to the lessee, should he decide to exercise the purchase option agreed upon on his favor and pays the corresponding remaining value.

Restructured loans

A restructured loan is a loan that is restructured by entering a legal transaction with the purpose of modifying the initial conditions of the loan in order to allow the debtor to adequately meet its obligation. For these purposes, novation, loan modifications not related to the client's payment capacity are not considered restructured loans. Before restructuring a loan, it must be reasonably established that the loan will be recovered under the new conditions.

Portfolio Purchases

Purchase is initially recognized at acquisition cost equal to their fair value, considering any discount or premium adjustment on purchase.

Insolvency regime: Law 1116 of 2006

The insolvency regime seeks to protect credit and secure the recovery and conservation of a business as a unit of economic exploitation and source of employment, by the means of reorganization and formal liquidation, always applying the criterion of added value.

Impairment Provisions

In order to guarantee the funds collected from customers, the Group evaluates the credit risk level of its portfolio at the end of each period by determining the level of expected loss derived from the lending activity.

A loan or group of loans measured at amortized cost are considered to be impaired if there is a significant increase in credit risk and this event has an impact that can be reliably calculated on the estimated future cash flows of the financial asset.

This implies that the impairment must be consistent with the model for expected losses defined for the portfolio; that impairment be generated by the effect of significant increases in loan credit risk; and that the calculation of the amount of the impairment can be estimated as an effect of the decline in value of expected loan flows in comparison to contractual flows.

Indicators of deterioration may include, but are not limited to, one or more of the following events: (A) significant financial difficulty of the borrower or issuer, (b) default or arrears on the part of the borrower, (c) restructuring of the loan, (d) indications that a borrower or issuer is under liquidation, (e) the disappearance of an active market for an instrument, (f) other observable data related to a bank of assets such as adverse changes in the status of payments of borrowers or issuers included in the bank, or economic conditions that correlate with defaults on Bank assets.

Significant loans measured at amortized cost presenting impairment are assessed individually and those that remain significant but have no impairment are collectively evaluated for any signs of impairment that they may have incurred but have not yet been identified. Loans measured at amortized cost that are not individually significant are collectively assessed looking for impairment, by grouping them according to similar risk characteristics.

The model of individual impairment evaluation takes into account the expected flows affected by factors such as arrears presented, the antiquity of these arrears, exposure of the loan, the associated guarantees and the costs incurred to collect against collateral.

Furthermore, the collective impairment evaluation model takes into account the historical payment performance of customers as of the cutoff date, as well as events indicating a significant increase in risk based on the loan's maturity, the product, and if restructuring has occurred, among other factors. Based on the relevant variables for each portfolio segment, the components of the expected loss model are built and the incidence of macroeconomic variables is incorporated under different probable scenarios.

If the terms of a financial asset measured at amortized cost are renegotiated or otherwise modified due to financial difficulties of the borrower or issuer, impairment is measured by assessing whether there is a significant increase in the credit risk of the asset comparing:

- The risk of a default at the reporting date based on the amended or renegotiated contractual terms; and
- The risk of a default at initial recognition (based on the original, unmodified contractual terms).

Portfolio impairment represents management's best estimate for portfolio financial instruments, including off-balance sheet exposures, as of the end of the reporting period. Impairment of portfolio financial instruments are presented as a deduction from loan balances in the presentation of assets in the consolidated financial statements.

Portfolio impairment is increased by the increased risk of non-payment of loans and decreased by partial payments, write-offs, write-offs net of recoveries and/or portfolio sales. The specific conditions of the expected loss model are detailed in note 10.4.2.4.

Write-offs

A loan is write-off when there is no reasonable expectation of recovery in its entirety or a portion thereof and extensive recovery efforts have been made or legal action has been exhausted. Consumer loans not backed by mortgage and/or guarantee are derecognized when exhaustive efforts of recovery have been made. Commercial. consumer and mortgage loans and residential leases are derecognized when the maximum days past due is exceeded as set in each country (on average more than 120 past due days, depending the loan portfolio). This assessment is carried out at the individual asset

level)

Specific write-offs lower than the parameters defined by the Bank may be applied when authorized by the Board of Directors.

The write-off does not relieve the Bank's management from continuing with the collection efforts deemed appropriate.

4.7.1.4. Loan Portfolio Sales

This is a process whereby financial assets held by the Bank are 100% transferred with all the rights and risks or derivatives thereof to a third party as a firm sale and the consideration received can be money or other property. The assets being sold are removed from the consolidated financial statements for their net value on books on the trade date and the difference between the carrying value and the value received is recorded as a profit or loss for the year, registered according to valuation studies issued by experts.

The Bank has management contracts for securitized portfolios in which, through its applications, it operationally controls the portfolio of a third party, charging a percentage for this service.

Loans that have been written off and are subsequently sold are posted at the reasonable value and the generated profit or loss is recognized in the Profit and Loss Statement.

4.7.1.5. Accounts receivable

Accounts receivable other than loans and finance leases are subsequently classified and measured at amortized cost and impairment losses are periodically evaluated in accordance with the simplified approach contemplated in IFRS 9.

<u>Accounts receivable provisions</u>

The Bank will measure loss adjustments at an amount equal to expected credit losses over life for accounts receivable other than the loan portfolio, using a simplified impairment model based on the behavior and permanence of the items, excluding from the calculation those accounts that according to their term, functionality, purpose and control do not require it.

4.7.1.6. Derivative financial instruments

Derivatives are financial instruments that derive their value from changes in interest rates, foreign exchange rates, credit spreads, commodity prices, equity prices or other financial or non-financial metrics. The Bank's derivative portfolio consists of interest rate, foreign exchange rate and debt securities contracts. The Bank uses derivatives for trading purposes and to manage risks associated with the balance sheet structure, and derivatives are recognized at fair value in the statement of financial position. Additionally, the credit risk charge is recognized by calculating CVA and DVA for each of the counterparties engaged in these types of contracts. The CVA represents the credit risk charge of the counterparty, which generates a negative adjustment to fair value. On the other hand, the DVA represents Banco Davivienda's risk with the counterparty, which implies a positive adjustment to the fair value of the contract.

Notional amounts of derivatives are not recognized as assets or liabilities to the extent that they represent the face value of the contract to which a rate or price is applied to determine the cash flow to be exchanged under the terms of the contract. The notional amount does not represent a gain or loss associated with the risk factors affecting the value of the derivative.

Derivatives held to manage balance sheet risk are recognized at fair value in the Statement of Financial Position, and changes in fair value are recognized in the income statement or in OCI along with changes in the fair value of the hedged item, which are attributable to the hedged risk, in the same line of the Statement of Comprehensive Income as the hedged item.

Derivatives held for trading purposes

Trading profit can be generated in three ways: i) by distribution, understood as the Treasury's intermediation between professional markets, and offshore, institutional and real sector customers; ii) by the own position activity, by which positions are taken for short periods of time to take advantage of the trends of valuation or devaluation of financial assets and derivative instruments and (iii) the arbitrage activity, which allows, through the combination of financial assets and derivative instruments, to generate financial margins without incurring market risks.

Realized or unrealized derivatives trading profits are recognized in the income statement as revenue associated with the business model of trading.

Derivatives held to manage risk

Derivatives held for risk management purposes, which also meet the requirements of hedge accounting and generate significant accounting mismatches, are accounted for under hedge accounting requirements. Derivatives that are held for hedging purposes but do not meet the above conditions are recognized as risk management derivatives and their changes in fair value are recognized in profit or loss.

Embedded derivatives

The derivatives embedded in other financial instruments or other contracts (host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when such contracts are not recorded at fair value through profit or loss.

4.7.1.7. Offsetting of financial instruments in the Statement of Financial Position

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. The information corresponding to offsetting financial assets and liabilities is disclosed in note 11.

4.8. Hedge Accounting

Based on the changes introduced in the revised IFRS 9, 2014 version, the Bank applies hedge accounting requirements of this standard from the date of initial application (January 01, 2018).

The Bank designates certain instruments as hedging instruments, which include derivatives and non-derivatives, either as fair value hedges, cash flow hedges, or hedges of the net investment in the foreign operation.

For the consolidated financial statements, the requirements of Chapter 6 of IFRS 9 apply to hedges in force at the transition date, that is, January 1, 2018. After that date, all the criteria for hedge accounting in IFRS 9 v. 2014 will apply to new hedging operations. The consolidated financial statements at December 31, 2017 applied the hedge accounting requirements in IAS 39 (replaced by IFRS 9) were applied.

At the beginning of the hedge, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the objectives of the risk management and its management strategy to undertake various hedging transactions. Additionally, at the beginning of the hedge and on a continuous basis, the Bank documents whether the hedging instrument is highly effective in offsetting the exposure to changes in fair value or changes in the cash flows of the portion hedged.

Additionally, the risk component or hedged components are identified, provided that they can be separated and reliably measured, and the Bank specifies whether total or partial hedging is performed at a percentage of the nominal amount of the hedged item or whether partial hedging is performed at individual cash flows. Likewise, the Bank will evaluate according to the hedging strategy and according to the characteristics of the hedged item and the hedging instrument, whether periodic renewals are required to maintain the hedging relationship.

Fair Value Hedging

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any change in the fair value of the hedged asset or liability attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the Statement of Income in the line item related to the hedged item.

When the hedge no longer meets the criteria for hedge accounting or if the hedging instrument is sold, expires, is cancelled or is exercised, hedge accounting is discontinued prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to income as of that date.

Note 12.4 includes details on the fair value of instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of hedged cash flow reserve. Gains and losses relating to the ineffective portion of the hedging instrument are recognized immediately in income and included in "other income and expenses".

Amounts previously recognized in other comprehensive income and accumulated in stockholders' equity are reclassified to income in the periods in which the hedged item is recognized in income under the same line item as the recognized hedged item. However, when a forecasted hedged transaction results in the recognition of a nonfinancial asset or non financial liability, gains or losses previously accumulated in stockholders' equity are transferred and included in the initial measurement of the cost of the nonfinancial asset or non financial liability.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting, Any cumulative gain or loss on the hedging instrument that has been recognized in equity will continue in equity until the forecasted transaction is ultimately recognized in income, When the forecasted transaction is no longer expected to occur, the cumulative gain or loss in equity will be recognized immediately in income.

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss related to the ineffective portion is recognized in income.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to income on the sale of the foreign operation.

4.9. Assets held for sale

Assets are classified as available for sale when their current conditions allow their sale and it is highly probable that their sale will occur in the following year, and from the second year onwards they are classified as other assets.

Assets classified as held for sale are recorded at the lesser value between cost and fair value less cost to sell. Under this classification, they are no longer depreciated or amortized and subsequent changes in their fair value less cost to sell are recorded in the income statement.

Sales Plans

The following are the sales plans established for assets held for sale:

- Available assets are delivered to the sales channels (real estate agencies, specialized individuals and vehicle suppliers) engaged by the Bank to start their sale process.
- As for assets that are difficult to sell, which are classified as such when they have already completed more than twelve months (for real estate) or more than 3 months (for vehicles) without receiving any offer since they were first posted, specific plans are made for their sale, with greater emphasis on those that have completed such time, analyzing each case and creating strategies to achieve their disposal.
- The price, as a general policy, is determined by a commercial appraisal (no more than six months old for real estate and three months old for private vehicles), the ease of sale of the asset, physical conditions and conditions of the real estate or vehicle market in the specific area, among others.
- Each month, the bank follows up on business transactions to verify the efforts made by the sales channels to meet the deadlines established for the sale of the assets, generating commitments between the parties in order to seek effective sales solutions.

4.10. Joint arrangements

Joint ventures are those entities in which the Bank has joint control over their activities, established by contractual agreements and which require unanimous consent for the determination of financial and operating policies. In joint operations, the assets, liabilities, income and expenses related to the participation in the joint operation of each of the joint operators are accounted for and in joint ventures the participation is recognized as an investment applying the equity method.

The Bank participates in joint operations related to the financial retail business, through a business collaboration agreement whereby each party makes contributions that will remain within the agreement as property of each contributing party, receiving a percentage of the profits.

4.11. Property and Equipment

Land and buildings, computer equipment, furniture and fixtures and other equipment are stated at cost, less depreciation and provisions for impairment. Cost includes expenses directly attributable to the acquisition of the asset. Land is not depreciated. Gains or losses on the sale of assets are recorded in other income or expenses in the income statement.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to be derived from its use or disposal.

Costs to replace a portion of property and equipment are recorded as an increase in the value of the asset if they meet the requirements for their recording, and maintenance and remodeling expenses of owned assets that do not extend the useful life of the asset are recorded as expenses in the income statement; significant remodeling expenses of leased offices are amortized over the term of the lease.

Transfers are made when there is a change in the use of property and equipment without losing control of the asset

<u>Depreciation</u>

Depreciation is calculated by applying the straight-line method to the cost of the assets, less their residual value. Land is not subject to depreciation. Such depreciation, which is charged to income, is calculated based on the following useful lives:

Category	Useful life (years)	Residual Value
Buildings	30 - 100	10% Acquisition cost
Vehicles	3 - 5	20% Acquisition cost

Furniture and fixtures	3 - 10	Up to 5%
Informatic Equipment and other equipment	3 - 20	Up to 5%

The useful lives and residual values are reviewed each year and adjusted if necessary.

4.12. Investment properties

Real estate that is not held for the Bank's use and is held to earn rent and/or capital appreciation is classified as investment property.

Investment properties are initially valued at acquisition cost, including transaction costs incurred. After initial recognition, investment property is valued under the cost model and depreciated as indicated in the property and equipment policy.

An investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the property is derecognized.

Investment properties are recognized as assets only when it is probable that future economic benefits associated with such investment properties will flow to the Bank and the cost of the investment properties can be measured reliably.

When the use of a property changes to investment property, it is measured at fair value and reclassified as investment property. The difference arising between the carrying amount and the fair value is recognized in the income statement. In accordance with IAS 40, when the entity uses the cost model, transfers between investment properties, owner-occupied facilities and inventories do not change the carrying amount or cost of such properties for measurement or disclosure purposes.

4.13. Investments in associates

Associated entities are those entities in which the Bank has significant influence, but not control or joint control over financial and operating policies, or holds more than 20% and less than 50% stake. Investments in associates are initially recognized at cost including any transaction costs and are increased or decreased by the equity method to recognize the share in income and changes in equity and any decrease to reflect provisions for impairment in the valueof the investment. Changes in the investment are recognized in the income statement and in equity in other comprehensive income and subsequently assessed for impairment in accordance with the requirements of IAS 36. Dividends from associates are recognized in income for the period when the Bank has the right to receive them.

When the Bank's share of losses of an associate or joint venture exceeds the Bank's interest in that associate or joint venture (which includes long-term interests that, in substance, form part of the Bank's net investment in the associate or joint venture), the Bank discontinues recognizing its share of losses. Additional losses are recognized to the extent that the Bank has incurred any legal or constructive obligations or made payments on behalf of the associate or joint venture.

The equity method is estimated based on the financial statements homogenized to the parent company's policies.

On acquisition of an investment in an associate or joint venture, the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets and liabilities of the investment is recognized as goodwill, which is included in the carrying amount of the investment. Any excess of the Bank's interest in the net fair value of the identifiable assets and liabilities over the acquisition cost of the investment, after reassessment, is recognized immediately in profit or loss for the period in which the investment was acquired.

When necessary, the Bank tests the total carrying amount of an investment in an associate or joint venture (including goodwill) for impairment in accordance with IAS 36 Impairment of Assets as a single asset, comparing its recoverable amount (higher of value in use and fair value less cost to sell) against its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of such impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Bank discontinues the use of the equity method from the date on which the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Bank retains the interest in the associate or joint venture the retained investment is measured at fair value at that date and is considered as its fair value at initial recognition in accordance with IAS 39 and the difference between the carrying amount of the associateor joint venture at the date the equity method is discontinued and the attributable fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. Additionally, the gain or loss previously recognized in other comprehensive income for such associate or joint venture is reclassified to the statement ofincome.

The Bank continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no revaluation to fair value on such changes in interest.

When the Bank reduces its interest in an associate or a joint venture but the Bank continues to use the equity method, the Bank reclassifies to profit or loss for the period the gain or loss that had previously been recognized in other comprehensive income in relation to the reduction of its interest in the investment if that gain or loss would have been reclassified to profit or loss on disposal of the related assets or liabilities. See Note 12.8.

When the Bank enters into transactions with its associate or joint venture, the gain or loss resulting from such transactions with the associate or joint venture is recognized in the Bank's consolidated financial statements only to theextent of the interest in the associate or joint venture that does not relate to the Bank.

The Bank determined that it has significant influence over the following investments:

Colombian Entities: Redeban, Titularizadora de Colombia y Servicios de Identidad Digital S.A.S.
Indirect investments in El Salvador: Sersaprosa, Serfinsa and ACH.
Indirect investment in Honduras: Zip Amareteca and Bancajero BANET.

Joint ventures are those entities in which the Bank has joint control over their activities, established by contractual agreements and which require unanimous consent for the determination of financial and operating policies. In joint operations, the assets, liabilities, income and expenses related to the participation in the joint operation of each of the joint operators are accounted for and in joint ventures the participation is recognized as an investment applying the equity method.

The Bank participates in joint operations related to the financial retail business, through a business collaboration agreement where each party makes contributions that will remain within the agreement in property of each contributing party receiving a percentage of participation on the profits and other operations carried out by the subsidiary in Colombia Fiduciaria Davivienda S. A. through contracts of consortium agreements, where each entity has a percentage participation in the structured trust consortiums. A. through consortium agreement contracts, where each entity has a percentage of participation in the structured trust consortiums. These agreements are signed with other trust entities for the purpose of participating in public bids in order to jointly execute and develop a service rendering activity.

4.14. Business combinations

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the entity minus the liabilities incurred by the entity with the previous owners of the acquired company and equity securities issued by the entity in exchange for control over the company. Costs related to the acquisition are generally recognized in the income statement as they happen.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits, which are recognized and measured in accordance with IAS 12 - Income Taxes- and IAS 19- Employee Benefits- respectively;
- Liabilities or equity instruments related to payment agreements based on shares of the acquired company or payment arrangements based on shares of the Bank held to replace share-based payment agreements for acquisition, measured in accordance with IFRS 2 - Share-based payments - at the date of acquisition; and
- Assets (or groups of assets for disposal) classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - measured in accordance with that Standard

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Commercial or financial standing or added value is measured as the excess of the amount of the transferred consideration, the amount of any non-controlling equity holding in the acquired company, and the reasonable value of the former share equity holding of the acquirer in the acquired company (if any) over the net of the identifiable amount of the assets acquired and liabilities assumed on the date of acquisition. Should after a revaluation, the net of the identifiable amount of assets acquired and liabilities assumed on the date of acquisition exceed the amount of the transferred consideration, the amount of any non-controlling equity holding in the acquired company, and the reasonable value of the former share equity holding of the acquirer in the acquired company (if any), the excess is immediately recognized in the consolidated profit and loss statement, as a purchase profit obtained from a bargain price.

Non-controlling interests in the form of shareholdings that give their holders a proportional share of the net assets of the entity in the event of liquidation may be initially measured either at fair value or at the value of the proportionate share of the non-controlling participation in the recognized amounts of the identifiable net assets of the acquired company. The measurement basis option is made on each transaction. Other types of non-controlling participations aremeasured at fair value or, when applicable, based on the specification by another IFRS.

When the consideration transferred by the entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a combination of businesses. Changes in the fair value of the contingent consideration that qualify as adjustments of the measurement period are adjusted retrospectively with the corresponding adjustments against goodwill. The adjustments of the measurement period are adjustments that arise from additional information obtained during the 'measurement period' (which may not be more than one year from the acquisition date) about facts and circumstances that existed at the date of acquisition.

The accounting treatment for changes in fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration that is classified as capital is not measured again in future report dates and its subsequent settlement is accounted for within capital. Contingent consideration that is classified as an asset or liability is measured another time at future report dates in accordance to IAS 39. or IAS 37 - Provisions. Contingent Liabilities and Contingent Assets - as appropriate, recognizing the corresponding profit or loss in the Income Statement.

When a business combination is achieved in stages, the entity's previous shareholding in the acquired company is recognized at fair value at the acquisition date and the resulting profit or loss, if any, is recognized in the income statement. Amounts arising from interests in the company acquired prior to the acquisition date that have been previously recognized in Other Comprehensive Income are reclassified to the Income Statement when this treatment isappropriate and if the interest is eliminated.

If the initial accounting treatment of a business combination is incomplete at the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for items whose accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above) or additional assets or liabilities are recognized to reflect the new information obtained on the facts and circumstances that existed at the date of acquisitionand that, had they been known, would have affected the amounts recognized at that date.

Combinations subject to common control

Combinations of companies under common control are accounted for using the carrying value approach, recognizing all identifiable assets, liabilities and contingent liabilities acquired at the incorporation for the amount recognized in the accounts of the absorbed company.

In addition, identifiable assets acquired and liabilities assumed must be recognized and measured, and the date of acquisition shall be the date of registration with the competent authority. This date shall be deemed to correspond to that in which control of the subsidiary is acquired and which is normally referenced by the registration of the publicdeed of merger before the Chamber of Commerce.

There will be no recognition of intangible assets such as goodwill in this type of transaction and costs related to the merger processes will be recognized in the income statement of the period.

4.15. Investments in other companies

Certain equity investments are recognized at fair value with changes in equity, taking the final decision to classify them in this category.

Regulations for banks only permit investment in technical service businesses to support the operation of banks in entities where it does not have control, joint control or significant influence, which are recognized at the beginning. Afterthis recognition they are measured at fair value minus any impairment identified at the end of each reporting period. Dividends received are recognized in the income statement unless they arise from profit of periods prior to the acquisition. in which case they are deducted from the permitted investment.

4.16. Intangibles

The Bank records an intangible asset once it has identified: the existence of control, the separability of the asset and the fact that it is expected to generate a future economic benefit. For recognition it is essential that the intangible asset complies with all the features described above. The initial measurement of intangible assets depends on the way the Bank obtains the asset. An intangible asset can be obtained through the following ways: by the acquisition separately, as part of a business combination, or internally generated by the Bank.

The intangible asset acquired in a separate transaction is measured as the sum of the purchase price, including import duties and taxes not reimbursable on the acquisition, after deducting discounts and rebates, and the costs directly attributable to preparing the asset for the use provided. In business combinations, the value of the corresponding cost is the fair value at the acquisition date. For internally generated intangible assets, all disbursements in the research phase are recognized in expenditures along with all those incurred in the development phase to create, produce and prepare the asset for it to operate as intended are capitalized.

Subsequent disbursements are capitalized only when they increase the future economic benefits, incorporated into a specific asset related to those disbursements. All other disbursements including those made to generate goodwill and trademarks internally, are recognized in profit or loss when they accrue.

The Bank assesses whether the useful life of an intangible asset is finite or indefinite. An intangible asset with a finite useful life is amortized, unlike one with an indefinite useful life. In the subsequent recognition, intangible assets with indefinite useful life are amortized on a straight-line over their estimated useful life.

Intangible assets acquired separately, which generally corresponds to software licenses or software, are amortized over an estimated useful life of 1 - 11 years. Maintenance or support costs are charged to profit or loss.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

4.16.1. Impairment of tangible and intangible assets excluding goodwill.

At the end of each period. the Bank reviews the carrying amounts in the ledgers of its tangible and intangible assets to determine whether there are indications that these assets have undergone an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent distribution basecan be identified, corporate assets are also assigned to the cash-generating individual units, or otherwise, they are assigned to the smaller Bank of cash-generating units for which a reasonable and consistent distribution base could beidentified.

Intangible assets with an indefinite lifespan or not yet available for use, are subject to testing for purposes of impairment at least annually, and whenever there is a sign that the asset may be impaired.

The recoverable amount is the higher between the fair value minus the cost to sell and the value in use. In assessing value in use, flows of estimated future cash flows are discounted to their present value using a discount rate before tax that reflects the current market assessment regarding the value of money over time and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized at once in income.

Subsequently, when an impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the adjusted carrying amount does not exceed the carrying amount that would have been determined if an impairment loss had not been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in results.

4.16.2. Goodwill

Goodwill represents the surplus price paid over the fair value of assets and liabilities acquired in a business combination. Goodwill is initially registered at fair value and subsequently updated by decreasing its value because of impairment losses.

Goodwill represents the future economic benefits arising from the business combinations that are not individually identified and can be recognized separately. It is assigned to a cash-generating unit or a group of cash-generating units if economic benefit from the synergies of the business combination is expected.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or when there is an indication of impairment. The test compares the carrying amount of the asset, including goodwill, with the amount recoverable on it. If the carrying amount exceeds the recoverable amount, the Bank will immediately recognize the impairment loss in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit, in the following order: first, the carrying amount of any goodwill allocated to the generating unit is reduced; and then, the other assets of the unit are reduced pro rata, on the basis of the carrying amount of each asset in the unit.

4.17. Other non-financial assets

There are assets for which it is not possible to find similar recognition and measurement criteria that would allow them to be classified within the available categories or groups of financial assets; these are classified in the category of other non-financial assets, among them are art and cultural goods, prepaid expenses, goods received in lieu of payment with restrictions for sale, accounts receivable other than loans and financial leasing operations, among others. They are measured at cost and are subject to impairment assessment through a matrix based on the risks of noncompliance with impact on results.

4.18. Leases

The accounting treatment of the leases in which the Bank takes part as lessee must be acknowledged under a unique accounting model, whereas under the figure of a lessor, contracts are classified as financial or operational leases.

The Bank as lessor

The leasing contracts under the figure of a lessor are classified as financial and operational:

Financial leases are acknowledged by the statement of financial position and are presented as a receivable by an import equal to the net leasing investment. That is, the total of the minimum payments to be received by the financial leasing and any other unguaranteed residual value, discounted to the interest rate implicit in the lease. The acknowledgement of the financial income is based on a guideline which reflects, in each period, a constant performance rate on the net financial investment which has been made on the financial lease.

Operational leases are presented in the statement of financial position according to the nature of said assets. Expenses incurred in the securing of leasing income, including the depreciation of the asset, are recognized as expenses. Leasing proceeds are acknowledged linearly in the leasing deadline. Depreciation and deterioration of the leased assets shall take place in such a way which is coherent with policies for similar assets.

The Bank as lessee

A single accounting model is applied, whereby all leases with a significant amount and a term of more than 12 months are recognized in the Statement of Financial Position if there is an explicitly or implicitly identified asset in a contract; there is a substantial right to use the identified asset without any restriction by the supplier; there is a right to direct how and for what purpose the asset is used; and there is a right to obtain substantially all of the economic benefits from the use of the asset over the entire period.

Only leases of tangible assets or components of a contract that are tangible assets are recognized. Contracts involving the use of an intangible asset are accounted for in accordance with the policy corresponding to this type of asset.

A right-of-use asset and a lease liability are recognized at the lease commencement date. The lease liability will be equal to the present value of the lease payments that have not been paid at that date, using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee will use the lessee's incremental borrowing rate at terms similar to those agreed to in existing leases.

Projected lease payments include (Lease Liabilities):

- Fixed payments, less any incentive receivable.
- Payments that vary according to an index or fee from the beginning of the lease.
- Future payments for residual value guarantees.
- Payments for purchase options, only if they are expected to exercise with reasonable certainty.
- Payments for termination penalties, only if they are expected to be exercised with reasonable

Right-of-use assets are measured at cost and include the following:

- Amount of the initial measurement of the lease liability.
- Payments made before or on the start date of the lease (advances), less any incentives received.
- Initial direct costs incurred
- Dismantling costs

By selecting the incremental rate, it must be considered that it is equivalent to the rate that would have to be paid by making the decision of being financed to acquire an asset of similar conditions during a similar term to that agreed upon in the lease and with a similar risk.

The term assessment takes place specifically for each contract and underlying asset types, including reasonably certain future renovations.

The estimated amount of decommissioning of leased property is updated annually, as defined in the refund clauses of contracts.

In the subsequent measurement, the carrying amount of the leasing liability shall be affected by the interest on the liability, the leasing payments and the leasing contract modifications or new liability measurements; the asset for right to use shall meanwhile be affected by the accumulated depreciation, accumulated deterioration and the leasing contract modifications or new liability measurements. The depreciation method used is straight line, using an equivalent period to the leasing term unless there is a purchase option.

Short-term leases or those which imply the use of a low-value asset shall be excluded from the defined accounting model and shall be directly recorded in a linear fashion in the period results.

4.19. Financial liabilities

An instrument is classified as a financial debt when it contains a contractual obligation to transfer cash or other financial assets where it is considered that it will or may be settled in a variable number of its own equity instruments.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

<u>Financial debt at fair value through profit or loss</u>

Financial liabilities are classified at fair value through profit or loss when the financial liability is (i) held for trading or (ii) is designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It is mainly acquired with the aim of repurchasing it soon; or
- It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of taking short-term profits; or
- It is a derivative that is not designated as a hedging instrument and meets the conditions to be effective.

Financial liabilities at fair value through profit or loss are recorded at fair value, recognizing any gain or loss arising from remeasurement in the Income Statement. The net gain or loss recognized in profit and loss includes any interest obtained from the financial liability and it is included in the ‘other income and expenses’ item in the consolidated profit and loss statement. Fair value is determined as described in Note 8

Other financial liabilities

Other financial debt, (including loans, bonds, and accounts payable), is subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is used to calculate the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts precisely estimated cash flows over the expected life of the financial liability or (when appropriate) in a shorter period with the net carrying amount of the financial liability on initial recognition.

Financial liability instruments that include deposits, indebtedness instruments issued and financing are recognized on the date they are negotiated and are posted at amortized cost, plus or less the accrued amortization estimated with the effective interest rate method.

Subordinated debt and bonds are recorded at transaction value and are subsequently recorded at amortized cost, paid interests are recorded using the method of effective interest rate, and the issue costs are recognized and are recorded as an interest expense.

This item also includes rediscount operations, in Colombian government programs for development lending to specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries.

Derecognition of financial liabilities

The Bank derecognizes financial debt if, and only if, the Bank´s obligations are satisfied, canceled or have expired. The difference between the carrying amount of the derecognized financial debt and the consideration paid and payable is recognized in the Income Statements.

4.20. Employee benefits

Short-term benefits

Short-term employee benefits are those that the Bank expects to fully liquidate before the twelve months at the end of the reporting annual period, such as wages and salaries, annual leave, sick leave, terminations and interest on terminations, among others. When an employee has served the Bank during the accounting period, the amount (uncounted) of short-term benefits to be paid for such services shall be recognized as a liability (accrued or accrued expense) and as an expense.

The Bank's contractual or implied obligation is limited to the recognition of the amount agreed upon with the employee and shall be calculated on the basis of a reliable estimate of the amounts to be paid. expenditure is generated only on the basis of the occurrence of the compensation since the services provided by employees do not increase the amount of benefits.

Long-term benefits

Long-term benefits are all employee benefits other than short-term benefits, post-employment benefits, and termination benefits. These benefits correspond to the extra-legal premium for seniority and preferential interest rate for housing credit.

Post-employment benefits

These are different from termination and short-term benefits, which are paid after the worker completes his or her period of employment.

Defined contribution plans are those in which the Bank makes contributions of a predetermined nature to a separate entity (a fund) and has no legal or implied obligation to make additional contributions; the benefits of the supplementary pension plan are included in this classification.

4.21. Insurance

Premiums for single premium business are recognized as income when received, at which time the policy becomes effective. For regular premium contracts, accounts receivable are recognized on the date payments are due. Premiums are shown before deduction of commissions. When policies lapse because premiums are not received, all premium income earned but not collected since that date is considered to have lapsed, net of expenses and is offset against premiums.

Claims for losses are recognized as an expense when incurred, and reflect the cost of all claims arising during the year.

Liability adequacy tests are conducted for insurance portfolios based on estimated future claims, costs, earned premiums and proportionate investment income. For long-duration contracts, if actual experience with respect to investment returns, mortality, morbidity, terminations or expenses indicates that the existing contract liabilities, togetherwith the present value of future gross premiums, will not be sufficient to cover the present value of future benefits andto recover deferred policy acquisition costs, then a premium deficiency is recognized.

Costs directly attributable to the acquisition of incremental insurance and business investment are deferred to the extent they are expected to be recoverable from future revenue margins on these contracts.

These costs are systematically amortized over a period no longer than that in which they are expected to be recovered from these future margins.

The current risk reserve represents the portion of premiums written on policies in force and policies with future inception, net of issuance expenses, corresponding to the unearned portion of the risk. These premiums are recorded as income and a reserve is recorded as a liability.

This reserve is established on the date of issuance of the policy and shall be calculated as the result of multiplying the premium issued, minus the issuance expenses. Without prejudice to the form of payment of the insurance, the reserve shall be calculated according to its term.

For individual life insurance policies, a mathematical reserve must be established, calculated as the difference between the actuarial present value of the future obligations payable by the insurer and the actuarial present value of the future payments payable by the insured at the calculation date.

The reserve for claims reported is the amount of resources that the entity must allocate to cover payments for claims that have occurred once they have been reported and the associated expenses. The reserve for claims not reported represents an estimate of the amount of resources that the entity must allocate to cover future payments for claims that have already occurred at the date of calculation of this reserve but have not yet been reported or for which there is insufficient information.

Catastrophic reserves are not recognized in the consolidated financial statement because there is no certainty that their realization can be predicted.

4.22. Income taxes

4.22.1. Tax strategy and policies

The Bank complies adequately and timely with both the spirit and the provisions of the various tax regulations applicable in the countries in which it operates. Constant analysis of regulatory updates allows the planning, implementation and effective adoption of decisions and risk control in tax matters.

4.22.1.1. Transparency

The Bank, based on its policies and principles, makes the required disclosures in an understandable, timely and transparent manner. In line with international and compliance recommendations, the Bank performs controls to avoid operations in non-cooperative, low or no tax jurisdictions and not to use secrecy jurisdictions or "tax havens". Likewise, it maintains its position against aggressive tax planning practices or the use of pernicious tax structures.

4.22.1.2. Income taxes

The tax expense is recognized in the income statement for the period, except for those items that must be recorded in equity or in other comprehensive income.

4.22.1.2.1. Current taxes

The current tax is the amount to be paid or recovered for the income tax, which is calculated based on the tax laws in force at the date of the Statement of Financial Position, Management regularly evaluates the position assumed in tax returns, regarding situations in which the tax laws are subject to interpretation and, if necessary, set up provisions on the amounts that it expects will have to be paid to the tax authorities.

4.22.1.2.2. Deferred taxes

Deferred tax liabilities are the amounts to be paid in the future in respect of taxable temporary differences, while deferred tax assets are the amounts to be recovered in respect of deductible temporary differences, tax loss carryforwards or deductions pending application. Temporary differences are those between the carrying amount of assets and liabilities and their tax base.

In assets classified as property, plant and equipment, the applicable rate for the calculation of deferred tax is calculated based on the use of the assets. For land, the applicable rate is the irregular income rate, provided the asset has been owned for more than two years.

For investments in associated companies, the deferred tax is calculated taking into account the forecast of expected dividends to be received and deemed to be taxable.

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases, unless they relate to differences associated with investments in subsidiaries, associates and joint ventures over which the Company has the ability to control the timing of their reversal and it is not probable that their reversal will occur in the foreseeable future.

Deferred tax assets are recognized only when it is probable that the entities will have future taxable profits against which the temporary differences can be utilized.

Tax planning opportunities are only considered in assessing the recovery of deferred tax assets if they are intended or likely to be adopted.

4.22.1.2.3. Recognition, measurement, and disclosure

Deferred tax is recognized when liabilities are settled or assets are realized, based on the differences that may arise.

The carrying value of deferred tax assets is reviewed by the Bank at the balance sheet date and is reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used.

The disclosure in the Financial Statements includes determination of temporary differences, calculation of tax on these differences, depreciation of current tax, reconciliation of income tax and adjustment for difference in rates. Current and deferred tax determined for other comprehensive income. Determination and analysis of the effective rate.

Considering the increase in the basic income tax rate from 31% in 2021 to 35% applicable as from 2022, provided by Law 2155 of 2021 (Social Investment Law), in accordance with the provisions of Decree 1311 of 2021, the Bank opted to record the remeasurement of the deferred tax in the accumulated income account of prior years of equity, the effect of which was a deferred tax payable of $65,546. (See note 13.5)

4.22.1.2.4. Compensation and classification

Under deferred tax accounting rules, the Bank only offsets deferred income tax assets and liabilities if a legal right of set-off exists vis-à-vis the tax authorities and the assets and liabilities relate to the same tax authority and the same taxpayer.

4.22.1.3. Compliance

The Bank meets its formal and substantive obligations such as payment of taxes, tax returns, issuance of certifications, reports to local and international tax authorities in accordance with current regulations and established deadlines. It also keeps customer information and tax compliance support in the Bank.

It provides tax information to clients in a timely and permanent manner by constantly updating the documentation corresponding to applicable regulatory changes to ensure compliance with the requirements for deductions and tax benefits.

4.22.1.4. Transfer Pricing

Under the principle of full competition and by regulation, operations between partner companies should not be distorted by the special relationship between the two parties. When Banco Davivienda S.A. carries out one or more commercial or financial operations with an associated company that is not established in Colombia, it determines the amount of taxable profits in accordance with the arm's length principle.

Transactions conducted with third parties or related parties within the national territory shall be governed in accordance with the provisions of Article 90 of the tax statute, ensuring that they are traded at the average commercial value of goods and/or services of the same kind and on the date of disposal.

In compliance with the provisions of article 260-5 of the tax statute, the Bank prepares and submits the local report, the information return and the Master report. Additionally, it prepares, in conjunction with the parent company of the group, the country-by-country report and monitors its transmission.

4.22.1.5. Related parties

The Bank may execute transactions, agreements or contracts with related parties, with the understanding that any such transactions shall be carried out at reasonable and market values, taking into account, among others, the following criteria: - Existing market conditions and rates in the industry in which the transaction is carried out. - The activity of the companies involved. - The growth perspective of the respective business.

Related party transactions are divided into 4 categories:

- Securities market: Transactions between related companies involving investments, capitalizations, derivatives and other stock market transactions.
- Ordinary business: Operations related to the main purpose of the entity using banking products or its commercial network, representation through the parent company (Granting credits, purchase/sale of portfolio, use of savings/current accounts).
- Support: Acquisition of goods/services from third parties in the name of one of the related parties and/or provision of business services between related parties.
- Management and Control from the Parent Company: Transversal Management and Control Operations as parent company.

For operations in the securities market and ordinary business categories, the methodology established in the taxstatute called comparable uncontrolled price shall be applied in principle. In cases in which no external or internal comparable may be identified, the application of any of the other methods allowed in the regulations in force shall be used, establishing relevance to the one that best suits the needs and nature of the operation being evaluated. For support operations, the transfer pricing regime will only apply to those between related parties, and the initial evaluation methodology will be that of added cost. Regarding the management and control operations from the parent company and in accordance with the stipulations of action 8 of BEPS (OECD guidelines) are not subject to charge.

4.23. Provisions

Provisions are recognized when the Bank has a present obligation (whether legal or constructive) as a result of a past event and it is likely that the Bank will have to assume the cost of the obligation and therefore a reliable estimate may be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount represents the present value of those cash flows.

When the recovery of some or all of the economic benefits required to settle a provision is expected from a third party, a receivable is recognized as an asset if it is virtually certain that payment will be received and the amount of the receivable can be measured reliably.

Disputes

When the probability of occurrence of the event indicates that litigation is likely, it is provisioned 100%.

Potential disputes are disclosed.

The Bank has provisions covered by guarantee contracts made in acquisitions of other companies, which are disclosed in Note 12.24.

4.24. Bank guarantees

A bank guarantee is a document issued by the Bank to ensure compliance with all or part of one or more obligations, contracted by the customer in favor of third parties. In the event of default by a customer, the Bank will respond to the third party by paying the sum of money agreed in the document, and an obligation is generated in the name of the customer for the amount paid, within a period agreed upon with the customer, initially recognized at the guaranteed value and subsequently as the greater of the amount of the correction of expected losses and the value initially recognized, less income within the scope of IFRS 15.

4.25. Equity

Capital

The Bank classifies capital instruments as equity instruments in accordance with the substance and characteristics thereof. An equity instrument is any contract that records a residual interest in the Bank's assets after deducting all of its liabilities. Capital instruments issued by the Bank are recognized for the funds received, net of direct issue costs and any tax effect.

Ordinary shares

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or another financial asset. Dividend payments are recognized as a deduction from equity.

Shares with minimum preferential dividend

The shares with minimum preferential dividend are classified as equity when they have no contractual obligation to transfer cash or another financial asset. The payment of the Minimum Preferential Dividend will be made with the frequency and manner determined by the General Meeting. The Minimum Preferential Dividend may not be accumulated.

Share placement premium

The share placement premium corresponds to the difference between the par value and the price effectively paid for the share.

Reserves

i) Mandatory ("Legal") Reserve - Banks in Colombia must establish a legal reserve of 10% of the net profits of each year until reaching 50% of subscribed capital. The reserve may be reduced to less than 50% of the subscribed capital in order to cover losses in excess of undistributed profits. The legal reserve cannot be used to pay dividends or to assume expenses or losses during the time that the Bank has undistributed profits. The Bank has set a legal reserve that is higher than policy parameters and has exceeded 8 times the established value of subscribed and paid capital.

Statutory and voluntary reserves – This account includes the following appropriations that must be approved by the General Meeting:

- Reserve available to the General Meeting for future distributions of profits
- Voluntary reserve with irrevocable commitment to capitalization Decree 2555 of 2010, applying benefits of calculation of the solvency margin
- Others

To meet capital adequacy requirements, the Bank may make commitments to capitalize reserves available to the shareholders' meeting.

Other comprehensive income

This statement includes income and expenses items not recognized in the Income Statement, such as unrealized gains on debt securities valued as equity, the effective portion of gains and losses on hedging instruments of net investment abroad, and the effect of the deferred tax of items recognized in the OCI.

In accordance with the provisions of External Circular 036 of 2014, issued by the SFC, the difference between the incurred loss models of loan portfolio under NCIF and the expected loss models recognized in the individual or separate financial statements of domestic and foreign subsidiaries, should be recognized in Other Comprehensive Income.

Earnings per share

Basic earnings per common share are calculated by dividing the controlling interest into the weighted average numbers of ordinary shares outstanding during the year. See note 12.25.

4.26. Recognition of income and expenses

Income is recognized when the amount of income and associated costs may be measured reliably, it is probable that the economic benefits associated with the transaction will be realized and the stage of completion of the transactioncan be measured reliably.

The most significant criteria used by the Bank to recognize its income and expenses are summarized below:

Interest income, interest expenses and similar items

Interest income, interest expense and similar items are recognized as they accrue using the effective interest method.

Non-interest income within the scope of IFRS 9 is recognized when agreed performance obligations with the customer are satisfied in exchange for an amount that reflects the consideration agreed in the contracts and to which the customer is entitled. In this sense, operating income will be recognized when the following five stages are met:

- Stage 1 - Identify the contract (or contracts) with the customer: a contract is an agreement between two or more parties that creates enforceable rights and obligations.
- Stage 2 - Identify the performance obligations in the contract: performance obligations are the obligations arising from contracts with customers to transfer an asset or to provide a service (or a group of goods and services).
- Stage 3 - Determine the transaction price: the transaction price: is the amount of consideration in a contract to which it is expected to be entitled in exchange for the transfer of the goods or services committed to the customer (the performance obligations).
- Stage 4 - Allocate the transaction price among the performance obligations in the contract: the transaction or contract price (Stage 3) should be allocated across the performance obligations identified in Stage 2.
- Stage 5 - Recognize income from ordinary activities when (or as) a performance obligation is satisfied: income recognition shall be made when the performance obligations committed to customers are actually fulfilled.

Fees for banking services are recognized when performance obligations are satisfied.

Credit card commissions or income, including credit or debit card interchange fees and quarterly or annual handling fees are recognized when the performance obligations associated with the customer contract are satisfied, the quarterly commissions being deferred monthly. Interchange commissions are recorded net of the estimated points paidwhen purchases are made.

Credit commissions, whether for the availability of credit quotas, financial structuring and syndicated loans, are recognized when they are collected once the performance obligations are fulfilled and are not part of the interest rate of the loans.

Fees for investment management services include fees for asset management, investment banking, custody and trading of securities, and are recognized each period when the performance obligations associated with the service aresatisfied.

Dividends are recognized in income when the right to receive them is established and in the case of dividends from subsidiaries, they are recorded as a reduction in the value of the investment; for non-controlled entities and associates, they are recognized in income on the date on which the right to receive them is established.

Income from gains on the sale of goods is recognized when the five stages for the recognition of operating income are met, i.e., when the performance obligations related to the transfer of the goods are satisfied.

4.27. Operating segments

An operating segment is a component of the Bank engaged in business activities that may generate income and incur expenses and whose operating results are regularly reviewed by the Strategic Committee headed by the Bank's President (MITDO - Maximum Instance in Operational Decision Making), which decides on the resources to be allocated to the segment, evaluates its performance and for which differentiated financial information is available.

5. Changes in Accounting Policies

As of December 31, 2021, there have been no new standards or amendments issued by the IASB adopted in advance or adopted by the National Government.

6. Use of estimates and judgments

For the preparation of these consolidated financial statements, the Bank's management provided criteria, judgments and estimates, based on the knowledge and enforceability of the regulatory technical framework for the preparation of financial statements, as well as the instructions issued by the Superintendence of Finance of Colombia. Different types of estimates and judgments were used when applying accounting policies. Management made these value judgments based on the analysis of assumptions that were based on historical data and factors deemed relevant in determining the carrying value of certain assets and liabilities that are not readily apparent and therefore required additional effortfor their analysis and interpretation. Actual results may differ from these estimates

Estimates and assumptions are reviewed on a regular basis as regulatory, methodological and model changes may have a significant impact on the financial statements in the reporting years in which such changes occur. Changes to accounting estimates are recognized in the reporting year in which the change is made and in future years if the change impacts both current and subsequent years.

6.1. Judgments in applying accounting policies

Critical judgments, other than those involving estimates made by management in the process of applying the Bank's accounting policies that have a significant effect on the consolidated financial statements, are described below.

Impairment of loan portfolio

The Bank regularly reviews its loan portfolio to evaluate its impairment and determine the amount of such impairment, analyzes its reasonableness and records it in the income statement for the period.

The loan portfolio must be classified in 3 stages or states, and based on that stage, the impairment measurement is applied: Stage 1 portfolio is considered normal risk, Stage 2 portfolio presents a significant increase in the level of credit risk since its origination, and Stage 3 portfolio is non-performing. The criteria to define the classification in the 3 stages as well as the determination of the impairment corresponding to each portfolio segment in each of the stages are disclosed in Note 10.4.2 on credit risk.

Other judgments made by Management

Assessment of significant influence

The Bank determined that it has significant influence in the entities mentioned in Note 12.8. It uses the equity method to account for the investment. Furthermore, it verifies whether there are purchases, sales or ownership stakes increases whereby a stake over 20% and lower than 50% is affected.

Key sources of estimation uncertainty

Key assumptions regarding the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities during the next year are described below:

Fair value measurements and valuation processes

Financial assets and liabilities traded in active markets are recorded in the balance sheet at fair value, valued at market prices.

In an active market, transactions for assets or liabilities are carried out with sufficient frequency and volume to provide price information on an ongoing basis.

In Colombia, the Financial Superintendence licensed official pricing data providers. The Bank uses price data published on a daily basis by PIPCO to value the investment and derivatives portfolio, in compliance with the provisions of External Circular 034 of 2014, whereby stipulations are set forth governing the use of information provided by pricing data providers in accordance with the instructions set forth in the Basic Legal Circular Part 3, Title IV, Chapter IV- Pricing Providers.

Derivative financial instruments are recorded in the consolidated statement of financial position at fair value at each reporting date. Additionally, the fair value of certain financial instruments, mainly loans and long-term debt, is disclosed, although it does not imply a risk of adjustment to carrying amounts. This is described in Note 13.4.

Fair values described above are estimated using valuation t techniques that include inputs that are observable and unobservable in a market. The main assumptions used in the valuation are described in the corresponding notes. Management deems selected valuation techniques and assumptions to be appropriate for determining fair values.

The fair value measurement of financial instruments generally involves a high degree of complexity and requires the application of judgments, especially when the models use unobservable inputs (level 3) constructed from assumptions that would be used in the market to determine the price of the asset or liability. The main assumptions used in the valuation are described in the related notes. Management believes that the valuation techniques and assumptions selected are appropriate for determining fair values.

Goodwill impairment

Determining whether goodwill is impaired involves calculating the value in use of the cash-generating units to which it has been allocated. The calculation of the value in use requires the Bank to determine the future cash flows that it expects the cash-generating units to obtain and to estimate an appropriate discount rate to calculate the present value. The foregoing is described in Note 12.13.

Banco Davivienda S.A. performs this valuation with an external, specialized, independent consultant approved by the Financial Superintendency of Colombia.

Useful lives, residual values and depreciation methods of long-lived assets

As described in Note 4.11, the Bank periodically reviews the useful lives, residual values and depreciation methods of long-lived assets, including property and equipment and intangibles. Appraisals are performed by technical experts. Intangible assets are also classified as either definite or indefinite. These estimates remained unchanged during the reported years.

Fixed asset impairment

Upon verifying any signs of fixed asset impairment, the Bank estimates the recoverable amount of fixed assets in order to determine whether they have suffered any impairment loss.

Income taxes

The Bank assesses the realization of deferred income tax assets over time, accounting for income taxes recoverable through future deductions from taxable income. These are recorded in the consolidated statement of financial position. Deferred tax assets are recoverable to the extent that the realization of the corresponding tax benefits is probable. For the current period, the Bank estimates that the deferred income tax assets will be recoverable based on its estimates of future taxable income. Deferred tax liabilities recorded as taxable differences in the calculation of deferred taxes will reflect the amounts payable for income taxes in future years. This is described in Note 13.5.

Provisions and contingent liabilities

A contingent liability must be classified based on a reliable estimate of the probability of occurrence of an event. Unless the prospect of any outflow of resources in settlement is remote, the Bank shall disclose, for each class of contingent liabilities, at the end of the reporting period, a brief description of the nature of the contingent liability. If there is a probable inflow of economic benefits, the Bank shall disclose a brief description of the nature of the contingent assetsat the end of the reporting period and, where practicable, an estimate of their financial effect. Estimates for contingencies are based on criteria adopted according to Colombian Norms on Financial Reporting (NCIF), as follows:

The classification of a contingent liability determines the way in which provisions are recorded. The Bank's provisions are determined based on the probability established by the Legal Division for each event, occurrence or legal case.

Probability of outcome	Provision / contingent liabilities
Probable	Recognize and disclose
Possible	Disclose
Remote	Neither recognized nor disclosed

Investment impairment

At the end of each period, the Bank reviews its investment portfolio classified at amortized cost or fair value through other comprehensive income to assess whether there is objective evidence of impairment due to one or more events that occurred after initial recognition (a “loss event”) and that the loss event (or events) has an impact on expected cash flows that can be reliably estimated.

Customer loyalty program

The Bank runs a loyalty program, in which customers earn reward points for purchases made using their credit cards, which entitles them to redeem such points for prizes in accordance with the policies and the reward plan in effect at the time of redemption. Reward points are recorded as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and other components of the sale, thus loyalty points are initially recorded as deferred income at fair value. The effect on the income statement is realized to the extent that customers redeem their points.

Long-term employee benefits

Extra-legal seniority premium benefits are recognized using an actuarial method to estimate the amount to be recognized and to recognize changes in the carrying amount of long-term benefit liabilities in profit or loss for the period.

Post-employment benefits

Under established benefit plans, the Bank grants a healthcare policy benefit for retirees, which is determined based on the present value of estimated future payments to be made to employees, based on actuarial studies, using the projected unit credit method, in which the benefits are distributed over the years in which the obligation to pay arises asthe employees render their services. Changes in liabilities for service cost and net interest (financial cost) are recorded in the income statement, while changes resulting from actuarial remeasurements are recorded in other comprehensive income.

Interest rate benefit

Based on the rate benefit applicable to mortgage loans per policies adopted by the Bank, a provision was calculated in accordance with the benefit granted.

Decommissioning costs

The Bank annually estimates the costs of dismantling, retiring and rehabilitating leased property arising from obligations incurred as a result of setting up elements for the use of the leased assets.

7. New standards and interpretations issued but not yet in force

In accordance with the provisions of Decree 938 of 2021, the following is a list of the standards issued applicable as of January 1, 2023.

The impact of these amendments and interpretations is in the process of evaluation by the Bank's management; however, they are not expected to have a significant impact on the financial statements.

Standards applicable as of January 01, 2023

Financial Reporting Standard	Subject of the standard or amendment	Detail
IFRS 9: Financial instruments IAS 39: Financial instruments: recognition and measurement. IFRS 7: Financial instruments: disclosures.	Reform of the Reference Interest Rate	Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, regarding temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 102A to 102N and 108G are added to IAS 39, regarding temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF (effective date and transition) are included. Earlier application is permitted (although no significant impact is

		expected for Colombian entities) and their requirements will be applied retrospectively only to hedging relationships that existed at the beginning of the reporting period in which the entity first applies those requirements.
IFRS 9: Financial instruments IAS 39: Financial instruments: recognition and measurement. IFRS 7: Financial instruments: disclosures. IFRS 4: Insurance contracts IFRS 16: Leases	Reference Interest Rate Reform - Phase 2	Paragraphs 5.4.5 to 5.4.9 Changes in the basis for determining contractual cash flows as a result of the reform of the benchmark interest rate (measurement at amortized cost), 6.8.13 Termination of the application of the temporary exception in hedge accounting, 6. 9.1 to 6.9.13 Additional temporary exceptions arising from the reform of the benchmark interest rate, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for the reform of the benchmark interest rate Phase 2, of IFRS 9. Paragraph 102M Termination of the application of the temporary exception in hedge accounting, paragraphs 102O to 102Z3 Additional temporary exceptions arising from the reform of the benchmark interest rate and 108H to 108K Effective date and transition, and the addition of new headings, of IAS 39 are amended. Paragraphs 24I, 24J Additional disclosures related to benchmark interest rate reform, 44GG and 44HH Effective date and transition, and new headings, of IFRS 7 are added. Paragraphs 20R and 20S Changes in the basis for determining contractual cash flows as a result of the reform of the benchmark interest rate, and paragraphs 50 and 51 Effective date and transition, and new headings, of IFRS 4 are added. Paragraphs 104-106 Temporary exception arising from the reform of the benchmark interest rate, and paragraphs C20C and C20D Reform of the benchmark interest rate phase 2, of IFRS 16 are amended. Early application is permitted.
IFRS 3: Business Combinations	Modifications by reference to the conceptual framework.	The amendment published in May 2020 addresses the following modifications: • Modifications are made to the references to align them with the conceptual framework issued by IASB in 2018 and incorporated into our legislation. • Paragraphs 21A, 21B and 21C are incorporated regarding exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21. • Paragraph 23A is incorporated to define a contingent asset, and clarify that the acquirer in a business combination shall not recognize a contingent asset at the acquisition date. Earlier application is permitted. Any effect on its application will be made prospectively.
IAS 16: Property, plant and equipment.	Modified for products obtained prior to intended use	The amendment deals with costs directly attributable to the acquisition of the asset (which are part of the PPYE element) and refer to "the costs of testing whether the asset is functioning properly

		(i.e. whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for leasing to third parties or for administrative purposes)". Paragraph 20A states that the production of inventories, while the PPYE item is in the condition expected by management, at the time of sale, will affect the result for the period, together with its corresponding cost. Its early application is allowed. Any effect on its application will be made retroactively, but only to PPYE elements that are brought to the location and condition necessary for them to operate in the manner intended by management as of the beginning of the earliest period presented in the financial statements in which the entity first applies the modifications. The cumulative effect of the initial application of the modifications is recognized as an adjustment to the opening balance of retained earnings (or other component of equity as appropriate) as of the beginning of the earliest period presented.
IAS 37: Provisions, contingent liabilities and contingent assets.	Onerous Contracts: Cost of Contract Performance	It is clarified that the cost of contract performance comprises costs directly related to the contract (direct labor and material costs, and the allocation of costs directly related to the contract). Early application is allowed. The effect of applying the amendment will not restate comparative information. Instead, the cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
Annual Improvements to IFRS Standards 2018- 2020	Amendments to: IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 9: Financial Instruments IAS 41: Agriculture.	Amendment to IFRS 1. Subsidiary that adopts IFRS for the first time. Paragraph D13A of IFRS 1 is added, incorporating an exemption for subsidiaries that adopt IFRS for the first time and take as balances in the opening statement of financial position the carrying amounts included in the financial statements of the parent company (paragraph D16(a) of IFRS 1) so that the cumulative translation differences can be measured at the carrying amount of such item in the consolidated financial statements of the parent company (also applies to associates and joint ventures). Amendment to IFRS 9. Commissions in the "10% test" with respect to the derecognition of financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is added, especially to clarify the recognition of the commissions paid (to the result if it is a cancellationof the liability, or as a lower value of the liability if it is not treated as acancellation). Amendment to IAS 41. Taxes on fair value measurements. Thephrase "nor flows for tax" is removed from paragraph 22 of IAS 41,

		the reason for the above is because "prior to Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value, but did not require the use of a pre-tax discount rate to discount those cash flows". This aligns the requirements of IAS 41 with those of IFRS 13. Earlier application is permitted.
IAS 1: Presentation of financial statements.	Modifications are made related to the classification of liabilities as current or non-current.	This amendment was issued on January 23, 2020 and subsequently amended in July 2020, which modifies the requirement to classify a liability as current by stating that a liability is classified as current when "it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period". It clarifies in the added paragraph 72A that "an entity's right to defer settlement of a liability for at least twelve months after the reporting period must be substantive and, as illustrated in paragraphs 73-75, must exist at the end of the reporting period". Earlier application is permitted. The effect of application on comparative information shall be made retrospectively.
Extension of the Temporary Exemption from the Application of IFRS 9: Financial Instruments	Amendments to IFRS 4: Insurance Contracts	Paragraphs 20A, 20J and 20O of IFRS 4 are amended to allow the temporary exemption that permits, but does not require, an insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods beginning before January 1, 2023 (due to a new international requirement contained in IFRS 17 as of that date).

8. Fair value measurement

In accordance with IFRS 13, fair value is the price received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. Such a transaction would take place in the main market; in its absence, it would be the “most advantageous” market. Consequently, the Bank conducts the valuation taking into account the market in which the transaction would normally take place using the best information available.

The Group values financial assets and liabilities traded in an active market with available and sufficient information at the valuation date, such as derivatives and debt and equity securities, by means of price information published by the official price provider (PIP S.A.), whose methodologies are endorsed by the Financial Superintendence of Colombia and centralizes market information. In this way, the Bank uses the prices and curves published by the supplier and assigns them according to the instrument to be valued.

For instruments that lack an active market, the Bank uses methodologies that rely on market data, peer bank prices and, in certain cases, unobservable inputs. The methodologies aim at maximizing the use of observable inputs to obtain the closest approximation of a starting price for assets and liabilities that are not widely marketed.

Level 1: Listed prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Variables other than Level 1 listed prices, observable for the asset or liability, directly or indirectly.
Level 3: Unobservable variables for assets or liabilities.

Following systemic stress caused by the COVID-19 pandemic and other external shocks, the stock market has been subject to high volatility and consequently there has been high variability in market prices. The methodologies used by Davivienda for valuation have acted consistently, reflecting in a timely manner and with a high level of accuracy the adjustments in interest rates and expectations prevailing in the market; all this, considering that in essence the portfolio is composed of debt instruments and conventional derivatives.

Recurring fair value measurements

Recurring measures are those required or permitted by IFRS accounting standards in the statement of financial position at the end of each reporting period. If required on an incidental basis, they are classified as non-recurring.

Assets and liabilities measured on a recurring basis at fair value by type of instrument are presented below, showing the corresponding hierarchy for December 31, 2021 and December 31, 2020.

	Fair Value	Hierarchy		
	December 31, 2021	1	2	3
Assets				
Investments in debt issued and guaranteed	10,527,356	7,549,875	2,445,740	531,741
In Colombian Pesos	5,882,354	5,507,553	327,606	47,195
Colombian Government	5,061,321	5,052,899	8,422	-
Financial entities	578,048	389,039	188,972	37
Real sector	29,172	1,038	28,134	-
Others	213,813	64,577	102,078	47,158
Foreign currency	4,645,002	2,042,322	2,118,134	484,546
Colombian Government	158,997	158,997	-	-
Foreign governments	2,804,762	1,102,387	1,407,390	294,985
Financial entities	1,250,272	485,117	575,594	189,561
Real sector	430,971	295,821	135,150	-
Equity investments (1)	671,927	59,494	515,950	96,483
Through profit or loss	161,219	21,552	78,305	61,362
Through OCI	510,708	37,942	437,645	35,121
Trading derivatives (2)	757,913	-	757,913	-
Currency forwards	318,119	-	318,119	-
Securities forwards	4,517	-	4,517	-
Interest rate swaps	420,525	-	420,525	-
Currency swaps	8,283	-	8,283	-
Others	6,469	-	6,469	-
Hedging derivatives	361	-	361	-
Interest rate swaps	361	-	361	-
Total Assets	11,957,557	7,609,369	3,719,964	628,224
Liabilities				
Trading derivatives (2)	648,179	-	648,179	-
Currency forwards	195,860	-	195,860	-
Securities forwards	3,602	-	3,602	-
Rate swaps	438,064	-	438,064	-
Currency swaps	3,936	-	3,936	-
Others	6,717	-	6,717	-
Total Liabilities	648,179	-	648,179	-

(1) Includes investments in other companies
(2) Does not include spot operations

	Fair Value	Hierarchy		
	December 31, 2020	1	2	3
Assets				
Investments in debt issued and guaranteed	11,583,206	8,599,412	2,558,033	425,761
In Colombian Pesos	6,973,747	6,421,449	416,488	135,810
Colombian Government	5,912,516	5,908,688	3,828	-
Financial entities	762,821	474,054	288,767	-
Real sector	11,389	15	11,374	-
Others	287,021	38,692	112,519	135,810
Foreign currency	4,609,459	2,177,963	2,141,545	289,951
Colombian Government	129,519	129,519	-	-
Foreign governments	3,131,144	1,699,857	1,275,108	156,179
Financial entities	1,011,183	246,754	630,657	133,772
Real sector	337,613	101,833	235,780	-
Equity investments (1)	594,272	58,326	480,218	55,728
Through profit or loss	136,231	12,681	80,294	43,256
Through OCI	458,041	45,645	399,924	12,472
Trading derivatives (2)	1,408,856	-	1,408,856	-
Currency forwards	652,335	-	652,335	-
Securities forwards	1,460	-	1,460	-
Interest rate swaps	699,599	-	699,599	-
Currency swaps	11,238	-	11,238	-
Others	44,224	-	44,224	-
Hedging derivatives	1,517	-	1,517	-
Interest rate swaps	1,517	-	1,517	-
Total Assets	**13,587,851**	**8,657,738**	**4,448,624**	**481,489**
Liabilities				
Trading derivatives (2)	1,638,829	-	1,638,829	-
Currency forwards	869,806	-	869,806	-
Securities forwards	12,681	-	12,681	-
Rate swaps	725,599	-	725,599	-
Currency swaps	23,888	-	23,888	-
Others	6,855	-	6,855	-
Total Liabilities	**1,638,829**	**-**	**1,638,829**	**-**

(1) Includes investments in other companies
(2) Does not include spot operations

To determine the levels of the fair value hierarchy, there is an evaluation of the methodologies used by the official pricing vendor and the expert judgment of Treasury Areas, who have knowledge of the markets, the inputs and the approximations used to estimate fair values.

Methodologies applicable to the valuation of investments in debt and equity securities:

- Market Prices: methodology applied to assets and liabilities that have sufficiently large markets, in which sufficient volume and number of transactions are generated to establish a starting price for each reference traded. This methodology, equivalent to a level 1 hierarchy, is generally used for investments in sovereign, financial institution and corporate debt securities in local and international markets.

- Benchmark curves and margins: methodology applied to assets and liabilities for which market variables such as benchmark curves and spreads or margins with respect to recent prices of the asset or liability in question or similar are used. This methodology, equivalent to a level 2 hierarchy, is generally used for investments in debt securities of financial institutions and corporate debt in the local market of low recurrent issuers and with low amounts outstanding. Credit securities and senior mortgage portfolio securitizations are also includedunder this methodology.

- Other methods: for assets for which the official pricing vendor does not report prices based on previously described methodologies, the Bank uses approximations to estimate a fair value by maximizing the use of observable inputs. These methods, which are classified in the level 3 hierarchy, are generally based on the use of an internal rate of return obtained from the instrument's primary market, on the last observed prices and on the use of benchmark curves. Investments in residual rights of mortgage portfolio securitizations and debt instruments in markets with low depth are placed in the level 3 hierarchy. There is no secondary market for this type of assets from which to obtain indications of a fair exchange price. The best benchmark for this type of asset is the price resulting from the transaction carried out at the time of issuance of each instrument. The valuation of these instruments, which is based on the discounted cash flow approach, relies on the internal rateof return embedded in the purchase value as the main variable. If this variable changes by 1%, while all other factors remain constant, it would affect the fair value by an amount equivalent to 2.5% of the carrying amount.

  Investments in short-term government debt securities in which the investment portfolio of the Central American Subsidiaries holds a position are also included at this level. Specifically, these are securities issued in the local Honduran market, generally for terms of approximately one year, which do not have secondary markets, and where the best benchmark for a starting price is the price resulting from the transaction carried out at the time of issuance. As in the case of the securitizations previously described, the valuation is based on the discounted cash flow method whose main variable is the internal rate of return implicit in the purchase value. If this variable changes by 1%, while all other factors remain constant, it would affect the fair value by an amount equivalent to 0.37% of the carrying amount.

  Models and techniques standardized in the financial sector are used for equity instruments that are not listed in an active market and for which benchmark information is not available in the market, Other equity investments where there is no control or significant influence are recognized at acquisition cost due to the absence of market prices and because they are investments that financial entities in Colombia require in order to operatein accordance with local regulations. As additional criteria, when evaluating the cost-benefit ratio of using recurring valuation models, the financial effect of these investments on the statement of financial position is notjustified.

Methodologies applicable to the valuation of derivative financial instruments:

- Over-the-counter (OTC) derivative financial instruments: these instruments are valued using the discounted cash flow approach, in which, based on inputs published by the pricing vendor regarding domestic, foreign andimplicit interest rate curves and exchange rates, the future cash flows of each contract are projected and discounted based on the underlying asset in question. The portfolio of these instruments, classified at fair valuelevel 2, comprises interest rate and currency swaps, currency and bond forwards, and European currency options.

- Standardized derivative financial instruments: these instruments are valued based on prices published by the official designated vendor, Some of these contracts have enough depth to be priced under the market approach, while others are based on a discounted cash flow approach in which underlying prices and market interest rate curves are used. The portfolio of this type of instruments is comprised of futures on currencies, debt securities and interest rates. Since these instruments have level 1 and 2 inputs, the Bank classifies the fair value starting from the lowest level, i,e, level 2.

No significant shifts between the various levels of the hierarchy of financial instruments have occurred during the period from January 1 to December 31, 2021, and the valuation methods used have not been modified. Changes in fairvalue are due to changes in the period in the inputs used in the valuation of financial instruments. Changes in the period of the market variables used in the valuation of financial instruments,

The movement of financial instruments measured on a recurring basis at fair value classified in hierarchy 3 is the following:

	December 31, 2020	Total profit (loss) on returns	In other comprehensive income	Reclassifications	Acquisition	Settlements	Transfers out of level 3	December 31, 2021
Assets								
Investments in debt issued and guaranteed	425,761	17,327	-	-	480,699	(392,046)	-	531,741
In Colombian Pesos	135,810	17,327	-	-	37	(105,979)	-	47,195
Financial entities	-	-	-	-	37	-	-	37
Others	135,810	17,327	-	-	-	(105,979)	-	47,158
Foreign currency	289,951	-	-	-	480,662	(286,067)	-	484,546
Foreign governments	156,179	-	-	-	294,985	(156,179)	-	294,985
Financial entities	133,772	-	-	-	185,677	(129,888)	-	189,561
Equity investments	55,728	1,214	4,354	(564)	38,098	(2,347)	-	96,483
Through profit or loss	43,256	861	-	(564)	17,809	-	-	61,362
Through OCI	12,472	353	4,354	-	20,289	(2,347)	-	35,121
Total Assets	481,489	18,541	4,354	(564)	518,797	(394,393)	-	628,224

	December 31, 2019	Total profit (loss) on returns	In OCI	Reclassifications	Acquisition	Settlements	Transfers out of level 3	December 31, 2020
Asset								
Investments in debt issued and guaranteed	581,898	(50,869)	-	-	199,858	(305,126)	-	425,761
In Colombian Pesos	225,856	(57,026)	-	-	-	(33,020)	-	135,810
Others	225,856	(57,026)	-	-	-	(33,020)	-	135,810
Foreign currency	356,042	6,157	-	-	199,858	(272,106)	-	289,951
Foreign governments	232,187	-	-	-	156,179	(232,187)	-	156,179
Financial entities	123,855	6,157	-	-	43,679	(39,919)	-	133,772
Equity investments	18,186	100	110	36,516	9,120	(28)	(8,276)	55,728
Through profit or loss	634	100	-	38,103	4,419	-	-	43,256
Through OCI	17,552	-	110	(1,587)	4,701	(28)	(8,276)	12,472
Total Assets	600,084	(50,769)	110	36,516	208,978	(305,154)	(8,276)	481,489

Fair value measurements of instruments measured at amortized cost

The following are the Bank's assets and liabilities at fair value and their carrying value:

	December 31, 2021				
		Hierarchy			Carrying value
	Fair Value	1	2	3	
Assets					
Loan portfolio, net	117,835,201	-	-	117,835,201	113,245,998
Investments at amortized cost, net	4,679,236	846,816	3,832,418	2	4,688,585
Total financial assets	122,514,437	846,816	3,832,418	117,835,203	117,934,583
Liabilities					
Certificates Term deposits	30,161,904	-	30,161,904	-	29,928,957
Debt instruments issued	16,975,718	14,453,510	-	2,522,208	16,910,828
Credits from banks and other obligations	14,047,000	-	-	14,047,000	14,138,621
Total liabilities	61,184,622	14,453,510	30,161,904	16,569,208	60,978,406

	December 31, 2020				
		Hierarchy			Carrying value
	Fair Value	1	2	3	
Assets					
Loan portfolio, net	103,651,578	-	-	103,651,578	100,280,057
Investments at amortized cost, net	3,881,070	620,742	3,183,719	76,609	3,837,400
Total financial assets	107,532,648	620,742	3,183,719	103,728,187	104,117,457
Liabilities					
Certificates Term deposits	33,980,175	-	33,980,175	-	33,739,238
Debt instruments issued	13,357,290	11,964,508	-	1,392,782	12,535,392
Credits from banks and other obligations	14,212,895	-	-	14,212,895	14,418,748
Total liabilities	61,550,360	11,964,508	33,980,175	15,605,677	60,693,378

9. Operating segments

The Bank establishes its business operating segment reporting based on how it organizes and receives information. These segments are components of the Bank engaged in financial and banking activities that generate income and incur expenses, and for which an 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., (CODM - Chief operating decision maker), for the correct decision making, the appropriate allocation of resources and the corresponding evaluation of their performance. Based on this organization, operating segments for the Bank were established as follows

a) Activities of individuals and companies reported separately at the level of assets, liabilities, income and expenses.

b) The results that are periodically reviewed by the CODM

c) The relationship with which separate financial information is available.

Management has determined that the Bank has four reportable segments: a) Retail banking, b) Enterprises, c) Asset and Liability Management, and d) International. The Bank´s CODM reviews the internal management reports for each segment on a quarterly basis. The CODM does not analyze operating segments by geographical areas, because all foreign operations are included within the International segment.

The operating segments are components of the Parent Company. These include the results of the different countries where Davivienda operates, in such a way that their results are classified and reported according to 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. Enterprises

This segment includes products and services offered to legal persons. It offers financial and transactional solutions in local and foreign currencies as well as financing, savings and investment products to meet the needs of this type of clients across various industries.

3. Assets and Liabilities Management (ALM)

The Separate Financial Information segment ALM (Asset and Liability Management) refers to segments with assets, liabilities, income and cash 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, in addition to any effect arising from exchange restatement, either by cash position or the banking book. This is why the results of this segment not only reflect the results of a business line, but also reflect corporate decisions on the management of the bank's issuance and financing. Even so, when managing the bank's liquidity resources, management exercises monitoring, as it does with the other segments. On this basis, we describe the main dynamics in the segment.

4. International

This segment refers to the Bank's international operations and includes all financial information of the Bank's foreign subsidiaries, which are in the following countries: Panama, Costa Rica, El Salvador and Honduras. These Subsidiaries derive their revenues from a variety of financial products and services offered in each country, which are based on an effective integrated value offering for their Multi-Latino customers, with a focus on quality and service.

Results by segment

December 31, 2021

Income Statement	Retail Banking	Enterprises	ALM (1)	International	Total Consolidated Bank
Interest income and investment results	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	-	-
Impairment of financial assets, net	(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**
Commissions and service income net, and insurance transactions income, net	777,356	168,805	298,198	384,144	1,628,503
Result of investment in associates and joint operations, net	-	-	(633)	1,971	1,338
Dividends received	-	-	22,825	213	23,038
Operating expenditures	(2,086,039)	(886,110)	(417,477)	(1,110,429)	(4,500,055)
(Loss) or profit on exchanges, net and Derivatives, net	-	-	418,627	79,148	497,775
Other income and expenses, net	35,460	(130,551)	12,182	24,834	(58,075)
Operating Margin	**332,010**	**759,729**	**121,352**	**559,937**	**1,773,028**
Income tax, net	47,283	(237,853)	(157,899)	(163,395)	(511,864)
Net profit	**379,293**	**521,876**	**(36,547)**	**396,542**	**1,261,164**

December 31, 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

Results by segment
December 31, 2020

Income Statement	Retail Banking	Enterprises	ALM (1)	International	Total Consolidated Bank
Interest income and investment results	5,625,675	2,823,545	644,006	2,354,358	11,447,584
Interest Expenses	(334,323)	(1,352,038)	(1,230,263)	(963,990)	(3,880,614)
Net FTP(*)	(1,801,739)	496,324	1,305,415	-	-
Impairment of financial assets, net	(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**
Commissions and service income net, and insurance transactions income, net	537,343	165,794	233,449	313,628	1,250,214
Result of investment in associates and joint operations, net	-	-	1,349	1,614	2,963
Dividends received	-	-	18,386	609	18,995
Operating expenditures	(1,902,336)	(836,859)	(400,614)	(999,241)	(4,139,050)
(Loss) or profit on exchanges, net and Derivatives, net	-	-	(78,896)	104,377	25,481
Other income and expenses, net	27,908	(125,917)	67,217	(18,977)	(49,769)
Operating Margin	**(664,936)**	**203,006**	**580,668**	**357,424**	**476,162**
Income tax, net	396,117	(32,374)	(331,413)	(100,460)	(68,130)
Net profit	**(268,819)**	**170,632**	**249,255**	**256,964**	**408,032**

December 31, 2021					
Assets	46,980,574	39,772,995	17,811,628	31,848,168	136,413,365
Liabilities	18,594,472	45,541,202	31,310,429	28,247,261	123,693,364

(*) Net FTP - Funds Transfer Pricing: Refers to the costs of transferring resources between segments, which are allocated systematically and consistently managed within the entity.

(1) Asset and liability management

In 2021, the methodologies in the application of the funds transfer tax (FTP) were modified based on adjustments to best practices. To make comparative results, the methodologies were applied historically. This situation represents differences in the figures presented as of December 2020 in previous reports.

10. Corporate risk management

The Bank's corporate risk management is based on a governance structure geared towards the achievement of strategic objectives, based on risk management, administration and control, which support business growth and opportunities. On this basis, management's efforts are focused on compliance with the strategy and control of the associated risks, which has allowed the Bank to continue in 2021 with the timely and efficient response to the impacts generated by the COVID-19 virus emergency.

The corporate risk model is constantly evolving and being updated in line with the entity's policies based on some elements of enterprise risk management set out in the Enterprise Risk Management document published in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission - COSO and subsequent documents such as

COSO Internal Control - Integrated Framework published in 2013 and Enterprise Risk Management - Integrating with Strategy and Performance published in 2017.

The Bank and its subsidiaries manage risk in accordance with the principles and policies of Grupo Empresarial Bolivar. Each company is autonomous in its risk management and is responsible for the risk control environment.

10.1. Principles and Policies

- Risk management must be aligned with the nature and activity of the business. We only engage in businesses that we understand and that do not affect our financial stability or reputation. The Bank must protect its reputation to the highest degree.

- The Bank has determined that it will participate in businesses in some sectors of the economy and in some regions. Any investment in different products, sectors or regions must be approved by the Board of Directors of the Bank and the Holding Company, after analysis of their particular characteristics and applicable regulations.

- For new businesses that do not adequately fit with the risk philosophy and the defined risk appetite, only the Board of Directors of the Bank and the Holding Company may authorize them.

- Meeting growth targets cannot lead the Bank to overexposures that could result in potential current or future losses outside of the risk appetite.

- Adequate liquidity levels must be maintained on a permanent basis in accordance with the policies defined for this purpose.

- Capital levels should be maintained in accordance with the established level of risk and should be adequate to reflect growth prospects.

- The risk management system is based on a system of checks and balances, which is guaranteed by the independence of the business, commercial, operational and risk areas, as well as by a clear corporate governance that regulates the appropriate interaction between them.

- Risk management, compliance and financial reporting objectives are the responsibility of the three lines of defense, namely: business, commercial and operational areas; risk areas; and, internal audit.

- Risks hindering the achievement of corporate objectives and strategies and significantly impacting the organization as a whole are managed centrally. Risk management is decentralized because it is best managed at the process and/or area level, since it affects each process individually, without affecting the organization's ability to successfully implement its strategies.

- The capacity to assume risks is based on the knowledge, understanding and quantification of these risks, as well as on the characteristics of each business, on the basis of which the entity's risk appetite is defined. The level of risk will depend on the understanding of these factors.

- Human resources policies must include professional development plans encompassing technical and specialized knowledge for each position. Likewise, these policies should focus on training and raising awareness of risks in order to convey a sense of their importance across the organization. In addition, policies must identify key positions and implement succession plans so that these positions are filled by people with the required academic background, experience and competencies.

- Remuneration systems must be aligned with the strategic objectives of the companies and with the corresponding risk appetite. Policies and procedures must be in place to identify and manage conflicts of interest that may arise in decision making.

- The organizational structure and process design must address the long-term strategic vision, business development, market changes, operational capacity and risk management.

- Key areas and relevant defined processes must have a specific risk management monitoring that allows the permanent stability of the Bank.

- A sound business continuity and process system must be in place to support multiple business needs and to provide a sound basis for managing the risks faced by the organization.

- The customer service model must ensure clarity, timeliness and transparency in information and communication, providing a simple, friendly and reliable experience, paying effective attention to requests, complaints and claims.

- Relevant measures must be implemented to strengthen the risk and compliance culture, All employees must be aware of and apply the risk management framework. Furthermore, there must be a clear and precise definition of the types of activities and risks associated with each role.

10.1.1. General framework

The Bank's comprehensive risk management process is aligned with the corporate risk management of Grupo Empresarial Bolivar. It involves the analysis of current and expected exposures, as well as the establishment of limits. It also requires an assessment of the implications of all risks and decisions to modify limits if these are not in line with the overall risk philosophy

Risk management must include two approaches: 1) The top-down view (TOP DOWN) to ensure the comprehensiveness of the system, its consistency and the interrelationship between the various risks and the different risk factors, 2) The bottom-up vision (BOTTOM UP) whereby management and control schemes for each risk are developed to ensure effectiveness and depth. The governance model for each risk is clearly defined, as well as the limits for the various exposures and the procedures to be followed in the event of non-compliance.

The risk management model is implemented within a clear framework of segregation of duties in order to achieve a timely identification of risks, defining three lines of defense that involve all areas of the organization: 1) Business, Operations and Commercial Lines 2) Risk Areas and 3) Auditing.

The macro processes or business lines that are most representative in the strategy or that generate the greatest exposure to risks must be supported by specialized risk areas responsible for determining the effectiveness of risk management, including operational risks.

Risk areas are responsible for promoting and protecting the adequate control scheme assigned to each risk by monitoring the way risks are managed across various areas, the effectiveness of controls and risk levels, always ensuring that they are within the levels established by Grupo Empresarial Bolivar.

In 2021, we continued with the action plans that were developed within the framework of the COVID-19 emergency, where each of the risk areas implemented measures, policies and contingency plans that ensured the continued provision of services and channels, while guaranteeing the well-being of employees and customers.

10.1.2. Governance structure

A set of risk principles and policies have been established to clearly define the Bank's risk levels, while establishing the levels of authority and accountability for carrying out risk management. Based on the risk approach, the Board of Directors is the highest risk management and control body, which in turn is supported by a Corporate Risk Committee that integrates all risk dimensions identified in the organization in its assessment and control.

Risk management is implemented through the Executive Vice-Presidency of Risk and the Vice-Presidency of Corporate Investment Risk, which report to the Bank's Corporate Risk Committee, a Board of Directors committee with three active members.

Board of Directors

The members of the Board of Directors, as the main managers of corporate governance, shall perform their duties with a proper understanding of the risks associated with the products and segments in which the Bank operates, for which a financial and risk expert is pivotal.

The Board of Directors shall provide authority, guidance and oversight to senior management so that its members have adequate experience and knowledge pertaining to the activities, objectives and structure of the respective entity.

The Board of Directors is the entity responsible for risk matters:

- Assess, approve, and monitor corporate risk management at Banco Davivienda S.A., and its subsidiaries.
- Approve and monitor risk appetite and risk tolerance limits.
- Verify that corporate risk management is aligned with the achievement of the Bank's strategic objectives.

Corporate Risk Committee

The Corporate Risk Committee shall have the following duties:

- Assess the harmonic operation of the different risk management systems, as well as the comprehensive risk profile of the organization.
- Ensure that the organization's risk levels are within the established risk appetite and have the required capital adequacy.
- Submit the risk appetite framework for approval by the Board of Directors.

Audit Committee

This is the body responsible for the following risk-related functions, without prejudice to other functions that the regulations in force establish in relation to risk management systems:

- Oversee that both the internal audit and the external auditors assess the methodology and implementation of the risk management model
- Follow up on recommendations from the control process, or guidelines issued by the Corporate Risk Committee and the Board of Directors or an equivalent authority.
- Assess the operation of the corporate risk management process, verifying compliance with the regulations that exist for each risk Identify weaknesses and make recommendations where appropriate.

10.2. Risk Management Model

Banco Davivienda S.A.'s risk management is conducted in alignment with operations management: Banco Davivienda Colombia and Banco Davivienda International Subsidiaries defined internally and aligned with corporate risk management and fulfillment of the strategy.

Banco Davivienda Colombia

The Executive Vice-Presidency of Risk identifies, assesses and comprehensively manages credit risk through the Vice-Presidency of Credit Risk, with specialized Risk Departments for each of the banks: Retail Banking Credit Risk Division, SME Credit Risk Division and the Corporate and Business Credit Risk Division.

For the Retail Banking segment, the Retail Credit Vice-Presidency is responsible for assessing, managing and collecting on all retail banking credit lines as well as for approving individual loan transactions. It is based on a pyramidal structure of attributions (personal and/or collegiate) with defined ceilings and recognizing that each superior attribution has the obligation to review ex post the decisions of lower attributions. There are also credit committees with collegiate decision making. For each loan product, the Bank uses credit scores that have been developed based on the company's own historical information (among other data). Scores assess client variables, their behavior and indebtedness in the financial sector, as well as the product and the collateral. There are also methodologies in place to segregate the loan portfolio by homogeneous groups in order to be able to assign risk levels on an individual basis.

The Retail Banking Credit Risk Department manages and monitors the various banking products in accordance with business management: Payment Methods, Consumer, Car and Mortgage.

For SME Banking, credit assessment is the responsibility of the Corporate Credit Vice-Presidency, which is in charge of analyzing loan applications, monitoring outstanding obligations and recovering delinquent loans when necessary. The SME Credit Risk Department manages and monitors the credit risk of the various banking segments: Productive Assets, Agriculture and Livestock, MySMEs and medium-size companies.

The Corporate Credit Vice-Presidency is responsible for granting loans to national and international companies engaged in economic activities in accordance with the rules and conditions established by the Superintendence of Corporations and/or Competent Authorities, as well as by the Bank. To meet this objective, we conduct a thorough analysis of the credit worthiness of the companies by analyzing macroeconomic conditions and the industry in which the company operates, as well as its culture, strategy, policies, procedures and the various quantitative and qualitative risks. The Corporate and Business Risk Department monitors risks associated with these operations, compliance with the provisions established in the credit agreements with borrowers and insuring available collateral, as well as the concentration of the portfolio in the various economic sectors and regions.

The Bolivar Group's Vice-Presidency of Investment Risk is in charge of managing financial risks. The Vice-Presidency is responsible for identifying, measuring, managing and ensuring that market, liquidity, investment credit, behavior and treasury operational risks are within the defined risk appetite, both for the bank's own resources and third party resources portfolios, whether they are discretionary or non-discretionary. It is responsible for developing and proposingto the Board of Directors the different risk measurement and management methodologies, as well as the risk appetite policies and levels.

For this purpose, the Bank relies on: the Financial Risk Department, in charge of managing market, liquidity, behavioral and operational risks across the different business lines (investments); the Financial Institutions Credit Risk Department, responsible for assessing credit and counterparty risks across investment portfolios; the Customer Financial Risk Department, in charge of managing financial risks for non-discretionary portfolios; and, the Trust Risk Department, in charge of managing risks of structured trusts, investment banking and private equity fund management businesses.

The Boards of Directors of the different companies rely on the Financial Risk Committees for credit and counterparty risk matters, and on the ALM Committee and Foreign Currency ALM Committee for market, liquidity and foreign exchange risk matters. There are additional committees to cover the other business lines, in accordance with legal obligations applicable to them.

On the other hand, the Executive Vice-Presidency of Risk is responsible for managing the Operational Risk (SARO) by designing, implementing and maintaining strategies and procedures required for information security management, as well as by establishing guidelines and policies for the management of Operational Risk of the Bank and its Subsidiaries. This function is conducted through the Operational Risk Department and the Transactional Risk Department.

Additionally, cross-cutting risks such as operational risk, fraud, information security, cybersecurity, technological, environmental and social risk, business continuity, among others, which are generated in the processes that support business lines, are managed by the Executive Vice-Presidency of Risks, which is responsible for managing such risks by establishing methodologies, guidelines and policies to enable an effective management at the Bank and its Subsidiaries.

International Subsidiaries

International risk management is assessed and monitored from the Head Office in accordance with established exposure limits and risk management policies endorsed by the Corporate Risk Committee and approved by the Board of Directors.

The Chief Credit Officer is in charge of Corporate and Business Banking, as well as Retail Banking at foreign subsidiaries. As such, it is responsible for evaluating, managing and collecting receivables on credit lines. As is the case in Colombia, the approval process is also based on a pyramidal structure of authority at the local operation level, the Regional Unit and the Colombian Corporate Credit Committee, where joint decisions are made.

Retail Banking credit products rely on credit scores that assess customer variables, their behavior and indebtedness in the financial sector, as well as the product and the collateral.

Additionally, it comprehensively maintains the perspective of the business and coordinates the efforts across all the Subsidiaries through the Credit Risk areas based in each country in an effort to recognize the specific characteristics of each market.

Financial risk management in Davivienda's subsidiaries abroad is developed based on a model whereby the parent company issues guidelines, policies and methodologies for risk measurement and control, to be managed in each of the subsidiaries. Similarly, the Financial Risk Committee and ALM Committee approve the overall limits for each business unit, within Banco Davivienda's general risk appetite. The Board of Directors of each Subsidiary is the highestauthority in the organization, responsible for the comprehensive management of the financial risks affecting each balance sheet. They are in charge of establishing and ratifying the market risk appetite and the policies and guidelines for liquidity risk for each currency or on a consolidated basis by company. Likewise, there is a local ALCO (Asset and Liability Committee) in all international subsidiaries, which ratifies the decisions made by the ALM ME Committee in Colombia and is accountable for the approval of risk limits at the business level and for the monitoring of the strategies.

Finally, risk units across international subsidiaries are in charge of ensuring the completeness of business processes and following the guidelines of the operational risk and control model approved by the Board of Directors of the parent company, in addition to making a functional report to the Operational Risk Department of the parent company, which monitors its proper application and management.

The International Operational Risk Management and the International Executive Vice-Presidency are responsible for consolidating and monitoring the operational risks of each country and coordination among them in accordance withthe multi-Latin strategy.

10.3. Risk appetite framework

The Risk Appetite Framework establishes the risks that the Bank is willing to undertake and tolerate with the purpose of accomplishing its strategic objectives.

Setting the risk appetite framework is intended to serve the following purposes:

- To account for the interests of the Bank's various stakeholders in order to ensure the Bank's sustainability through a comprehensive risk management approach.
- To account for the interests of the Bank's various stakeholders in order to ensure the Bank's sustainability through a comprehensive risk management approach.
- Prepare a proactive risk management for the medium and long term that will allow the Bank to undertake desired risks as part of its strategy.
- Align decisions within the bank so that they are consistent with the risk appetite.

This is framed within four major risk objectives: Capital; Profitability, Risk and Growth; Liquidity and Funding; and Stakeholder Confidence. All objectives have established a set of metrics and levels which are monitored at the Individual (Colombia) and Consolidated levels. These metrics are periodically analyzed by the Board of Directors, the Risk Committees and the Executive Vice President of Risk in order to have an adequate understanding of the Bank's risk profile and to manage risks in a timely manner.

10.4. Risk management system

10.4.1. Strategic risk

Davivienda defines strategic risk as the potential deviation from expected results as a consequence of strategic decisions, the improper implementation of such decisions and/or the lack of capacity to respond to changes in the environment. Strategic risk management is a continuous process that incorporates both the control of strategy execution and the comprehensive and systematic evaluation of strategic decisions, in both cases seeking to guarantee the fulfillment of the Bank's strategic objectives.

In 2021, on monitoring and control, to cover the different strategic focuses of the Bank, our strategic dashboard scheme was complemented with the publication of two new dashboards, sustainability and human talent; additionally, a comprehensive monitoring chart was designed for the presidency, "Davivienda at a Glance", which synthesizes the Bank's main indicators, providing senior management with a holistic view of the business and a navigation map of the metrics of the different dimensions of the strategy.

We continued with the constant updating of macro trends in order to identify market forces over which we have no control but which could have an impact on the achievement of our strategic objectives. Additionally, a series of special reports called "SensoR-E" were published, which seek to connect the publications of major consulting firms and academic referents with the Bank's strategies, in order to provide information to the leaders of the strategic fronts on potential opportunities/threats in the environment that could have an impact on the formulation of our strategy.

During 2021, the following strategic risk factors were evaluated and monitored periodically:

- Transformation of the expectations and needs of the financial consumer.
- Regulatory or policy changes that affect the dynamics of the Bank's business and results.
- Ability to access financial markets for debt or equity financing.
- Increasing arrival of disruptive competitors in a digital world of open banking.
- Urgency for social and environmental sustainability.
- New dynamics in workforces with agile, flexible and remote teams.

10.4.2. Credit risk

Credit risk is defined as the possibility that a borrower or counterparty will not meet its obligations according to agreed terms, adversely affecting the value of the Bank's portfolio.

The objective of credit risk management is to maximize the Bank's profitability by adhering to desired risk levels. This objective is achieved by maintaining expected loss levels within acceptable parameters, without ignoring other uncertainty phenomena that may affect the portfolio's results.

The Bank is exposed to credit risk in the course of its credit portfolio operations (financing of consumer, mortgage and corporate capital needs) as well as in its treasury operations (money market, investment portfolio management, derivative contracts and purchase and sale of foreign currencies). Three general sub-processes are established for thesuccessful execution of the general credit risk management process:

Three general sub-processes are established for the successful execution of the general credit risk management process:

Loan Portfolio Monitoring and Management: The main purpose of portfolio monitoring and management is to follow up on the quality and structure of the portfolio, detecting concentrations, relevant segments and risk factors, and coordinating its management with the credit risk control and monitoring process. As part of this process, adjustments to business rules and credit policies are made according to the desired risk level for the product or strategy; portfolio potential losses are monitored and analyzed; collection strategies and effectiveness and their effect on the mitigation of losses are analyzed, among others.

Credit Risk Methodologies and Models: The purpose of this process is to study, design, develop and implement methodologies, models and tools that allow the adequate measurement of credit risk, as well as the sensitivity of portfolios to different economic scenarios.

Credit Risk Control and Monitoring: The main objective of the credit risk control and monitoring process is to ensure compliance and the proper implementation of the definitions established by the Board of Directors and the Risk Committees. Controls and related monitoring are established, executed and coordinated jointly with Credit Cycle units according to the established provisions, in order to avoid deviations from the strategy defined by the Bank.

10.4.2.1. Organizational structure for credit risk management

The Executive Vice-Presidency of Risk manages the Bank's credit risk. The internal structure of this unit was strengthened by establishing the Vice-Presidency of Credit Risk, which has specific divisions for Corporate and Business Banking, SME Banking and Retail Banking. It also includes three cross-sectional areas: The Environmental and Social Risk Department that enables the timely identification, assessment, and control of environmental and social risks, thereby contributing to sustainability. Furthermore, the Credit Risk Models and Methodologies Department and the Risk Information Analysis and Management Department, which promote and protect the adequate control scheme and development of credit risk.

Credit Risk in Central America is managed through the Regional Unit, which reports to the Risk Committees of each bank.

The Board of Directors defines, creates and establishes the structure of the Credit Risk Committees for Retail Banking, SME and Corporate Banking (CRC), the Credit Risk and Collections Committee (CRCC) and the Portfolio Rating Committee (CC) to act as specialized and coordinating bodies for credit risk management matters. The Board of Directors delegates to the CRC, CRCC and CC the sole authority to recommend policies and authorize rules and/or provisions related to credit risk management, portfolio recovery and portfolio rating under the established governance process and for the sole purpose of implementing the policies established by the Board of Directors.

The Credit Risk Management Manual (MARC) serves as the charter for the Credit Risk Management System. It describes our culture, policies, methodologies, rules and general procedures. It outlines our culture, policies, methodologies, rules and general procedures.

Measures in response to the COVID 19 Pandemic

In 2021 Banco Davivienda continued strengthening and adjusting the processes and policies for granting and maintaining the loan portfolio both in Colombia and in its international subsidiaries, seeking to prudently recognize the higher level of latent risk that could arise from debtors who took advantage of the grace periods and different portfolio payment alternatives (migration from stage 1 to stage 2), the provisions of some individually significant clients insectors directly or indirectly affected by the economic situation were reviewed and adjusted, and the macroeconomic scenarios for all countries were updated to reflect the new situation by incorporating the forward looking effect,

In light of the gradual economic recovery and to continue with our strategy to support our customers, we gradually opened up credit policies in each of the different channels: traditional, digital channels and campaigns and/or customer deepening processes, with the objective of supporting our customers and being part of the economic reactivation of theregion.

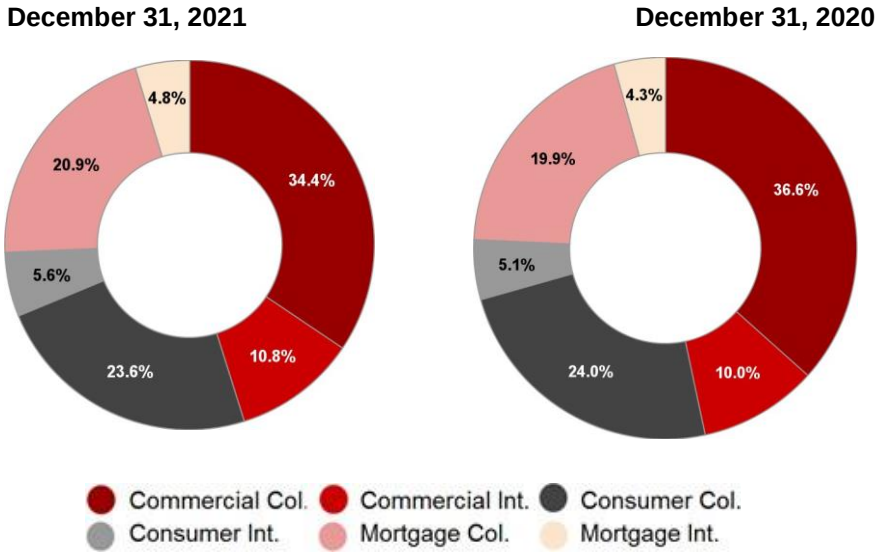
For international subsidiaries, a series of credit risk mitigation measures in origination and collection were maintained for vulnerable segments affected by COVID-19. The measures were aimed at: 1) A constant review and update of origination parameters according to the evolution of the economic situation; 2) Constant monitoring of our clients and their economic activity, especially the most affected sectors; 3) Classification of the population according to their levelof affectation, and in each segment a continuous follow-up has been maintained with the due adjustment to thegranting parameters; 4) Implementation of payment relief/extensions for customers affected by the economic situation, with a case-by-case analysis in all products, with a common characteristic in the indispensable request and justification by the customer.

Currently, economic recovery across Central American countries has allowed the return of most of the origination and collection parameters to those defined prior to the declaration of the economic and social emergency by COVID-19. This process is based on a continuous monitoring of how the pandemic is evolving for segmented decision making.

10.4.2.2. Exposure to credit risk - portfolio composition

The Bank's portfolio is distributed as follows: consumer, mortgage and commercial. The first two segments include loans granted to individuals to finance their consumer needs (unrestricted personal loans with and without collateral, revolving credit, payroll loans, car loans and credit cards) and housing (Social Interest Housing VIS , Traditional - Greater than VIS and Housing Leasing) respectively.

The value of the total consolidated portfolio is $118,620,359. Banco Davivienda Colombia accounts for 79% and Banco Davivienda International for the remaining 21%. The distribution by type of comparative portfolio December 2021 - December 2020 is presented below:



At year-end 2021, the portfolio grew by 11.2% relative to December 31, 2020. Gross loans in Colombia increased by 8.8%, and the mortgage portfolio showed the highest variation (16.4%), followed by the consumer portfolio with an increase of 9%, specifically boosted by unrestricted personal loans. This growth is explained by the Corporate, Mortgage and Consumer Payroll loans. In subsidiaries, Honduras recorded the highest growth in the same segments. The distribution of the portfolio by stages and segments (Commercial, Consumer and Mortgage) is shown in the following chart:

Business Model	December 31, 2021				December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Davivienda Colombia								
Commercial	35,565,953	2,335,294	2,942,736	40,843,983	30,622,721	5,781,377	2,673,654	39,077,752
Consumer	24,959,764	2,275,901	706,178	27,941,843	22,411,514	1,641,913	1,570,557	25,623,984
Mortgage	22,581,705	1,433,190	751,922	24,766,817	19,327,324	1,449,781	496,795	21,273,900
	83,107,422	6,044,385	4,400,836	93,552,643	72,361,559	8,873,071	4,741,006	85,975,636

Business Model	December 31, 2021				December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
International Subsidiaries								
Commercial	11,196,163	1,251,633	315,235	12,763,031	9,483,641	940,411	238,085	10,662,137
Consumer	5,787,379	686,994	178,851	6,653,224	4,018,610	1,198,331	191,829	5,408,770
Mortgage	5,188,555	298,334	164,572	5,651,461	3,829,255	657,389	141,569	4,628,213
	22,172,097	2,236,961	658,658	25,067,716	17,331,506	2,796,131	571,483	20,699,120
Total	105,279,519	8,281,346	5,059,494	118,620,359	89,693,065	11,669,202	5,312,489	106,674,756

A percentage analysis of the results shows that 88.8% of Colombia's portfolio is classified as stage 1, 6.5% as stage 2 and 4.7% as stage 3. In the commercial portfolio, 87.1% is at stage 1, 5.7% at stage 2 and 7.2% shows significant deterioration (stage 3). In general terms, stage distribution has remained at levels similar to those observed in previous periods. However, loans have migrated out of stage 2 and stage 3 as a result of the gradual recovery of customers. In the consumer portfolio, 89.3% of loans are in Stage 1, while in the mortgage portfolio this figure is 91.2%. In the consumer portfolio, 8.1% of loans are in stage 2, while in the mortgage portfolio this figure is 5.8%. In the consumer portfolio, 2.5% of loans are in stage 3, while in stage 3 this figure is 3.5%. The variation in stages 2 and 3 of the consumer portfolio is due to a higher level of portfolio write-offs, as a result of the materialization of the impairment contained in the measures applied during 2020. Stage 3 in the mortgage portfolio increased as a result of the rolling of some obligations that as of December 31, 2021 were classified in Stage 2, materializing the defaults.

At the end of 2021, Banco Davivienda International's portfolio has 88.5% of exposure in stage 1, 8.9% in stage 2 and 2.6% in stage 3, a composition that continues to be very healthy. There is an increase in stage 1 vs. December 2020, going from 83.7% to 88.5%, explained by the continuous recovery during the year of the retail banking loans and the write-off of the portfolio that was not subject to consumer relief. The aforementioned recovery is accompanied by the reduction in both stage 2 and stage 3, in Consumer and Mortgage portfolios. On the other hand, stage 2 loans in the Commercial portfolio increased slightly, due to the deterioration of specific cases in Costa Rica and Panama, without representing a relevant change.

	December 31, 2021			December 31, 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Davivienda Colombia	**88.8%**	**6.5%**	**4.7%**	**84.2%**	**10.3%**	**5.5%**
Commercial	87.1%	5.7%	7.2%	78.4%	14.8%	6.8%
Consumer	89.4%	8.1%	2.5%	87.5%	6.4%	6.1%
Mortgage	91.2%	5.8%	3.0%	90.8%	6.8%	2.4%
International Subsidiaries	**88.5%**	**8.9%**	**2.6%**	**83.7%**	**13.5%**	**2.8%**
Commercial	87.7%	9.8%	2.5%	88.9%	8.8%	2.3%
Consumer	87.0%	10.3%	2.7%	74.3%	22.2%	3.5%
Mortgage	91.8%	5.3%	2.9%	82.7%	14.2%	3.1%
TOTAL	**88.8%**	**7.0%**	**4.2%**	**84.1%**	**10.9%**	**5.0%**

Throughout the year, loans in stage 1 have generally increased, as a result of the gradual normalization of collections from those clients that have been affected by the economic crisis, as well as a decrease in stage 2 and stage 3 loans, as a result of the reduction of clients with a significant increase in risk both in Colombia and in the international subsidiaries.

The portfolio distribution by stage for the international subsidiaries is detailed by country and by portfolio segment according to the following table as of December 31, 2021:
:

Country	Commercial	Consumer	Mortgage	Total
Costa Rica	5,002,417	1,354,600	2,364,874	8,721,891
Stage 1	4,371,191	1,220,106	2,238,005	7,829,302
Stage 2	490,072	103,581	67,612	661,265
Stage 3	141,154	30,913	59,257	231,324
Salvador	3,704,435	3,313,988	1,611,157	8,629,580
Stage 1	3,363,889	2,779,139	1,534,703	7,677,731
Stage 2	272,415	444,182	33,563	750,160
Stage 3	68,131	90,667	42,891	201,689
Honduras	1,861,296	1,831,958	1,167,767	4,861,021
Stage 1	1,613,843	1,657,030	1,081,628	4,352,501
Stage 2	224,868	125,074	63,587	413,529
Stage 3	22,585	49,854	22,552	94,991
Panamá	2,194,883	152,678	507,663	2,855,224
Stage 1	1,847,240	131,104	334,219	2,312,563
Stage 2	264,278	14,157	133,572	412,007
Stage 3	83,365	7,417	39,872	130,654
Overall	**12,763,031**	**6,653,224**	**5,651,461**	**25,067,716**

A breakdown by country reveals a mortgage portfolio in which more than 92% of loans are in stage 1 in Costa Rica, Honduras and El Salvador, indicating a very healthy performance. In the case of Panama, loans have migrated to stage 2, given the greater proportion of relieved loans in Retail Banking, and with a view to advancing reserves in 2022in response to the modified (relieved) portfolio.

Loans in stage 1 in the consumer and commercial portfolios account for over 83% and 84%, respectively, across the four Central American countries, without causing any alarm regarding a particular country.

For further details on the portfolio composition see note 12.4.1 (Loan and financial leasing portfolio by type), 12.4.2 (Loan and financial leasing portfolio by rating), 12.4.5 (Loan and financial leasing portfolio by geographic area) and 12.4.6 (Loan and financial leasing portfolio by type of guarantee).

10.4.2.3. Exposure to credit risk - Investment portfolio

The investment portfolio is mainly concentrated in sovereign debt securities of nations where the Bank has operations, in compliance with the main mandate of the portfolio to build a liquidity reserve. Accordingly, the portfolio is concentrated in assets with low credit risk and high liquidity. There are also positions in corporate debt securities, mostly from recognized and recurring issuers, of high credit quality, and mortgage portfolio securitizations. In December 2021, 63% of the portfolio corresponds to sovereign debt, mostly Colombian, followed by private debt with 34% and finally securitizations with 3% of participation. The composition of the portfolio reflects a conservative and adequate credit risk management, in accordance with the policies defined by the management bodies.

The following chart depicts the comparative exposure by separating the carrying value of financial assets between those secured by some collateral depending on the nature of the product and/or the counterparty and those granted without collateral.

	December 31, 2021		December 31, 2020	
	Collateral	No Collateral	Collateral	No Collateral
Debt at fair value		10,527,356	-	11,583,206
Colombian Government	-	5,220,318	-	6,042,035
Foreign governments	-	2,804,762	-	3,131,144
Financial entities	-	1,828,320	-	1,774,004
Real sector	-	460,143	-	349,002
Others	-	213,813	-	287,021
Derivative instruments	405,871	352,567	709,192	701,277
Debt at amortized cost	-	4,700,165	-	3,844,690
Investments in debt	-	4,700,165	-	3,844,690
Credit portfolio	64,391,631	54,228,728	57,630,584	49,044,172
Commercial	31,019,521	22,587,493	28,547,661	21,192,228
Consumer	2,960,911	31,634,156	3,180,810	27,851,944
Mortgage	30,411,199	7,079	25,902,113	-
Total financial assets with credit risk	64,797,502	69,808,816	58,339,776	65,173,345
Credit risk off-balance-sheet	13,748,106	28,617,748	10,351,528	24,573,756
Credit limits	13,748,106	28,617,748	10,351,528	24,573,756
Total maximum exposure to credit risk	78,545,608	98,426,564	68,691,304	89,747,101

As for the loan portfolio, from the granting process, and as part of the Group's internal policies, guarantees are required to mitigate the exposure to credit risk based on criteria such as: The nature of the product, the term at which the credit is granted, the financial and equity structure of the counterparty, the risks associated with the sector and the debtor's exposure to the group among others.

To determine the value of the guarantees and the periodicity of the valuation, the group takes into account the particular characteristics of the asset that covers the operation, which determine whether the main input for its appraisal is the market price, the valuation indexes calculated by governmental entities and/or the criteria of experts when deemed necessary.

At the end of 2021, 54.3% of the portfolio exposure is backed by a guarantee: The Commercial portfolio has guarantees such as mortgages, pledges, financial collateral, trust agreements, guarantees granted by the Colombian National Government through the National Guarantee Fund (FNG) and the Agricultural Guarantee Fund (FAG), among others, covering 58% of the exposure of this segment.

The Consumer portfolio is mostly unsecured (with personal promissory notes) with the exception of vehicle loans with pledge and unrestricted personal loans with mortgage guarantee (9% of the Consumer exposure). It is worth clarifying that payroll loans are included in the unsecured consumer portfolio, which have a collection guarantee. The balance of payroll loans constitutes approximately 27% of unsecured consumer loans (52% in international subsidiaries, led by El Salvador with 61% and Honduras with 56%).

Finally, mortgage loans are backed by a mortgage guarantee or are assets owned by the Group in the case of residential leasing, which means that the exposure to credit risk can always be mitigated with such guarantee.

For more details on loans backed by collateral, see note 12.5.9 (Loan portfolio and financial leasing by type of collateral).

10.4.2.4. Measurement of impairment reserves

The Bank seeks to ensure that the expected flows from lending and investment activity cover the expected requirements of the funds raised, and prudently sets aside reserves to cover the risks arising from intermediation activity. Likewise, it is important for the Bank to guarantee the stability and consistency of the reserves with the losses incurred by the portfolio, which is why models were developed with international standards to efficiently manage and mitigate the risks derived from its activity.

As of January 1, 2018, Banco Davivienda adopted IFRS 9 for the calculation of losses, modifying the approach to measure expected losses (IFRS 9) and not incurred losses as was done under IAS 39 until December 2017. Under this new approach, the Bank developed models that discriminate between massive (Personal Banking and SMEs) and non-massive portfolios (Corporate and Business Loans) and incorporate the traditional components of expected loss measurement: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The measurement of expected loss for contingencies is also included and for this purpose a model of its Probability of Activation (PA) was developed.

In addition, the regulations emphasize the need to reflect current and future customer conditions That is why it postulates the incorporation of "forward looking" effects, which include macroeconomic effects in the estimates. For thisreason, the calculation of expected losses is made under different scenarios weighted by their probability of occurrence, thus recognizing the impact that a changing macroeconomic environment may have on the Bank's losses.

Each country has parameters and methodologies adapted to its portfolio and local reality, with the exception of the vehicle and mortgage portfolios in Panama. For these two portfolios, there is little history and materiality to make a stable model, which is why it was decided to apply the parameters of Colombia in the same segments.

The main components of the methodologies used by the Bank to estimate expected losses under IFRS 9 are defined below, as well as the criteria used to classify the portfolio between Stage 1 - Normal Risk, Stage 2 - Significant Increase in Risk and Stage 3 - Default:

10.4.2.4.1. Criteria for classifying loans in Stage 1 - without significant increase in risk

In general, a loan is not considered to present a significant increase in risk when it maintains a good payment habit (less than 30 days past due) and has not changed its contractual conditions since initial recognition. Under certain warning conditions set forth in the following Stage, the loan is reclassified.

10.4.2.4.2. Criteria for classifying loans in Stage 2 - significant increase in risk

In general, a loan is considered to have a significant increase in risk when one of the following characteristics is met, depending on the type of portfolio:

Consumer: A loan is considered to have a significant increase in risk when it is more than 30 days past due. In addition, for certain portfolios, criteria such as higher utilization in revolving loans, variation in the client's risk level, collection losses and restructurings during the first twelve months are included.

Mortgage: Clients with more than 60 days past due and additionally clients that in other portfolio modalities present default in their obligations.

Commercial: Clients 30 days past due as well as particular criteria of the debtors depending on whether there have been changes in guarantees, changes in the conditions of the loans or particular conditions.

10.4.2.4.3. Criteria for classifying loans in Stage 3 - definition of default

Default is considered to exist in a segment from the first delinquency height in which the probability of recovery of the loan is less than 50%. Additionally, for individually significant loans, other factors are taken into account to consider a loan in default, such as legal proceedings and internal rating monitoring. For each segment of each portfolio and for each country, the resulting parameter was studied in relation to the rebuttable presumption of default within 90 days of delinquency. This parameter was maintained in the majority of mass and non-mass portfolios, with the exception of secured portfolios such as mortgage loans. It is important to mention that the rating criteria in this Stage did not suffer modifications due to the effect of the pandemic, however, there is evidence of an increase in the number of loans that defaulted as a consequence of the pandemic.

10.4.2.4.4. Likelihood of default

It is the estimated probability of occurrence of a default in the next 12 months of the instrument's life from the date of analysis, which is applied to instruments for which there is no significant evidence of impairment (Stage 1).

For massive portfolios, such as consumer, housing and SMEs, the probabilities of default are calculated using a non-parametric estimation of the survival curve adjusted for cancellations, seeking to predict the probability that the loan will reach default in the following 12 months of the observation period. A default parameter was studied for each homogeneous portfolio segment and survival curves were constructed for loans at different default heights in order to adequately capture the risk level of each segment.

For non-massive portfolios, which include the Corporate, Business and Construction segments, the Pluto & Tasche methodology was used (Pluto & Tasche, 2005) since these portfolios have a very low level of defaults.

When obligations or customers have had a significant increase in their risk level, the calculation of the probability of default is made over the remaining life of the credit.

The PD-Lifetime is the estimated probability of occurrence of a default over the remaining life of an instrument, which is measured on the remaining contractual flows of the instruments that present significant evidence of impairment (Stage 2).

For both massive and non-massive portfolios, the analysis described for the probability of default at 12 months is performed, but considering the available credit history, performing survival analysis.

10.4.2.4.5. Loss Given Default (LGD)

The Loss Given Default (LGD) is the percentage of exposure that is expected to be lost in the event of a default in a financial instrument.

The loss is defined as one minus the recovery percentage of the exposure at the time of default. The latter is the sum of the expected flows from the operation discounted at the effective interest rate on the date of analysis. In order to estimate the LGD to be assigned to a financial instrument, the observed historical loss of each operation that has given rise to an episode of default is estimated.

For portfolios where there are guarantees securing the loans, the present value derived from the expectation of sale of the collateral is recognized.

10.4.2.4.6. Exposure at time of default

For each obligation, the probability of default and the loss given default should be multiplied by the estimated exposure at the time of default.

Within the Bank's methodology, for loans that are amortized by installments, the exposure considers the natural decrease by the amortization of the loan over time, and the possibility that for each type of loan, the exposure is extraordinarily reduced through a prepayment.

In the case of revolving credits, a parameter for the conversion of quotas to credits (or Credit Conversion Factor - CCF) is calculated, which allows predicting the increase in the use of said credit quotas until the moment of default.

10.4.2.4.7. Forward Looking

IFRS 9 stresses the need to reflect the customer's current and future conditions. That is why it postulates the incorporation of "forward looking" effects, which include macroeconomic effects in the estimates. For this reason, the calculation of expected losses is performed under different scenarios weighted by their probability of occurrence, thus recognizing the impact that a changing macroeconomic environment may have on the Bank's losses.

To calculate the forward looking adjustment, a time series model based on neural network implementation (LSTM) is estimated to explain the 12-month PD observed historically, through macroeconomic variables. In this model all the projected variables and their lags from 3 to 36 months are considered, then the mean square error (MSE) of the projection is measured for each of the resulting configurations taking as final model the one that meets the criterion of lower error, finally the consistency of the projections with the business prospects is evaluated and if it is considered thatthe projection is inconsistent with the expectations of the portfolio, a model with higher error that is considered more consistent can be selected as long as it does not present an error 10% higher than the first selected model.

Once the macroeconomic volatility caused by the Covid 19 juncture is overcome, medium-term projections (3 years) are again available for the three scenarios traditionally used, adverse and optimistic base, described below:

BASE

	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP	Range 3.31% to 9.92%	Range 2.07% to 9.96%	Range -2.37% to 17.73%	Range 2.50% to 10.14%	Range -0.96% to 6.89%
CPI	Range 3.65% to 5.08%	Range 3.45% to 5.06%	Range 1.88% to 3.62%	Range 1.30% to 6.06%	Range 2.17% to 3.04%

ADVERSE

	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP	Range 2.13% to 9.32%	Range -0.43% to 8.08%	Range -2.92% to 11.89%	Range -0.46% to 8.40%	Range -1.05% to 5.33%
CPI	Range 4.06% to 5.66%	Range -0.53% to 3.31%	Range 0.78% to 2.82%	Range -2.86% to 3.05%	Range -1.26% to 2.27%

OPTIMIST

	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP	Range 4.42% to 10.53%	Range 2.20% to 11.40%	Range -2.21% to 19.59%	Range 2.92% to 11.09%	Range -0.88% to 8.72%
CPI	Range 2.93% to 4.95%	Range 4.45% to 7.06%	Range 2.06% to 4.02%	Range 2.88% to 8.06%	Range 2.42% to 4.49%

These three scenarios were incorporated into the models for both Colombia and the international subsidiaries, leading to a reduction of provision expenses compared to the end of the previous year, explained by the positive impact derived from better macroeconomic trends across all countries. The results obtained are described below:

Business Models	**December 31, 2021**				**December 31, 2020**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Davivienda Colombia								
Commercial	122,475	501,484	1,686,178	2,310,137	191,258	635,144	1,674,734	2,501,136
Consumer	808,552	542,521	538,636	1,889,709	910,226	708,226	1,167,295	2,785,747
Mortgage	58,121	44,674	268,128	370,923	44,023	114,811	209,918	368,752
	989,148	**1,088,679**	**2,492,942**	**4,570,769**	**1,145,507**	**1,458,181**	**3,051,947**	**5,655,635**
International Subsidiaries								
Commercial	42,449	49,310	169,641	261,400	94,977	45,897	111,232	252,106
Consumer	166,691	109,074	123,131	398,896	90,516	140,470	137,936	368,922
Mortgage	23,959	26,745	92,592	143,296	12,086	29,462	76,488	118,036
	233,099	**185,129**	**385,364**	**803,592**	**197,579**	**215,829**	**325,656**	**739,064**
Total impairment of Loans Portfolio and financial leases operations, net	**1,222,247**	**1,273,808**	**2,878,306**	**5,374,361**	**1,343,086**	**1,674,010**	**3,377,603**	**6,394,699**

As of December 31, 2021, the total impairment of the Group's portfolio reached $5,374,361, equivalent to 4.5% of the total portfolio, which implies a decrease of 150 basis points over the figure recorded at the end of the immediately preceding year, which was 6.0%. The cost of risk decreased by 6.5% compared to the year-end figure reported in December 2020, reflecting the measures applied.

The breakdown of the proportion of impairment over balance by stage and by portfolio class is shown in the following table:

Business Model	**December 31, 2021**				**December 31, 2020**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Davivienda Colombia								
Commercial	0.3%	21.5%	57.3%	5.7%	0.6%	11.0%	62.6%	6.4%
Consumer	3.2%	23.8%	76.3%	6.8%	4.1%	43.1%	74.3%	10.9%
Mortgage	0.3%	3.1%	35.7%	1.5%	0.2%	7.9%	42.3%	1.7%
	1.2%	18.0%	56.6%	4.9%	1.6%	16.4%	64.4%	6.6%
International Subsidiaries								
Commercial	0.4%	3.9%	53.8%	2.0%	1.0%	4.9%	46.7%	2.4%
Consumer	2.9%	15.9%	68.8%	6.0%	2.3%	11.7%	71.9%	6.8%
Mortgage	0.5%	9.0%	56.3%	2.5%	0.3%	4.5%	54.0%	2.6%
	1.1%	8.3%	58.5%	3.2%	1.1%	7.7%	57.0%	3.6%
TOTAL	1.2%	15.4%	56.9%	4.5%	1.5%	14.3%	63.6%	6.0%

The coverage ratio for overall loans decreased compared to the end of December 2020, going from 6.0% to 4.5% in December 2021. In Colombia this performance is due to a lower value of provisions following updated macroeconomic parameters, which incorporate favorable expectations for economic recovery and which specifically favor the Consumer and Commercial portfolios. Additionally, the reactivation of payment habits of some customers that are beginning to recover explain the reduction in impairment. Accordingly, coverage for stage 1 decreased, explained by the migration of stage 2 clients to stage 1 and by the improvement in the payment behavior of some clients, while the decrease in stage 3 coverage is due to the restructuring of the portfolio in this category and to the inclusion of availableguarantees.

In international subsidiaries there is also a reduction in coverage, from 3.6% in December 2020 to 3.2% in December 2021, a reduction that is reflected in the Commercial, Consumer and Mortgage portfolio alike, but to a greater extent in the Consumer portfolio, thanks to its better performance (reflected in an increase in stage 1).

On the other hand, coverage in stage 2 and 3 increased with respect to December 2020, which reflects an adequate reserve in the stages that generate an early warning.

10.4.2.5. Impact, individually significant clients

Within the process of provision quantification under IFRS 9, there are clients who, due to their increase in risk level as well as the materiality of their exposure, must be analyzed individually to understand recovery expectation through the analysis of cash flows expected, net of present guarantees recovery value when applicable.

The main customers that generated an impact on the impairment in the fourth quarter of 2021 are companies in the corporate and construction segment, located in Colombia, in sectors such as Construction Projects, Services, Agriculture and infrastructure, generating an increase in the level of coverage from $258,355 to $505,184 from 2020 to 2021, respectively.

See Note 12.5.3 (Individually rated loan portfolio) for more details on the individually rated portfolio.

10.4.3. Risk management, derivative financial instruments

The operation of derivative financial instruments and structured products is framed within a framework of risk policies based on the following minimum guidelines:

- Authorized market or product.
- Counterparty limits and authorized credit, acceptable guarantees in credit risk mitigation mechanisms, concentration of credit exposure by counterparty and/or sector, and the company's global credit exposure
- Signing of framework and/or ISDA contracts, with due diligence considering the analysis of clauses related to credit risk mitigation, early termination, and default.
- Authorized counterparties, even for cases intended to bring a central counterparty risk chamber.

10.4.4. Market and liquidity risk management

The Vice Presidency of Investment Risk is the instance unto which the Board of Directors of each company delegates responsibility for the evaluation of financial risks, identification of new risks, definition of calculation methodologies, policy suggestions and risk control.

Risk Management in the companies of Grupo Empresarial Bolívar is carried out through a synergic strategy between the companies, consolidating a Financial Risk Directorate for all companies, thus optimizing technological and human resources. The Financial Risk Directorate depends on the Vice Presidency of Investment Risk of Grupo Empresarial Bolívar, following the guidelines of the Vice Presidency of Risk and Financial Control and the Corporate Risk Committee.

For this purpose, it has been established that the Financial Risk Committee (CFR, after its name in Spanish) of Grupo Empresarial Bolívar, the Assets and Liabilities Management Committee (C-GAP, after its name in Spanish) or whoever may act in its capacity, the Foreign Currency Assets and Liabilities Management Committee (C-GAP ME, after its name in Spanish), the Market Risk Committee, and the Board of Directors of each Group entity, are the bodies responsible for defining institutional policies in relation to exposure to different financial risks, in line with the financial structure and operation of each entity, as well as with its strategy and corporate objectives.

The Financial Risk Management Manual (MARF) of Grupo Empresarial Bolívar consolidates the aspects related to management and administration of treasury and liquidity financial risks in the Group companies and establishes the administration system required for this purpose.

Thus, the companies have designed and implemented a robust structure of exposure limits to risk, to control portfolios and their management activities Each company has defined, among others, investment and counterpart limits, portfolios, limits per operator, value at risk, sensitivity, duration, term, as well as various early alerts to monitor and control the operation.

The Board of Directors delegates unto the CRF and in the Investment and Risk Committees of the Collective Investment Funds, as appropriate, the responsibility of evaluating and authorizing the different operation and investment alternatives of the Treasuries of each Company; and unto the C-GAP, or whoever acts in its capacity, the definition, monitoring and control of the general policies of asset and liability management (market risk of the balance structure), and liquidity risk management policies.

10.4.4.1. Market risk

Market risk management identifies, measures, monitors and controls the risks derived from fluctuations in interest rates, exchange rates, prices, indices and other risk factors affecting the entity's activity.

The strategic principles governing the bank market risk management are:

- Consistency between expected profits and tolerated exposure level.
- Participation in markets and products on which there is deep knowledge and management tools
- Segmentation of strategies and risk profiles by business model.
- Consolidated and disaggregated management.

Through its investment portfolio, Davivienda participates in the capital, money and foreign exchange markets. The managed portfolios are composed of a series of assets that diversify the sources of income and the risk assumed, which are framed within a series of limits and early warnings that seek to maintain the balance risk profile and the profitability/risk ratio.

Given the nature of the business and the markets accessed, the bank’s book of records and the treasury book are exposed to interest rate risk, exchange rate risk and the risk of change in price of shares and investment funds.

Business model and portfolio structure

Given that market risk management is based on the recognition of the business models defined for the administration of the investment portfolio, the bank establishes two major mandates: i) structural management: investments whose purpose is associated with financial intermediation, balance market risk management and the need for liquid asset support in the financial intermediation process; and ii) trading management: investments whose purpose is to maximize the profits generated by the Treasury through the purchase and sale of financial instruments

Based on these business models, fields of action are established for management through limits, alerts and risk policies that reflect risk appetite, market depth, and the objective of each business line.

The gross investment portfolio, as of December 31, 2021, amounted to $15,392,838 million according to the business models shown:

			Variation	
Business Model	December 31, 2021	December 31, 2020	$	%
Trading	2,239,563	2,857,489	(617,926)	-21.6%
Structural	13,153,275	12,710,178	443,097	3.5%
Liquidity reserve	10,308,192	10,419,254	(111,062)	-1.1%
Balance-sheet management	2,845,083	2,290,924	554,159	24.2%
Total	15,392,838	15,567,667	(174,829)	-1.1%

Investments in debt securities are mainly structural positions associated with the liquidity reserve, followed by the trading portfolio. With respect to the variations occurred during the period, trading reduced its position by 21.6%, an ordinary movement of this portfolio insofar as it is based on short-term strategies. On the other hand, the Balance Management business model reported a 24.2% increase, mainly explained by Davivienda Costa Rica, which increasedits position in sovereign debt to access guaranteed and low-cost funding.

The accounting classification rules for investments are associated with the business models under which the portfolios are managed. As of December 31, 2021, gross portfolios were classified as follows:

			Variation	
Accounting Classification	December 31, 2021	December 31, 2020	$	%
Fair value through profit or loss	4,337,027	5,197,337	(860,310)	-16.6%
Fair value through OCI	6,355,646	6,525,640	(169,994)	-2.6%
Amortized cost	4,700,165	3,844,690	855,475	22.3%
Total	15,392,838	15,567,667	(174,829)	-1.1%

Most of the investments are classified as marketable and available-for-sale, since the liquidity reserve and trading portfolios, given their nature of eventual sale at market prices, must reflect the settlement price or fair value. As of December 31, 2021, investments classified as amortized cost increased by 22.3% related to the Management Balance Sheet business model previously mentioned. The increase in the marketable portfolio is due to trading strategies focused on capturing value through short-term directional positions.

At the level of subsidiaries and jurisdiction of operation, the investment portfolio is mainly concentrated in Colombia, followed by Costa Rica, Panama and El Salvador.

			Variation	
Country	December 31, 2021	December 31, 2020	$	%
Colombia	9,423,438	10,076,988	(653,550)	-6.5%
Costa Rica	2,320,530	1,733,927	586,603	33.8%
El Salvador	1,200,024	1,750,264	(550,240)	-31.4%
Panamá	1,559,857	1,306,574	253,283	19.4%
Honduras	482,180	291,274	190,906	65.5%
United States	406,809	408,640	(1,831)	-0.4%
Total	15,392,838	15,567,667	(174,829)	-1.1%

10.4.4.2. Measurement of Market Risk

The measurement of market risk quantifies the potential loss from changes in risk factors that affect the valuation of the institution's expected results. This requires the establishment of parameters and tools for measurement, as well as the generation of reports, analyses and periodic evaluations for senior management and the risk-taking areas.

The Bank's market risk management system allows the Bank to identify, measure and control the risk to which balance sheet positions are exposed based on the business model principle. For this purpose, there is a scheme of limits that serves the purpose of each business unit. The trading portfolios, which are composed of debt instruments and derivatives, have a framework of action defined by Value at Risk measures, maximum positions and sensitivity measures (Rho, Delta, Vega, among others). On the other hand, the portfolios that attend to a structural mandate are composed of debt instruments whose structure is defined with a long-term vision that can be complemented with derivative financial instruments with the purpose of reducing the sensitivity of the portfolios to adverse movements in interest rates.

In addition to the standard model required by the Colombian Superintendence of Finance (SFC), Davivienda has adopted sensitivity measures, positions, maximum durations and terms, and value at risk (VaR) measures to manage market risk.

10.4.4.3. Risk of changes in net interest rate and exchange rate exposure

In 2021, interest rates rose across the board as a result of inflationary pressures and the moderation of the expansionary monetary policy of 2020 to address the effects of COVID-19. In particular, in the Colombian market, the central bank intervention rate increased by 125 basis points and the sovereign debt curve by around 250 basis points on average, affecting the performance of the investment portfolio.

On the other hand, the Colombian peso devalued 16%, which meant an appreciation of the net structural position in foreign currency, which aims to protect the solvency index from exchange rate risk.

Davivienda structurally maintains a long exposure in foreign currency in order to reduce the sensitivity of the solvency ratio to the exchange rate. Therefore, the devaluation trend of the Colombian peso has resulted in appreciation in the Group's equity due to the effect of exchange restatement, which have offset the adverse impact of the increase in the exchange rate on the solvency ratio.

Davivienda's risk management policies have allowed it to sufficiently face the market shocks associated with the COVID-19 pandemic, without this having implied the adoption of mitigation measures, since the market risk appetite framework and the defined strategies are structural in nature and adjusted to the handling of stress events.

Value at Risk -VaR

Based on the standard model, the value at risk for the consolidated balance sheet investment portfolio at December 31, 2021 and December 31, 2020 was as follows:

Maximum, minimum, and average VaR.

	December 31, 2021			
	Minimum	Average	Maximum	Latest
Interest rate	254,600	294,876	327,545	254,600
Exchange rate	46,825	74,868	134,326	84,882
Shares	3,979	4,796	5,353	5,311
Unit funds	18,695	24,320	29,265	29,265
VaR	374,057	398,859	489,154	374,058

	December 31, 2020			
	Minimum	Average	Maximum	Latest
Interest rate	233,727	267,738	295,076	247,502
Exchange rate	52,997	185,519	342,357	52,997
Shares	2,682	3,748	4,387	3,810
Unit funds	17,871	19,083	23,163	18,579
VaR	322,888	476,088	641,149	322,888

As a complement to the management under normal conditions, stress scenario measurements are performed, based mainly on quantitative techniques, which seek to find the worst events by establishing relationships between variables and historical scenarios, in order to evaluate how the volatilities generated and devaluations evidenced under these scenarios may impact the entity's current portfolio and, thus, quantify the capital that the company would require if it were in a crisis situation. For this purpose, statistical tools are used and these worst events are applied to the current situation of the portfolio.

Within the scheme of quantitative techniques, two stress estimation methodologies have been implemented. The first is a stressed VaR, which represents the maximum extreme expected loss in a day according to historical events (stress scenarios) and represents the estimate of the stressed VaR for a given time using EWMA (Exponentially-Weighted Moving Average) volatilities and correlations.

The second technique is an analysis of sensitivities, based on the largest devaluations recorded throughout the local and international financial crises, with which the portfolios are impacted in the different risk factors.

Risk of change in exchange rates

Davivienda is exposed to exchange rate variations, firstly as a result of its international presence through its subsidiaries in the Central American and United States markets, and secondly because of its trading activity in the foreign exchange market. Below are the net positions (assets less liabilities) in currencies.

	December 31, 2021		December 31, 2020	
	Currency balance	Peso balance	Currency balance	Peso balance
USD	959	3,817,114	422	1,448,255
Lempira	3,439	562,322	2,974	423,371
Colón	85,877	535,059	77,381	435,071
Others (*)	(1)	(5,587)	(3)	(9,262)
Total	90,274	4,908,908	80,774	2,297,435

(*) Amounts in USD in the "Currency Balance" column

The estimated effect of a 1% increase or decrease in the exchange rate of the U.S. dollar, keeping all other exchange rates constant, with respect to the exchange rate in effect at December 31, 2021, would be +/-$49,145. The same exercise for December 31, 2020 would generate an impact of +/-$28,869.

The banking book has exposure to the U.S. dollar, the Honduran Lempira and the Costa Rican Colon. These exposures arise from the Bank's international presence through its subsidiaries, which are managed through financial hedging strategies that seek to reduce the sensitivity of the solvency ratio to exchange rate movements. The hedges are defined according to the depth of the markets for each currency and based on a prospective analysis of the economies and the market situation.

The management of the foreign exchange position of the balance sheet is framed within the regulations established by the Central Banks of the countries where Davivienda operates, which restrict, according to the equity of each entity, maximum long and short positions in currencies.

10.4.4.4. Risk of interest rates on balance-sheet structure:

The Bank's financial assets and liabilities are exposed to possible fluctuations in market rates and prices. These variations have a direct impact on the Bank's financial margin and results. Consequently, methodologies are used to sensitize the financial instruments to changes in rates, and a follow-up is made of the asset and liability matching, their respective durations and repricing.

The sensitivity of interest-bearing assets and liabilities with financial cost is presented below. Thus, for December 31, 2021, an increase or decrease of 50 basis points in interest rates could have caused a decrease or increase, respectively, of $15,602 in the Bank's results over the year. For December 2020 this sensitivity would have been $50,423.

	December 31, 2021				
				Δ50 pb Impact	
	Quarterly Average	Income/expense	Average rate (*)	Increase	Decrease
Interest-earning assets					
Money market funds	962,710	6,820	0.7%	4,813	(4,813)
Local currency	743,852	5,281	0.7%	3,719	(3,719)
Foreign currency	218,858	1,539	0.7%	1,094	(1,094)
Investments at fair value through profit or loss and through OCI	11,111,933	191,975	1.7%	(24,625)	24,625
Local currency	6,591,062	(70,452)	-1.1%	(44,724)	44,724
Foreign currency	4,520,871	262,427	5.8%	20,099	(20,099)
Investments at amortized cost	4,549,182	129,392	2.8%	22,746	(22,746)
Local currency	3,202,805	92,941	2.9%	16,014	(16,014)
Foreign currency	1,346,377	36,451	2.7%	6,732	(6,732)
Credit portfolio	112,851,385	10,213,605	9.1%	348,988	(348,988)
Local currency	81,611,308	7,945,332	9.7%	215,747	(215,747)
Foreign currency	31,240,077	2,268,273	7.3%	133,241	(133,241)
Total assets in local currency	92,149,027	7,973,102	8.7%	190,756	(190,756)
Total assets in foreign currency	37,326,183	2,568,690	6.9%	161,166	(161,166)
Total interest-earning assets	129,475,210	10,541,792	8.1%	351,922	(351,922)
Interest-bearing liabilities					
Public deposits	91,569,594	1,663,141	1.8%	256,177	(256,177)
Local currency	66,411,283	1,120,349	1.7%	189,460	(189,460)
Foreign currency	25,158,311	542,792	2.2%	66,717	(66,717)
Bonds	15,644,177	937,352	6.0%	33,016	(33,016)
Local currency	10,231,354	623,734	6.1%	33,016	(33,016)
Foreign currency	5,412,823	313,618	5.8%	-	-
Money market funds	2,344,392	43,412	1.9%	11,722	(11,722)
Local currency	2,103,467	42,111	2.0%	10,517	(10,517)
Foreign currency	240,925	1,301	0.5%	1,205	(1,205)
Financial sector debt	13,321,950	374,049	2.8%	66,610	(66,610)

	December 31, 2021			Δ50 pb Impact	
	Quarterly Average	Income/expense	Average rate (*)	Increase	Decrease
Local currency	2,800,161	79,878	2.9%	14,001	(14,001)
Foreign currency	10,521,789	294,171	2.8%	52,609	(52,609)
Liabilities in local currency	81,546,265	1,866,072	2.3%	246,994	(246,994)
Liabilities in foreign currency	41,333,848	1,151,882	2.8%	120,531	(120,531)
Total interest-bearing liabilities	122,880,113	3,017,954	2.5%	367,525	(367,525)
Total financial assets, net, subject to interest rate	6,595,097	7,523,838		(15,602)	15,602
Local currency	10,602,762	6,107,030		(56,237)	56,237
Foreign currency	(4,007,665)	1,416,808		40,635	(40,635)

	December 31, 2020			Δ50 pb Impact	
	Quarterly Average	Income/expense	Average rate (*)	Increase	Decrease
Interest-earning assets					
Money market funds	1,132,671	14,331	1.3%	5,663	(5,663)
Local currency	526,403	9,351	1.8%	2,632	(2,632)
Foreign currency	606,268	4,980	0.8%	3,031	(3,031)
Investments at fair value through profit or loss and through OCI	11,616,244	711,883	6.1%	(23,924)	23,924
Local currency	7,137,969	454,531	6.4%	(43,965)	43,965
Foreign currency	4,478,275	257,352	5.7%	20,041	(20,041)
Investments at amortized cost	3,464,170	36,057	1.0%	17,321	(17,321)
Local currency	2,548,705	20,850	0.8%	12,744	(12,744)
Foreign currency	915,465	15,207	1.7%	4,577	(4,577)
Credit portfolio	108,682,431	10,569,675	9.7%	350,012	(350,012)
Local currency	77,889,639	8,231,975	10.6%	219,463	(219,463)
Foreign currency	30,792,792	2,337,700	7.6%	130,549	(130,549)
Total assets in local currency	88,102,716	8,716,707	9.9%	190,874	(190,874)
Total assets in foreign currency	36,792,800	2,615,239	7.1%	158,198	(158,198)
Total interest-earning assets	124,895,516	11,331,946	9.1%	349,072	(349,072)
Interest-bearing liabilities					
Public deposits	87,242,690	2,338,270	2.7%	272,860	(272,860)
Local currency	62,623,369	1,666,689	2.7%	200,959	(200,959)
Foreign currency	24,619,321	671,581	2.7%	71,901	(71,901)
Bonds	13,140,136	831,247	6.3%	30,626	(30,626)
Local currency	9,541,930	618,788	6.5%	30,626	(30,626)
Foreign currency	3,598,206	212,459	5.9%	-	-
Money market funds	2,326,183	69,366	3.0%	11,631	(11,631)
Local currency	2,088,916	66,139	3.2%	10,445	(10,445)
Foreign currency	237,267	3,227	1.4%	1,186	(1,186)
Financial sector debt	16,875,435	558,464	3.3%	84,377	(84,377)
Local currency	4,249,759	124,553	2.9%	21,249	(21,249)
Foreign currency	12,625,676	433,911	3.4%	63,128	(63,128)
Liabilities in local currency	78,503,974	2,476,169	3.2%	263,279	(263,279)
Liabilities in foreign currency	41,080,470	1,321,178	3.2%	136,215	(136,215)
Total interest-bearing liabilities	119,584,444	3,797,347	3.2%	399,494	(399,494)
Total financial assets, net, subject to interest rate	5,311,072	7,534,599		(50,423)	50,423
Local currency	9,598,742	6,240,539		(72,405)	72,405
Foreign currency	(4,287,670)	1,294,060		21,982	(21,982)

(*) Calculated as: Accumulated income last 4 quarters / average balance last 4 quarters

10.4.4.5. Liquidity risk

The liquidity risk is reflected in the contingency of not being able to comply fully, in a timely and efficient manner, with expected and unexpected, current, and future cash flows, without affecting the course of daily operations or the financial condition of the entity. This contingency (anchor liquidity risk) is manifested in the inadequacy of liquid assets available for this purpose and/or the need to assume unusual funding costs. In turn, the ability of entities to generate orundo financial positions at market prices is limited either because there is no adequate market depth or because there are drastic changes in rates and prices (market liquidity risk). Similarly, for businesses that are anchored through deposits, liquidity risk includes the ability to generate a stable, long-term anchor structure to maintain non-liquid assets in line with the business strategy. and able to address unanticipated stress situations.

The strategic principles used by the Bank for liquidity risk management are as follows:

- Availability on a permanent basis of high quality liquid assets, in accordance with the balance sheet structure and risk appetite.
- Self-sufficiency of the balance sheet of the Bank and each of its subsidiaries in a liquidity crisis must prevail.
- Do not overestimate the availability of liquid assets; that is, constantly evaluate the liquidity level of the assets that make up the reserves and anticipate changes.

Mitigate reputational risk, so that with its own resources it has the capacity to deal with adverse situations without compromising compliance with current regulations and reduce the probability of requiring temporary support from state entities.

In order to comply with these principles, the risk management scheme, which complements the standard models of the Supervisory Entities, has a series of indicators, limits and short and long-term alerts that are managed daily by the Treasury and periodically by the areas in charge of the balance sheet structure, as described below.

Short-term

The methodologies used to estimate liquidity risk include, for short-term purposes, i) the calculation of cash flows of asset, liability and off-balance sheet positions at different time horizons for different scenarios, and ii) the identification and quantification of the liquid assets available to meet such cash flows.

	DAVIVIENDA	Regulator / Oversight
Measurement and management horizon	3, 30, 90 days	7, 30, 60, 90 days
Scenarios	3: Normal, Moderate, Severe	1: Stress
Indicators for quantification, control and management	Structural liquidity needs: Minimum amount of liquid assets Ratio: Liquid Assets / Net Liquidity Requirements	Ratio: Liquid Assets / Net Liquidity Requirements
Purpose of the indicator	Liquidity self-sufficiency in stress scenarios / Avoiding recourse to last resort support provided by the central bank or whoever acts in its place,	

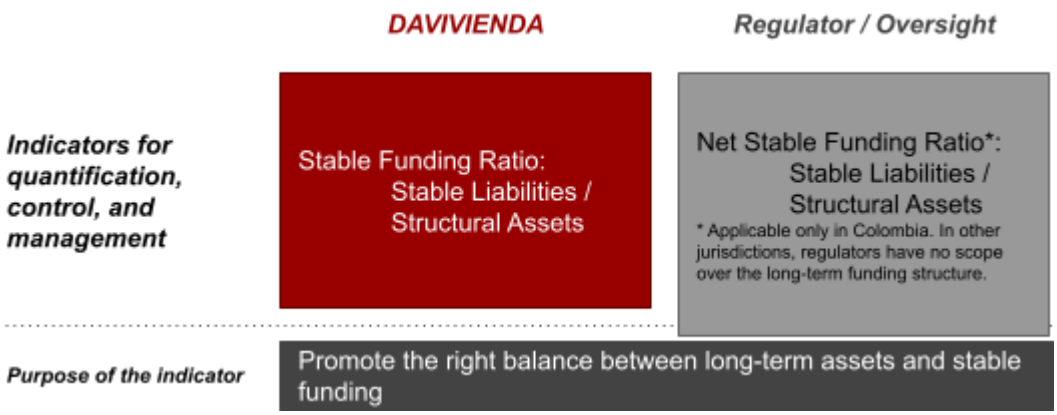
It is a policy to maintain a portfolio of a minimum required size, invested in highly liquid assets, so that a crisis situation can be addressed in a moderate scenario, without resorting to temporary liquidity support provided by central banks or

whoever is acting in their stead. The size of the portfolio or liquidity reserve is determined based on an estimate of the withdrawals, in a stress situation, affecting the volatile portions of deposits of individuals, companies and institutions. Likewise, the estimation of the liquidity reserve prospectively incorporates the funding strategy defined in the bank's growth plan to guarantee the sufficiency of liquidity assets in accordance with the structure of the balance sheet and the desired risk profile.

The assets comprising the liquidity reserve must have minimum characteristics; they must be eligible as collateral for central banks, have low credit and market risk, and be traded in large and recognized markets. In addition, these assets must be unencumbered, i.e., free of any contractual commitment limiting their use or liquidation.

Long-term

For long-term management, methodologies focus on the analysis of funding sources and their breakdown by segments, products, and maturities, as well as the characterization of assets and liabilities that do not have contractually defined terms of permanence.



Under the long-term approach, the aim is to promote a balanced relationship between long-term assets and stable anchor so that the balance grows in a structured and sustainable way. Structural assets are understood as those long-term, low-liquidity assets with a vocation for renewal. For its part, stable anchorage is understood as those long-term resources, resources from atomized sources and with high rates of renewal and stability.

In 2021, Davivienda's cash flow dynamics tended to normalize (pre-pandemic situation), due to the growth of the loan portfolio. As a result, at specific times of the year, liquidity surpluses tended to be reduced, but always maintaining adequate liquidity in line with risk policies. Given the high levels of the liquid asset reserve, and the balanced and prudent management of portfolio collection and disbursement flows, liquidity difficulties are not foreseen.

Below are the contractual flows of principal and interest of financial liabilities, with cutoff at December 31, 2021 and December 31, 2020.

December 31, 2021	Up to one month	More than one month and no more than three months	More than three months and no more than one year	More than one year and no more than five years	More than five years	Total
Certificates Term deposits	5,094,414	7,222,504	15,475,835	2,735,852	8,368	30,536,973
Savings and current accounts (*)	70,398,134	-	-	-	-	70,398,134
Bonds	105,821	441,290	4,988,207	9,159,041	6,668,728	21,363,087
Financial sector debt	464,085	1,087,542	4,219,135	6,403,975	2,540,638	14,715,375
	76,062,454	8,751,336	24,683,177	18,298,868	9,217,734	137,013,569

December 31, 2020	Up to one month	More than one month and no more than three months	More than three months and no more than one year	More than one year and no more than fiver years	More than five years	Total
Certificates Term deposits	4,018,984	7,094,340	16,324,678	7,094,612	139	34,532,753
Savings and current accounts (*)	53,792,388	-	-	-	-	53,792,388
Bonds	79,458	566,420	787,321	9,582,300	4,013,631	15,029,130
Financial sector debt	1,377,387	2,012,706	3,615,101	5,669,162	2,430,820	15,105,176
	59,268,217	9,673,466	20,727,100	22,346,074	6,444,590	118,459,447

(*) Savings and current accounts are classified in the band up to one month taking into account that they are demand deposits, although this does not imply that their maturity falls within that time band,

11. Financial assets and liabilities offsetting

A financial asset and a financial liability will be subject to offsetting, so as to be disclosed in the statement of financial position, when there is currently a legally enforceable right to offset the recognized amounts, and there is an intention, in the normal course of business, to settle the net amount.

In this context, below is a detail of the financial instruments subject to offsetting as of December 31, 2021 and December 31, 2020, as well as the impact of the offsetting of instruments subject to agreements associated with credit risk mitigation (Master Netting Agreements and collateral drawing).

December 31, 2021			Amounts not netted in the Statement of Financial Position			
	Gross financial assets recognized	Net financial assets presented in the Statement of Financial Position	Impact of Master Netting Agreements	Cash Collateral	Debt Collateral	Net amount
Assets						
Money market funds	2,306,686	2,306,686	-	-	1,771,118	535,568
Derivatives (*)	758,438	758,438	458,630	11,148	-	288,660
	3,065,124	3,065,124	458,630	11,148	1,771,118	824,228
Liabilities						
Money market funds	835,081	835,081	-	-	758,294	76,787
Derivatives (*)	648,303	648,303	458,630	61,772	-	127,901
	1,483,384	1,483,384	458,630	61,772	758,294	204,688

December 31, 2020			Amounts not netted in the Statement of Financial Position			
	Gross financial assets recognized	Net financial assets presented in the Statement of Financial Position	Impact of Master Netting Agreements	Cash Collateral	Debt Collateral	Net amount
Assets						
Money market funds	1,695,345	1,695,345	-	-	1,107,856	587,489
Derivatives (*)	1,410,373	1,410,373	1,067,914	87,058	-	255,401
	3,105,718	3,105,718	1,067,914	87,058	1,107,856	842,890

December 31, 2020			Amounts not netted in the Statement of Financial Position			
	Gross financial assets recognized	Net financial assets presented in the Statement of Financial Position	Impact of Master Netting Agreements	Cash Collateral	Debt Collateral	Net amount
Liabilities						
Money market funds	1,653,988	1,653,988	-	-	1,921,979	(267,991)
Derivatives (*)	1,638,829	1,638,829	1,067,914	96,116	-	474,799
	3,292,817	3,292,817	1,067,914	96,116	1,921,979	206,808

(*) does not include cash transactions

The “Impact of Master Netting Agreement” column details the amounts associated with compensation agreements generally applicable in situations where credit risk events materialize. These amounts are not included in the financial statement because they do not meet the concurrent liquidation criteria for the asset and liability or because the compensation rights are conditioned on the counterparty's default.

The cash collateral and debt securities columns show the amounts received, delivered, or pledged in relation to monetary market operations and financial derivative instruments.

12. Specific items of the consolidated statement of financial position

12.1. Cash

12.1.1. Available details

The detail of cash is as follows:

	December 31, 2021	December 31, 2020
Local currency		
Cash and banks	4,406,570	4,121,307
Clearing and transit	854	726
	4,407,424	4,122,033
Foreign currency		
Cash and banks	8,662,118	6,109,825
Clearing and transit	84,497	28,900
	8,746,615	6,138,725
	13,154,039	10,260,758

Cash and central bank balances in legal currency are part of the cash holding requirement that the Bank must keep on deposits received from customers, in accordance with legal provisions.

The following are restricted cash balances:

	December 31, 2021		December 31, 2020	
	Required (*)	Available (*)	Required (*)	Available (*)
Colombia	3,971,390	3,976,202	3,839,747	3,912,192
Subsidiaries abroad	3,356,568	4,092,980	2,798,803	3,321,738

(*) Refers to the average reserve and/or reserve requirements for the reporting period.

Cash distribution based on the counterparty risk

	December 31, 2021	December 31, 2020
Sovereign/Central Bank guarantee	2,244,944	1,770,977
Investment grade	10,909,095	8,489,781
Total	13,154,039	10,260,758

12.2. Interbank and overnight funds

The following are the balances of active money market transactions:

December 31, 2021

	Amount USD million	Rate	Date Initial	Date Final	Amount
Foreign currency					
Interbank funds	USD $26	0.9% - 1.1%	9/30/2021	3/29/2022	103,534
Repos	USD $37	9.0%	11/11/2021	1/11/2022	150,976
Local currency					
Interbank funds					
Banks/Financial entities		2.9%	1/01/2021	1/03/2022	280,061
Simultaneous					
Brokers		3.7%	12/28/2021	1/05/2022	2,492
Others		2.5% - 3.5%	12/21/2021	1/17/2022	1,769,623
					2,306,686

December 31, 2020

	Amount USD million	Rate	Date Initial	Date Final	Amount
Foreign currency					
Interbank funds	USD $14	0.0% - 3.0%	8/10/2020	2/16/2021	46,410
Repos	USD $70	8.0%	11/23/2020	1/22/2021	240,449
Local currency					
Simultaneous					
Others		-1.5% - 6.5%	12/03/2020	5/31/2021	1,408,485
Coupons Receivable - Passive Concurrent Operations (1)					1
					1,695,345

(1) Refers to the contractual right to receive payment from debt securities pledged as collateral in connection with simultaneous deposit transactions.

The distribution of interbank and overnight funds based on counterparty risk is done with investment grade banks.

12.3. Investments measured at a fair value and amortized cost, net

12.3.1. Investments by classification and issuer

The following is the detail of the classification of financial instruments of investment by issuer and impairment:

	December 31, 2021			December 31, 2020		
	Amount	Impairment (provision)	Net	Amount	Impairment (provision)	Net
Investments at fair value through profit or loss						
National Government	3,378,379	-	3,378,379	4,118,623	-	4,118,623
Financial entities	699,143	-	699,143	748,683	-	748,683
Banks abroad	24,111	-	24,111	15,739	-	15,739
Other governments	6,186	-	6,186	-	-	-
Corporate	79,973	-	79,973	65,963	-	65,963
Securitizations	149,235	-	149,235	248,329	-	248,329
	4,337,027	-	4,337,027	5,197,337	-	5,197,337
Investments at fair value through OCI						
National Government	1,841,939	-	1,841,939	1,923,412	-	1,923,412
Financial entities	130,285	-	130,285	203,005	-	203,005
Banks abroad	1,041,539	-	1,041,539	882,931	-	882,931
Credit multilateral organizations	79,650	-	79,650	53,332	-	53,332
Other governments	2,798,576	-	2,798,576	3,131,144	-	3,131,144
Corporate	399,079	-	399,079	293,124	-	293,124
Securitizations	64,578	-	64,578	38,692	-	38,692
	6,355,646	-	6,355,646	6,525,640	-	6,525,640
Investments at fair value through profit or loss and OCI	10,692,673	-	10,692,673	11,722,977	-	11,722,977
Investments at amortized cost						
National Government	1,339,942	1,004	1,338,938	1,344,321	-	1,344,321
Financial entities	1,537,659	1,746	1,535,913	1,201,044	742	1,200,302
Banks abroad	439,056	2,354	436,702	339,158	3,251	335,907
Other governments	344,933	3,412	341,521	20,019	217	19,802
Corporate	607,465	3,050	604,415	512,007	3,074	508,933
Securitizations	431,110	14	431,096	428,141	6	428,135
	4,700,165	11,580	4,688,585	3,844,690	7,290	3,837,400
	15,392,838	11,580	15,381,258	15,567,667	7,290	15,560,377

As of December 31, 2021 and 2020, investments in debt or equity securities pledged as collateral amounted to $736,488 and $1,422,913, respectively.

12.3.2. Investments by classification and type

The detail of financial instruments by type is as follows:

	December 31, 2021			December 31, 2020		
	Value	Impairment (provision)	Net	Value	Impairment (provision)	Net
Investments at fair value through profit or loss						
Shares and securities	161,219	-	161,219	136,231	-	136,231
Private debt bonds	110,209	-	110,209	102,264	-	102,264
Public debt – Colombian bonds other than TES	6,598	-	6,598	37,145	-	37,145
International funds, unit funds, pension funds, and trusts	432,351	-	432,351	496,252	-	496,252
Term deposits	102,069	-	102,069	95,876	-	95,876
Foreign public debt - bonds	6,186	-	6,186	-	-	-
Mortgage securities and securitizations	149,236	-	149,236	248,328	-	248,328
TES securities Colombia	3,369,159	-	3,369,159	4,081,241	-	4,081,241
	4,337,027	-	4,337,027	5,197,337	-	5,197,337
Investments at fair value through OCI						
Shares and securities	4,098	-	4,098	3,540	-	3,540
Private debt bonds	954,777	-	954,777	782,058	-	782,058
Public debt – Colombian bonds other than TES	195,572	-	195,572	161,227	-	161,227
Term deposits	655,104	-	655,104	615,086	-	615,086
Foreign public debt - bonds	2,798,576	-	2,798,576	3,131,144	-	3,131,144
Mortgage securities and securitizations	64,577	-	64,577	38,692	-	38,692
TES securities Colombia	1,682,942	-	1,682,942	1,793,893	-	1,793,893
	6,355,646	-	6,355,646	6,525,640	-	6,525,640
Investments at fair value through profit or loss and OCI	10,692,673	-	10,692,673	11,722,977	-	11,722,977
Investments at amortized cost						
Private debt bonds	2,381,135	7,150	2,373,985	1,896,407	7,067	1,889,340
Public debt – Colombian bonds other than TES	1,339,942	1,004	1,338,938	1,344,321	-	1,344,321
Term deposits	203,044	-	203,044	155,802	-	155,802
Foreign public debt - bonds	344,933	3,412	341,521	20,019	217	19,802
Mortgage securities and securitizations	431,111	14	431,097	428,141	6	428,135
	4,700,165	11,580	4,688,585	3,844,690	7,290	3,837,400
	15,392,838	11,580	15,381,258	15,567,667	7,290	15,560,377

12.3.3. Quality of credit risk

The following is the investment portfolio by risk rating:

	Stage 1 Expected loan losses next 12 months	
	December 31, 2021	December 31, 2020
Investments at amortized cost		
BBB	118,625	2,844,920
BB	3,788,870	733,616
B	788,154	266,154
CCC	4,516	-
	4,700,165	3,844,690

	Stage 1 Expected loan losses next 12 months	
	December 31, 2021	December 31, 2020
Impairment	(11,580)	(7,290)
	4,688,585	3,837,400
Investments at fair value through OCI- Debt		
AAA	-	755,041
AA	-	101,250
A	313,940	157,131
BBB	642,565	2,783,658
BB	2,353,880	421,949
B	3,022,428	2,283,702
CCC	18,735	19,369
	6,351,548	6,522,100
Investments at fair value through OCI - Equity	4,098	3,540
Investments at fair value through profit or loss	4,337,027	5,197,337
	15,381,258	15,560,377

As of December 31, 2021, there were no investments classified in Stage 2 and 3. The Risk Scale is assigned by the Financial Institutions Credit Risk Management using international criteria.

12.3.4. Investments by currency

The following is the classification of financial investments by currency:

	December 31, 2021	December 31, 2020
Pesos	8,311,500	9,464,863
USD	4,794,119	4,793,692
CAD	11,546	3,266
UVR	1,021,596	608,860
Lempiras	368,761	227,757
Colons	885,316	469,229
Total	15,392,838	15,567,667
Impairment	(11,580)	(7,290)
Total Investments	15,381,258	15,560,377

12.3.5. Investments maturity

The following are the financial investment instruments by maturity. (Shares are not included.)

December 31, 2021

	From 0 to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Investments at fair value through profit or loss	766,149	2,080,215	860,559	468,885	4,175,808
Investments at fair value through OCI	2,390,972	3,646,024	256,267	58,285	6,351,548
Investments at amortized cost	2,905,619	774,318	734,706	285,522	4,700,165
Total	6,062,740	6,500,557	1,851,532	812,692	15,227,521

December 31, 2020

	From 0 to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Investments at fair value through profit or loss	722,278	2,512,420	1,517,404	309,004	5,061,106
Investments at fair value through OCI	2,783,669	3,396,779	326,957	14,695	6,522,100
Investments at amortized cost	2,747,692	191,460	672,652	232,886	3,844,690
Total	6,253,639	6,100,659	2,517,013	556,585	15,427,896

12.3.6. Reconciliation of impairment of investments

The following chart shows a reconciliation of expected loss impairment by investment portfolio classification:

	Stage 1 Expected loan losses next 12 months	
	December 31, 2021	December 31, 2020
Investments at amortized cost		
Opening balance	7,290	1,877
Impairment	11,411	6,235
Reversal of impairment	(7,121)	(822)
	11,580	7,290

12.3.7. Credit quality

The following is the detail of credit quality of investments measured at fair value and amortized cost.

December 31, 2021

Credit quality	Fair value		
	Debt securities	Equity instruments	Amortized cost
Investment grade	803,680	-	118,625
Sovereign/Central Bank issues/guarantees	8,025,080	-	1,684,875
Speculation grade	1,698,596	-	2,896,665
Not rated / Not available	-	165,317	-
	10,527,356	165,317	4,700,165

December 31, 2020	Fair Value		
Credit quality	Debt securities	Equity instruments	Amortized cost
Investment grade	1,743,632	-	1,500,599
Sovereign/Central Bank issues/guarantees	9,173,179	-	1,364,340
Speculation grade	666,395	-	979,751
Not rated / Not available	-	139,771	-
	11,583,206	139,771	3,844,690

12.4. Derivative financial instruments

The following is the summary of Bank acceptances, spot operations, and derivatives:

December 31, 2021

	Assets		Liabilities		
Product	Notional amount	Fair Value	Notional amount	Fair Value	Total
Spot operations	12,740	164	16,709	124	40
Options	538,770	6,469	380,300	6,717	(248)
Futures	4,905,474	-	-	-	-
Swaps	24,382,126	429,169	29,889,030	442,000	(12,831)
Forwards	12,115,916	322,636	9,122,309	199,462	123,174
	41,955,026	758,438	39,408,348	648,303	110,135

December 31, 2020

	Assets		Liabilities		
Product	Notional amount	Fair Value	Notional amount	Fair Value	Total
Spot operations	18,080	96	181,874	1,423	(1,327)
Options	1,313,998	44,224	1,154,001	6,855	37,369
Futures	3,598,938	-	-	-	-
Swaps	17,230,738	712,354	17,819,640	749,487	(37,133)
Forwards	10,351,129	653,795	13,841,868	882,487	(228,692)
	32,512,883	1,410,469	32,997,383	1,640,252	(229,783)

The result of speculative derivatives is the following:

December 31, 2021

		Forward	Futures	Swaps	Options	Total
Currency purchases	Right	12,077,846	1,393,642	34,343	-	13,505,831
	Obligation	11,787,420	1,393,642	38,265	-	13,219,327
Currency sales	Right	7,333,307	3,144,528	50,548	-	10,528,383
	Obligation	7,501,474	3,144,528	42,279	-	10,688,281
Securities purchases	Right	285,728	31,984	-	-	317,712
	Obligation	286,236	31,984	-	-	318,220
Securities sales	Right	1,393,103	330,385	-	-	1,723,488
	Obligation	1,391,680	330,385	-	-	1,722,065
Interest rate swaps	Right	-	-	5,105,733	-	5,105,733
	Obligation	-	-	5,122,911	-	5,122,911
Call Options	Purchase	-	-	-	6,222	6,222
	Sale	-	-	-	(5,779)	(5,779)
		-	-	-		
Put operations	Purchase	-	-	-	247	247
	Sale	-	-	-	(938)	(938)
Total rights		21,089,984	4,900,539	5,190,624	-	31,181,147
Total obligations		20,966,810	4,900,539	5,203,455	-	31,070,804
Total net		123,174	-	(12,831)	(248)	110,095

December 31, 2020

		Forward	Futures	Swaps	Options	Total
Currency purchases	Right	11,966,303	1,204,241	193,395	-	13,363,939
	Obligation	12,819,546	1,204,241	211,634	-	14,235,421
Currency sales	Right	10,687,226	2,178,356	113,066	-	12,978,648
	Obligation	10,051,455	2,178,356	107,476	-	12,337,287
Securities purchases	Right	253,083	168,873	-	-	421,956
	Obligation	251,635	168,873	-	-	420,508
Securities sales	Right	1,984,008	73,606	-	-	2,057,614
	Obligation	1,996,676	73,606	-	-	2,070,282
Interest rate swaps	Right	-	-	3,383,004	-	3,383,004
	Obligation	-	-	3,407,488	-	3,407,488
Call Options	Purchase	-	-	-	1,647	1,647
	Sale	-	-	-	(2,877)	(2,877)
		-	-	-		
Put operations	Purchase	-	-	-	42,577	42,577
	Sale	-	-	-	(3,978)	(3,978)
Total rights		24,890,620	3,625,076	3,689,465	-	32,205,161
Total obligations		25,119,312	3,625,076	3,726,598	-	32,470,986
Total net		(228,692)	-	(37,133)	37,369	(228,456)

The following is the detail of credit quality provided by independent rating agents pertaining to the principal counterparties in derivate assets and liabilities.

December 31, 2021	Derivatives		
Credit quality	Options	Swaps	Forwards
Investment grade	3,161	419,998	271,485
Not rated / Not available	3,308	9,171	51,151
	6,469	429,169	322,636

December 31, 2020	Derivatives		
Credit quality	Options	Swaps	Forwards
Investment grade	36,491	700,687	519,101
Speculation grade	7,733	11,667	134,694
	44,224	712,354	653,795

The following is a detail of the maturity of the derivatives:

December 31, 2021	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Spot operations	40	-	-	-	40
Options	(248)	-	-	-	(248)
Swaps	(2,496)	(10,914)	579	-	(12,831)
Forwards	122,381	793	-	-	123,174
	119,677	(10,121)	579	-	110,135

December 31, 2020	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Spot operations	(1,327)	-	-	-	(1,327)
Options	37,369	-	-	-	37,369
Swaps	(25,489)	(5,004)	(6,660)	20	(37,133)
Forwards	(221,409)	(7,283)	-	-	(228,692)
	(210,856)	(12,287)	(6,660)	20	(229,783)

12.5. Loans portfolio and financial leases operations, net

12.5.1. Loans and financial leases by mode

The following is the detail of loans and financial leases by mode:

	December 31, 2021	December 31, 2020
Commercial		
Corporate and construction	33,764,944	31,369,574
Other commercial	13,767,010	13,189,091
Financial leasing	4,289,875	4,050,920
Credit cards	430,919	419,949
Vehicles	1,192,692	572,274
Checking account overdrafts	156,220	125,353
	53,601,660	49,727,161
Consumer (1)		
Credit cards	5,496,688	5,484,370
Other consumer	26,181,962	22,766,849
Vehicles	2,800,270	2,677,412
Overdraft	15,827	17,436
Financial leasing	100,320	86,687
	34,595,067	31,032,754

	December 31, 2021	December 31, 2020
Home mortgage (2)		
Home mortgage	17,486,464	14,655,386
Residential leasing	12,931,814	11,246,727
	30,418,278	25,902,113
Microcredit		
Microcredit	5,351	12,680
Financial leasing	3	48
	5,354	12,728
Gross loans	118,620,359	106,674,756
Less impairment	(5,374,361)	(6,394,699)
	113,245,998	100,280,057

(1) Includes employee portfolio $114,419 and $94,986 as of December 31, 2021 and December 31, 2020 respectively.

(2) Includes employee portfolio $438,940 and $375,625 as of December 31, 2021 and December 31,2020 respectively.

12.5.2. Loans by concentration of risk and collateral

The following is the detail of concentration of loan credit risk:

December 31, 2021	Stage 1	Stage 2	Stage 3	
	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Commercial				
Category A - Normal	41,357,030	832,804	60,202	42,250,036
Category B - Acceptable	1,567,209	1,168,529	134,381	2,870,119
Category C - Appreciable	22,233	1,064,204	401,660	1,488,097
Category D - Significant	7,980	70,891	1,155,931	1,234,802
Category E- Uncollectible	15,298	232,459	1,220,974	1,468,731
	42,969,750	3,368,887	2,973,148	49,311,785
Impairment	(139,758)	(495,004)	(1,694,962)	(2,329,724)
Commercial loans, net	42,829,992	2,873,883	1,278,186	46,982,061
Consumer				
Category A - Normal	30,009,445	1,029,448	225	31,039,118
Category B - Acceptable	387,028	1,043,266	351	1,430,645
Category C - Appreciable	108,875	589,166	11,288	709,329
Category D - Significant	40,171	231,226	652,111	923,508
Category E- Uncollectible	106,947	66,594	218,606	392,147
	30,652,466	2,959,700	882,581	34,494,747
Impairment	(974,641)	(651,207)	(659,747)	(2,285,595)
Consumer loans, net	29,677,825	2,308,493	222,834	32,209,152

Mortgage				
Category A - Normal	15,712,980	169,160	555	15,882,695
Category B - Acceptable	184,430	561,615	2,575	748,620
Category C - Appreciable	22,284	121,635	131,149	275,068
Category D - Significant	47,834	82,679	244,142	374,655
Category E- Uncollectible	14,151	14,327	176,948	205,426
	15,981,679	949,416	555,369	17,486,464
Impairment	(49,370)	(43,548)	(211,182)	(304,100)
Home Mortgage loans, net	15,932,309	905,868	344,187	17,182,364
Microcredit				
Category A - Normal	2,486	217	-	2,703
Category B - Acceptable	-	203	-	203
Category C - Appreciable	-	162	-	162
Category D - Significant	-	317	-	317
Category E- Uncollectible	-	644	1,322	1,966
	2,486	1,543	1,322	5,351
Impairment	(3)	(17)	(667)	(687)
Microcredit loans, net	2,483	1,526	655	4,664
	88,442,609	6,089,770	1,845,862	96,378,241

Concentration of credit risk financial leasing

December 31, 2021	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Commercial				
Category A - Normal	3,632,258	30,344	19,352	3,681,954
Category B - Acceptable	145,281	116,234	49,891	311,406
Category C - Appreciable	6,156	17,715	9,764	33,635
Category D - Significant	1,438	41,755	77,142	120,335
Category E- Uncollectible	4,744	10,449	127,352	142,545
	3,789,877	216,497	283,501	4,289,875
Impairment	(25,163)	(55,773)	(160,190)	(241,126)
Commercial loans, net	3,764,714	160,724	123,311	4,048,749
Consumer				
Category A - Normal	92,358	4	-	92,362
Category B - Acceptable	1,825	2,597	-	4,422
Category C - Appreciable	113	251	-	364
Category D - Significant	155	314	760	1,229
Category E- Uncollectible	226	29	1,688	1,943
	94,677	3,195	2,448	100,320
Impairment	(602)	(388)	(2,020)	(3,010)
Consumer loans, net	94,075	2,807	428	97,310

December 31, 2021	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Mortgage				
Category A - Normal	11,758,806	211,012	-	11,969,818
Category B - Acceptable	14,848	402,876	-	417,724
Category C - Appreciable	5,857	129,466	122,639	257,962
Category D - Significant	7,914	34,060	158,611	200,585
Category E- Uncollectible	1,156	4,694	79,875	85,725
	11,788,581	782,108	361,125	12,931,814
Impairment	(32,710)	(27,871)	(149,538)	(210,119)
Home Mortgage loans, net	11,755,871	754,237	211,587	12,721,695
Microcredit				
Category A - Normal	3	-	-	3
Microcredit loans, net	3	-	-	3
	15,614,663	917,768	335,326	16,867,757
Loans Portfolio and leases operations, net	104,057,272	7,007,538	2,181,188	113,245,998

December 31, 2020	Stage 1	Stage 2	Stage 3	
	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Commercial				
Category A - Normal	35,975,493	3,782,489	117,055	39,875,037
Category B - Acceptable	557,262	1,409,316	175,575	2,142,153
Category C - Appreciable	142,869	788,494	389,472	1,320,835
Category D - Significant	21,182	121,289	766,021	908,492
Category E- Uncollectible	20,266	233,562	1,175,896	1,429,724
	36,717,072	6,335,150	2,624,019	45,676,241
Impairment	(266,446)	(639,961)	(1,616,387)	(2,522,794)
Commercial loans, net	36,450,626	5,695,189	1,007,632	43,153,447
Consumer				
Category A - Normal	23,900,206	1,059,090	-	24,959,296
Category B - Acceptable	1,094,143	655,715	-	1,749,858
Category C - Appreciable	1,039,388	566,160	5,447	1,610,995
Category D - Significant	275,458	471,535	1,548,931	2,295,924
Category E- Uncollectible	62,445	62,928	204,621	329,994
	26,371,640	2,815,428	1,758,999	30,946,067
Impairment	(1,000,441)	(847,974)	(1,302,905)	(3,151,320)
Consumer loans, net	25,371,199	1,967,454	456,094	27,794,747

Mortgage				
Category A - Normal	12,495,692	640,032	-	13,135,724
Category B - Acceptable	311,292	457,319	-	768,611
Category C - Appreciable	18,538	102,714	58,979	180,231
Category D - Significant	16,132	183,263	118,229	317,624
Category E- Uncollectible	16,935	18,110	218,151	253,196
	12,858,589	1,401,438	395,359	14,655,386
Impairment	(32,000)	(78,033)	(171,965)	(281,998)
Home Mortgage loans, net	12,826,589	1,323,405	223,394	14,373,388
Microcredit				
Category A - Normal	6,441	199	-	6,640
Category B - Acceptable	892	724	-	1,616
Category C - Appreciable	210	290	-	500
Category D - Significant	86	673	-	759
Category E- Uncollectible	186	1,265	1,714	3,165
	7,815	3,151	1,714	12,680
Impairment	(92)	(362)	(1,088)	(1,542)
Microcredit loans, net	7,723	2,789	626	11,138
	74,656,137	8,988,837	1,687,746	85,332,720

Concentration of credit risk financial leasing

	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Commercial				
Category A - Normal	3,074,430	179,046	708	3,254,184
Category B - Acceptable	210,291	129,053	30,079	369,423
Category C - Appreciable	70,900	21,296	6,956	99,152
Category D - Significant	10,384	40,756	96,675	147,815
Category E- Uncollectible	15,422	13,336	151,588	180,346
	3,381,427	383,487	286,006	4,050,920
Impairment	(19,697)	(40,718)	(168,491)	(228,906)
Commercial loans, net	3,361,730	342,769	117,515	3,822,014
Consumer				
Category A - Normal	57,264	21,088	-	78,352
Category B - Acceptable	755	1,472	-	2,227
Category C - Appreciable	350	1,637	-	1,987
Category D - Significant	115	532	1,378	2,025
Category E- Uncollectible	-	87	2,009	2,096
	58,484	24,816	3,387	86,687
Impairment	(301)	(722)	(2,326)	(3,349)
Consumer loans, net	58,183	24,094	1,061	83,338

	Expected credit loan losses next 12 months	Loan losses expected over the life of the assets	Loan losses expected over the life of the assets with objective evidence of impairment	Total
Mortgage				
Category A - Normal	9,965,757	107,557	-	10,073,314
Category B - Acceptable	310,575	466,090	-	776,665
Category C - Appreciable	15,959	47,028	51,753	114,740
Category D - Significant	4,481	79,170	106,789	190,440
Category E- Uncollectible	1,218	5,887	84,463	91,568
	10,297,990	705,732	243,005	11,246,727
Impairment	(24,109)	(66,240)	(114,441)	(204,790)
Home Mortgage loans, net	10,273,881	639,492	128,564	11,041,937
Microcredit				
Category A - Normal	48	-	-	48
Microcredit loans, net	48	-	-	48
	13,693,842	1,006,355	247,140	14,947,337
Loans Portfolio and leases operations, net	88,349,979	9,995,192	1,934,886	100,280,057

12.5.3. Loans by individual classification

The following is the detail of loans classified individually:

December 31, 2021	0-30 days	31-90 days	>90 days	Gross amount recorded	Collateral	Provision made
No impairment recorded						
Commercial	2,660	1,895	72,287	76,842	12,292	-
Impairment recorded						
Commercial	2,590,936	68,142	1,231,015	3,890,093	2,749,989	1,844,740
Financial leasing	375	-	700	1,075	-	984
	2,591,311	68,142	1,231,715	3,891,168	2,749,989	1,845,724
	2,593,971	70,037	1,304,002	3,968,010	2,762,281	1,845,724

December 31, 2020	0-30 days	31-90 days	>90 days	Gross amount recorded	Collateral	Provision made
No impairment recorded						
Commercial	20,217	528	91,352	112,097	12,949	-
Impairment recorded						
Commercial	3,055,586	225,690	951,178	4,232,454	2,336,772	1,773,291
Financial leasing	833	12	298	1,143	-	34
	3,056,419	225,702	951,476	4,233,597	2,336,772	1,773,325
	3,076,636	226,230	1,042,828	4,345,694	2,349,721	1,773,325

12.5.4. Reconciliation of impairment of loans and leases

The table below reconciles the impairment for expected losses by type of financial instrument:

	Stage 1 Expected loan losses next 12 months	Stage 2 Loan loss expected over the lif of the assets	Stage 3 Loan loss expected over the life of the assets	Total
Commercial				
Opening balance January 1, 2021	286,143	680,679	1,784,878	2,751,700
Transfers to stage 1 from stages 2 and 3	132,569	(120,280)	(12,289)	-
Transfers to stage 2 from stages 1 and 3	(10,795)	27,347	(16,552)	-
Transfers to stage 3 from stages 1 and 2	(3,838)	(114,695)	118,533	-
Impairment of financial assets	(116,862)	169,495	935,544	988,177
Impairment of new assets	72,622	113,069	294,892	480,583
Reversal of impairment	(201,346)	(187,401)	(689,575)	(1,078,322)
Write-offs	(7,268)	(24,786)	(611,976)	(644,030)
Foreign exchange effect	13,696	7,349	51,697	72,742
Net reconciliation, provision against commercial loans	164,921	550,777	1,855,152	2,570,850
Consumer				
Opening balance January 1, 2021	1,000,742	848,696	1,305,231	3,154,669
Transfers to stage 1 from stages 2 and 3	163,647	(142,263)	(21,384)	-
Transfers to stage 2 from stages1 and 3	(54,772)	72,593	(17,821)	-
Transfers to stage 3 from stages 1 and 2	(19,041)	(43,164)	62,205	-
Impairment of financial assets	1,257,077	677,073	1,726,856	3,661,006
Impairment of new assets	280,828	403,439	263,516	947,783
Reversal of impairment	(316,488)	(291,059)	(801,501)	(1,409,048)
Write-offs	(1,348,998)	(909,630)	(1,985,048)	(4,243,676)
Foreign exchange effect	12,248	35,910	129,713	177,871
Net reconciliation, provision against consumer loans	975,243	651,595	661,767	2,288,605

Mortgage				
Opening balance January 1, 2021	56,109	144,273	286,406	486,788
Transfers to stage 1 from stages 2 and 3	68,510	(52,058)	(16,452)	-
Transfers to stage 2 from stages 1 and 3	(8,519)	34,643	(26,124)	-
Transfers to stage 3 from stages 1 and 2	(2,840)	(34,914)	37,754	-
Impairment of financial assets	(6,175)	7,230	404,644	405,699
Impairment of new assets	10,707	3,074	2,342	16,123
Reversal of impairment	(23,099)	(46,120)	(186,298)	(255,517)
Write-offs	(1,213)	(941)	(173,754)	(175,908)
Foreign exchange effect	(11,400)	16,232	32,202	37,034
Net reconciliation, provision against Home Mortgage loans	82,080	71,419	360,720	514,219
Microcredit				
Opening balance January 1, 2021	92	362	1,088	1,542
Transfers to stage 1 from stages 2 and 3	152	(69)	(83)	-
Transfers to stage 2 from stages 1 and 3	(7)	53	(46)	-
Transfers to stage 3 from stages 1 and 2	(6)	(70)	76	-
Impairment of financial assets	(178)	70	1,396	1,288
Impairment of new assets	-	4	5	9
Reversal of impairment	(22)	(72)	(573)	(667)
Write-offs	(28)	(261)	(1,268)	(1,557)
Foreign exchange effect	-	-	72	72
Net reconciliation , provision against microloans	3	17	667	687
Undiscounted amount of impaired loans at initial recognition				
Balance December 31, 2021				5,374,361

	Stage 1 Expected loan losses next 12 months	Stage 2 Loan loss expected over the life of the assets	Stage 3 Loss expected over the life of the assets with impairment	Total
Commercial				
Opening balance January 1, 2020	151,938	566,803	1,424,265	2,143,006
Transfers to Stage 1 from Stages 2 and 3	18,252	(16,857)	(1,395)	-
Transfers to Stage 2 from Stages 1 and 3	(10,255)	18,671	(8,416)	-
Transfers to Stage 3 from Stages 1 and 2	(2,803)	(295,081)	297,884	-
Impairment of financial assets	68,468	334,718	1,008,511	1,411,697
Impairment of new assets	143,633	227,515	341,914	713,062
Reversal of impairment	(79,936)	(95,178)	(534,288)	(709,402)
Write-offs	(2,902)	(59,315)	(785,320)	(847,537)
Foreign exchange effect	(252)	(597)	41,723	40,874
Net reconciliation, provision against commercial loans	286,143	680,679	1,784,878	2,751,700

	Stage 1 Expected loan losses next 12 months	Stage 2 Loan loss expected over the life of the assets	Stage 3 Loss expected over the life of the assets with impairment	Total
Consumer				
Opening balance January 1, 2020	641,076	592,875	411,302	1,645,253
Transfers to Stage 1 from Stages 2 and 3	140,888	(135,398)	(5,490)	-
Transfers to Stage 2 from Stages 1 and 3	(55,727)	67,278	(11,551)	-
Transfers to Stage 3 from Stages 1 and 2	(41,084)	(79,748)	120,832	-
Impairment of financial assets	326,327	803,716	1,510,611	2,640,654
Impairment of new assets	483,881	295,444	268,656	1,047,981
Reversal of impairment	(254,731)	(190,116)	(504,878)	(949,725)
Write-offs	(233,600)	(492,977)	(511,583)	(1,238,160)
Foreign exchange effect	(6,288)	(12,378)	27,332	8,666
Net reconciliation, provision against consumer loans	1,000,742	848,696	1,305,231	3,154,669
Mortgage				
Opening balance January 1, 2020	38,320	58,806	255,772	352,898
Transfers to Stage 1 from Stages 2 and 3	23,671	(12,907)	(10,764)	-
Transfers to Stage 2 from Stages 1 and 3	(9,042)	31,414	(22,372)	-
Transfers to Stage 3 from Stages 1 and 2	(1,428)	(19,004)	20,432	-
Impairment of financial assets	26,334	136,287	244,810	407,431
Impairment of new assets	9,442	4,189	305	13,936
Reversal of impairment	(30,182)	(55,180)	(109,181)	(194,543)
Write-offs	(1,010)	(96)	(121,883)	(122,989)
Foreign exchange effect	4	764	29,287	30,055
Net reconciliation, provision against Home Mortgage loans	56,109	144,273	286,406	486,788
Microcredit				
Opening balance January 1, 2020	181	609	1,588	2,378
Transfers to Stage 1 from Stages 2 and 3	123	(111)	(12)	-
Transfers to Stage 2 from Stages 1 and 3	(14)	107	(93)	-
Transfers to Stage 3 from Stages 1 and 2	(16)	(92)	108	-
Impairment of financial assets	5	1,156	2,798	3,959
Reversal of impairment	(28)	(65)	(641)	(734)
Write-offs	(159)	(1,242)	(2,836)	(4,237)
Foreign exchange effect	-	-	176	176
Net reconciliation , provision against microloans	92	362	1,088	1,542
Undiscounted amount of impaired loans at initial recognition				
December 30, 2020 Balance				6,394,699

Note 10.4.2.4 explains the main reasons behind the variation in the balance of loan portfolio impairment.

12.5.5. Loans and financial leases by maturity

The following is the detail of loans by maturity:

December 31, 2021	0-1 years	1-5 years	5-10 years	Over 10 years	Total
Commercial	11,535,553	19,915,112	15,153,190	6,997,805	53,601,660
Consumer	826,236	22,420,927	10,735,651	612,253	34,595,067
Mortgage	49,584	742,236	3,705,359	25,921,099	30,418,278
Microcredit	1,377	3,459	518	-	5,354
	12,412,750	43,081,734	29,594,718	33,531,157	118,620,359

December 31, 2020	0-1 years	1-5 years	5-10 years	Over 10 years	Total
Commercial	10,203,033	19,617,632	12,935,796	6,970,700	49,727,161
Consumer	594,438	20,533,339	9,261,613	643,364	31,032,754
Mortgage	43,800	601,786	3,814,292	21,442,235	25,902,113
Microcredit	2,971	9,619	138	-	12,728
	10,844,242	40,762,376	26,011,839	29,056,299	106,674,756

12.5.6. Loans by currency

The following is the detail of loans and leases by monetary unit:

	December 31, 2021			December 31, 2020		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Commercial	28,993,154	20,318,631	49,311,785	28,276,406	17,399,835	45,676,241
Consumer	27,857,627	6,637,120	39,494,747	25,565,944	5,380,123	30,946,067
Mortgage and residential leasing	24,766,815	5,651,463	30,418,278	21,273,899	4,628,214	25,902,113
Microcredit	5,351	-	5,351	12,680	-	12,680
Financial leasing	4,259,121	131,077	4,390,198	3,961,223	176,432	4,137,655
	85,882,068	32,738,291	118,620,359	79,090,152	27,584,604	106,674,756

12.5.7. Loans by economic sector

The following is the detail of loans and leases by economic sector:

Economic sectors	December 31, 2021	December 31, 2020
Employees: Natural Persons	66,359,667	63,304,270
Wholesale and retail trade, repair of motor vehicles and motorcycles	8,620,981	7,711,017
Manufacturing industry	8,594,565	8,183,194
Construction	6,781,651	2,717,395
Supply of electricity, gas, steam and air conditioning	4,067,087	4,100,435
Financial and insurance activities	3,559,405	3,114,106
Professional, scientific and technical activities	3,130,225	1,386,193
Real estate activities	2,790,279	2,595,252
Transport and storage	2,729,382	2,886,179

Economic sectors	December 31, 2021	December 31, 2020
Agriculture, cattle-farming, forestry and fishing	2,719,099	2,620,281
Administrative and customer service activities	2,328,033	1,569,795
Information and Communications	1,438,892	1,501,563
Capital income earner, just for natural persons	1,001,555	708,200
Human health care and social work activities	965,909	940,116
Lodging and Catering Activities	838,663	923,608
Public administration and defense; compulsory social security schemes	773,100	608,319
Other service activities	667,696	399,076
Teaching	500,314	559,081
Mines and quarries	371,952	388,688
Water supply, wastewater disposal, waste management and decontamination	188,931	248,348
Artistic, entertainment and recreational activities	147,807	163,450
Activities of households as employers	43,035	43,520
Activities of extraterritorial organizations and bodies	2,131	2,670
	118,620,359	106,674,756

12.5.8. Loans and leases by geographic zone

The following is the detail of loans and leases by geographic zone:

December 31, 2021

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	16,774,184	14,131,847	6,158,133	3,363	37,067,527
Antioquia	8,164,475	4,581,915	1,573,359	405	14,320,154
Northeast	5,318,090	5,005,513	2,165,866	1,583	12,491,052
Southwest	4,219,051	4,206,126	1,937,642	-	10,362,819
Miami	2,117,556	2,597	-	-	2,120,153
Costa Rica	4,958,361	1,268,719	2,364,875	-	8,591,955
Honduras	1,861,296	1,831,958	1,167,768	-	4,861,022
Panamá	2,194,337	152,084	507,666	-	2,854,087
El Salvador	3,704,435	3,313,986	1,611,156	-	8,629,577
	49,311,785	34,494,745	17,486,465	5,351	101,298,346

December 31, 2020

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	15,715,237	12,403,559	5,426,816	8,717	33,554,329
Antioquia	8,613,861	4,431,290	1,270,948	1,269	14,317,368
Northeast	5,105,719	4,793,939	1,792,635	2,694	11,694,987
Southwest	4,093,277	3,978,910	1,536,773	-	9,608,960
Miami	1,590,062	1,981	-	-	1,592,043
Costa Rica	3,937,217	1,137,052	2,009,940	-	7,084,209
Honduras	1,445,914	1,326,518	908,406	-	3,680,838
Panamá	1,996,496	128,334	432,188	-	2,557,018
El Salvador	3,178,458	2,744,484	1,277,680	-	7,200,622
	45,676,241	30,946,067	14,655,386	12,680	91,290,374

Financial leases by geographic zone

December 31, 2021

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	3,027,891	5,071	5,794,227	3	8,827,192
Antioquia	654,591	2,431	2,844,428	-	3,501,450
Northeast	357,389	2,707	2,524,856	-	2,884,952
Southwestern	201,785	3,637	1,768,302	-	1,973,724
Miami	3,618	-	-	-	3,618
Costa Rica	44,056	85,882	-	-	129,938
Panamá	545	594	-	-	1,139
	4,289,875	100,322	12,931,813	3	17,322,013

December 31, 2020

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	2,843,187	7,605	5,003,484	37	7,854,313
Antioquia	601,903	1,865	2,475,708	11	3,079,487
Northeast	317,262	1,949	2,196,121	-	2,515,332
Southwestern	184,516	2,887	1,571,414	-	1,758,817
Costa Rica	103,399	71,375	-	-	174,774
Honduras	653	1,006	-	-	1,659
	4,050,920	86,687	11,246,727	48	15,384,382

12.5.9. Loans and leases by type of collateral

The following is the detail of loans by type of collateral:

December 31, 2021

	Commercial	Consumer	Home mortgage and residential leasing	Microcredit	Financial leasing	Total
No collateral	22,544,886	31,548,859	7,079	54	127,851	54,228,729
Guaranteed by other banks	87,278	-	-	-	-	87,278
Home Mortgage	205,426	246,945	27,507,128	-	1,450	27,960,949
Other real estate	5,667,950	476,435	2,860,150	-	-	9,004,535
Equity investments	281,613	-	-	-	-	281,613
Cash deposits	814,560	110,926	-	-	1,644	927,130
Other assets	19,710,072	2,111,582	43,921	5,297	4,259,253	26,130,125
	49,311,785	34,494,747	30,418,278	5,351	4,390,198	118,620,359

December 31, 2020

	Commercial	Consumer	Home mortgage and residential leasing	Microcredit	Financial leasing	Total
No collateral	21,091,428	27,851,944	-	169	100,631	49,044,172
Guaranteed by other banks	165,906	-	-	-	-	165,906
Home Mortgage	261,927	290,596	25,462,534	-	1,468	26,016,525
Other real estate	5,301,948	345,575	432,950	-	-	6,080,473
Equity investments	335,626	-	-	-	-	335,626
Cash deposits	482,344	443,480	100	-	2,069	927,993
Other assets	18,037,062	2,014,472	6,529	12,511	4,033,487	24,104,061

	45,676,241	30,946,067	25,902,113	12,680	4,137,655	106,674,756

12.5.10. Maturity of financial leases

The following is the detail of maturity of financial leases:

December 31, 2021

	0-1 year	1-5 year	Over 5 years	Total
Gross investment in financial leasing	2,980,536	9,909,942	17,822,671	30,713,149
Unearned financial income from financial leasing - interest	(184,630)	(3,791,284)	(9,415,223)	(13,391,137)
Total minimum financial lease-payments receivable at present value	2,795,906	6,118,658	8,407,448	17,322,012

December 31, 2020

	0-1 year	1-5 year	Over 5 years	Total
Gross investment in financial leasing	2,757,656	9,068,077	15,015,034	26,840,767
Unearned financial income from financial leasing - interest	(59,241)	(3,422,639)	(7,974,505)	(11,456,385)
Total minimum financial lease-payments receivable at present value	2,698,415	5,645,438	7,040,529	15,384,382

12.5.11. Loans to shareholders and staff

Loans to shareholders and home-purchase mortgages to employees are made at special rates:

	December 31, 2021	December 31, 2020
Shareholders (*)	298	85
Employees	553,359	470,610
Consumer	114,419	94,986
Mortgage	308,133	269,597
Residential Leasing	130,807	106,027
	553,657	470,695

(*) Shareholders holding more than 5% of shares

The Bank, in compliance with IFRS 9 and IAS 19, incorporated the rate benefit granted to its employees in loans for the acquisition of housing in its financial statements, recognizing portfolio income and personnel expenses of $12,178 for December 2021 and $11,170 for December 2020

12.5.12. Sales of loans

December 31, 2021

Issue	Month	No, of loans	Rate	Capital	Interests	Others	Total	Net income	Proceeds of sale	Reversal of impairment
TIPS PESOS N21	June	3,851	6.60%	326,108	1,283	6,423	333,814	-	329,106	6,800
TIPS UVR U5	October	6,191	2.58%	236,280	3,489	1,023	240,792	5,202	243,693	4,868
		10,042		562,388	4,772	7,446	574,606	5,202	572,799	11,668

There were no sales of loans operations during 2020.

12.5.13. Sales of written-off loans

The following is the detail of loans written off:

December 31, 2021

Banco Davivienda Colombia

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
March	40,878	391,921	20,136	22,607	434,664	27,302
June	44,457	327,735	21,316	27,539	376,590	26,822
November	18,496	159,966	13,577	5,429	178,972	16,890
	103,831	879,622	55,029	55,575	990,226	71,014

El Salvador

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
July	78	505	134	-	639	101
August	37	267	66	-	333	52
May	116	836	201	-	1,037	169
June	153	1,102	271	-	1,373	226
February	258	1,570	374	-	1,944	319
March	54	403	88	-	491	76
October	72	530	102	-	632	96
December	68	474	115	-	589	93
	836	5,687	1,351	-	7,038	1,132

Honduras

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
November	3,893	50,567	-	-	50,567	1,904

December 31, 2020

Banco Davivienda Colombia

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
December	32,996	349,887	17,725	27,242	394,854	19,934

El Salvador

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
February	119	766	116	-	882	154
November	77	456	101	-	557	96
December	38	229	49	-	278	45
	234	1,451	266	-	1,717	295

Honduras

Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of sale
March	6,104	68,759	-	-	68,759	3,819

Costa Rica

Sales Month	No. of loans	Capital	Interests	Other items	Total	Proceeds of Sale
December	3,829	42,483	-	-	42,483	2,272

12.6. Accounts receivable, net

The following is the detail of accounts receivable

	December 31, 2021	December 31, 2020
Colombian Institute of Student Loans and Technical Studies Abroad (ICETEX) -abandoned accounts	369,439	237,372
Guarantee deposits	369,205	120,236
Payments for account of borrowing customers	265,953	278,910
Loans and cards	141,832	152,745
Debtors	133,805	315,159
Premiums receivable	94,923	83,611
Payments for account of customers	57,394	44,846
Reinsurers outside Colombia	31,980	49,990
Banco de la República - coverage ratio	29,932	32,113
Interests	18,177	19,840
Commissions	16,874	18,573
National Treasury	16,371	14,553
Administrative costs leasing portfolio	14,035	20,634
Interests receivable TIPS	11,119	16,898
Technical reserves - reinsurers	6,035	6,701
Parent, Subsidiaries, related parties, associates	3,651	20,581
Settlement of forwards	1,270	5,229
From employees	937	689
Other accounts receivable	228,419	149,533
Accounts receivable	1,811,351	1,588,213
Impairment	(121,898)	(114,844)
Accounts receivable, net	1,689,453	1,473,369

Accounts receivable by maturity:

December 31, 2021

	Up to 1 year	1 to 5 years	Over 5 years	Total
Debtors	130,894	1,356	1,555	133,805
Payments for account of borrowing customers	243,482	21,747	724	265,953
Colombian Institute of Student Loans and Technical Studies Abroad (ICETEX) -abandoned accounts	369,439	-	-	369,439
Loans and cards	141,832	-	-	141,832
Guarantee deposits	212,873	149,387	6,945	369,205
Premiums receivable	75,221	19,702	-	94,923
Reinsurers outside Colombia	1,675	-	30,305	31,980

December 31, 2021

	Up to 1 year	1 to 5 years	Over 5 years	Total
Payments for account of customers	51,207	1,923	4,264	57,394
Banco de la República - coverage ratio	-	29,932	-	29,932
Administrative costs leasing portfolio	14,035	-	-	14,035
Parent, Subsidiaries, related parties, associates	3,395	96	160	3,651
Interests	17,420	-	757	18,177
Commissions	14,735	2,091	48	16,874
Interests receivable TIPS	11,119	-	-	11,119
National Treasury	16,371	-	-	16,371
Technical reserves - reinsurers	6,035	-	-	6,035
Settlement of forwards	1,270	-	-	1,270
From employees	901	36	-	937
Other accounts receivable	195,996	27,633	4,790	228,419
Accounts receivable	1,507,900	253,903	49,548	1,811,351
Impairment	(80,534)	(35,071)	(6,293)	(121,898)
Accounts receivable, net	1,427,366	218,832	43,255	1,689,453

December 31, 2020

	Up to 1 year	1 to 5 years	Over 5 years	Total
Debtors	301,259	13,900	-	315,159
Payments for account of borrowing customers	254,393	24,294	223	278,910
Colombian Institute of Student Loans and Technical Studies Abroad (ICETEX) -abandoned accounts	237,372	-	-	237,372
Loans and cards	152,745	-	-	152,745
Guarantee deposits	115,668	2,045	2,523	120,236
Premiums receivable	83,592	19	-	83,611
Reinsurers outside Colombia	546	-	49,444	49,990
Payments for account of customers	39,754	5,092	-	44,846
Banco de la República - coverage ratio	32,113	-	-	32,113
Administrative costs leasing portfolio	-	20,634	-	20,634
Parent, Subsidiaries, related parties, associates	20,569	12	-	20,581
Interests	19,377	-	463	19,840
Commissions	16,737	1,615	221	18,573
Interests receivable TIPS	-	16,898	-	16,898
National Treasury	14,553	-	-	14,553
Technical reserves - reinsurers	6,126	575	-	6,701
Settlement of forwards	5,229	-	-	5,229
From employees	638	51	-	689
Other accounts receivable	136,274	13,080	179	149,533
Accounts receivable	1,436,945	98,215	53,053	1,588,213
Impairment	(76,111)	(38,510)	(223)	(114,844)
Accounts receivable, net	1,360,834	59,705	52,830	1,473,369

The bank evaluates the behavior of other accounts receivable during each reported period to minimize the credit risk it is exposed to, and applies an estimated provision based on the seniority of these items as protection to risk exposure.

The following is the movement of accounts receivable:

	December 31, 2021	December 31, 2020
Opening balance	114,844	78,517
Integration new companies	270	-
Plus:		
Provisions expensed	106,999	84,713
Less		
Impairment expensed	(33,173)	(17,853)
Accounts written off	(60,678)	(24,635)
Withdrawals of other accounts receivable	(9,389)	(5,457)
Effect of movement of exchange rates on foreign accounts receivable	3,025	(441)
Closing balance	121,898	114,844

12.7. Assets held for sale

The following is the detail of assets held for sale:

	December 31, 2021	December 31, 2020
Housing		
Voluntary surrender	13,102	17,776
Award	13,599	9,976
Total for housing	26,701	27,752
Other than housing		
Voluntary surrender	36,554	7,384
Award	878	-
Total other than housing	37,432	7,384
Movable assets		
Vehicles	608	622
Right	76,272	404
Others	41,184	35,861
Total movable assets	118,064	36,887
Assets restored from leasing contracts		
Machinery and equipment	256	202
Vehicles	1,266	1,022
Real Property	11,564	3,900
Real property – Residential leasing	31,544	31,670
Total assets restored from leasing contracts	44,630	36,794

	December 31, 2021	December 31, 2020
Subtotal	226,827	108,817
Provision (Impairment)	(22,298)	(17,446)
Total	204,529	91,371

The following is the detail of the movement of assets held for sale:

December 31, 2021

	Housing	Other than housing	Restored from residential leasing contracts	Total
Cost				
Opening balance January 1, 2021	27,752	44,271	36,794	108,817
Additions (received)	19,616	130,506	49,511	199,633
Withdrawn (sales)	(5,450)	(3,012)	(26,228)	(34,690)
Transfers	(16,222)	(21,592)	(15,447)	(53,261)
Effect of movement of exchange rates on foreign accounts receivable	1,005	5,323	-	6,328
Balance December 31, 2021	26,701	155,496	44,630	226,827
Impairment				
Opening balance January 1, 2021	(1,115)	(14,790)	(1,541)	(17,446)
Assets outstanding at the previous cut-off date	-	(3,549)	-	(3,549)
Additions (received)	(1,023)	448	1,291	716
Withdrawn (sales)	892	-	-	892
Effect of movement of exchange rates on foreign accounts receivable	(608)	(2,303)	-	(2,911)
Balance December 31, 2021	(1,854)	(20,194)	(250)	(22,298)

December 31, 2020

	Housing	Other than housing	Restored from residential leasing contracts	Total
Cost				
Opening balance January 1, 2020	16,849	36,342	42,511	95,702
Additions (received)	16,990	10,978	40,330	68,298
Withdrawn (sales)	(3,944)	(2,089)	(23,806)	(29,839)
Transfers	(3,385)	(3,325)	(22,241)	(28,951)
Effect of movement of exchange rates on foreign accounts receivable	1,242	2,365	-	3,607
Balance December 30, 2020	27,752	44,271	36,794	108,817
Impairment				
Opening balance January 1, 2020	(205)	(6,538)	(796)	(7,539)
Assets outstanding at the previous cut-off date	-	(7,776)	-	(7,776)
Additions (received)	(908)	(428)	(745)	(2,081)
Withdrawn (sales)	-	(50)	-	(50)
Balance December 30, 2020	(1,113)	(14,792)	(1,541)	(17,446)

Find below the assets held for sale in accordance to the length of time on the market in detail:

	December 31, 2021	December 31, 2020
Up to 1 year	171,031	94,194
1 to 3 years	55,796	14,623
Total	226,827	108,817

During this period, the Bank has implemented different strategies in the sale of assets held for sale:

	December 31, 2021		December 31, 2020	
	quantity	value	quantity	value
Assets held for sale	172	34,690	171	29,839
Profit on sales		866		830
Profit on sale previous periods		383		1,955
Amortization of deferred profit		2,046		388
Total sales profit		3,295		3,173
Loss on sale of foreclosed assets		2,715		234
Loss on sales, previous period (residential leasing)		12,405		2,262
Loss on sales		15,120		2,496
Net effect on results		(11,825)		677

The movement of the provision for assets held for sale is as follows:

	December 31, 2021	December 31, 2020
Opening balance	17,446	7,539
Plus		
Provision	5,970	9,921
Effect of movement of exchange rates on foreign accounts receivable	2,875	(11)
Less:		
Recoveries	(3,993)	(3)
Closing balance	22,298	17,446

12.8. Investments in associates

The following is the detail of investments in associates.

December 31, 2021

Registered Name	% Share	Equity	Acquisition cost	Accumulated dividends	MPP (*)	Adjusted cost
Titularizadora Colombiana S,A,	26.85%	59,855	41,851	(22,633)	13,774	32,992
Redeban Multicolor S,A,	26.04%	15,792	21,785	(4,318)	18,320	35,787
Servicios de Identidad Digital S,A,S	33.33%	-	12,242	-	(8,253)	3,989
Rappipay Compañía de Financiamiento	10.00%	-	2,800	-	-	2,800
Sersaprosa S,A,	25.00%	8,786	2,312	-	12,194	14,506
Serfinsa S,A,	43.12%	9,154	3,750	-	2,849	6,599
ACH de El Salvador S,A	25.00%	1,541	385	(299)	1,383	1,469
Zip Amarateca	37.85%	8,606	3,258	(1,176)	6,738	8,820
Bancajero BANET	34.79%	2,673	930	(398)	5,302	5,834
		106,407	89,313	(28,824)	52,307	112,796
Investments in joint operations						
CCA Rentacafé						25
Total						112,821

December 31, 2020

Name	% Share	Equity	Acquisition cost	Accumulated dividends	MPP (*)	Adjusted cost
Titularizadora Colombiana S,A,	26.85%	59,855	41,851	(20,049)	13,021	34,823
Redeban Multicolor S,A,	26.04%	15,792	21,785	(4,318)	12,343	29,810
Servicios de Identidad Digital S,A,S	33.33%	-	7,703	-	(2,798)	4,905
Sersaprosa S,A,	25.00%	8,786	2,312	-	9,413	11,725
Serfinsa S,A,	43.12%	9,154	3,750	-	1,761	5,511
ACH de El Salvador S,A	25.00%	1,541	385	-	897	1,282
Zip Amarateca	37.85%	8,606	3,258	(808)	5,406	7,856
Bancajero BANET	34.79%	2,673	930	(407)	3,953	4,476
		106,407	81,974	(25,582)	43,996	100,388
Investments in joint operations						
CCA Rentacafé						2
Total						100,390

(*) Equity method

The following is the value of the asset, liability, and homogenized equity based on the calculation of the equity participation method:

December 31, 2021

	Share	Total Assets	Total Liabilities	Total Equity	Net profit for the period.
Titularizadora Colombiana S,A,	26.85%	131,165	8,303	122,862	899
Redeban Multicolor S,A,	26.04%	1,970,905	1,833,466	137,440	4,717
Servicios de Identidad Digital S,A,S	33.33%	15,126	3,159	11,967	(5,629)
Rappipay Compañía de Financiamiento	10.00%	-	-	-	-
Sersaprosa S,A,	25.00%	93,352	35,331	58,021	1,959
Serfinsa S,A,	43.12%	42,138	26,834	15,304	407
ACH de El Salvador S,A	25.00%	7,780	709	7,071	1,054
Zip Amarateca	37.85%	29,604	6,304	23,300	2,577
Bancajero BANET	34.79%	19,839	3,070	16,769	2,511
		2,309,909	1,917,176	392,734	8,495

December 31, 2020

	Share	Total Assets	Total Liabilities	Total Equity	Net profit for the period.
Titularizadora Colombiana S,A,	26.85%	142,522	12,840	129,682	1,984
Redeban Multicolor S,A,	26.04%	725,784	611,299	114,485	2,789
Servicios de Identidad Digital S,A,S	33.33%	16,745	2,030	14,715	(2,780)
Sersaprosa S,A,	25.00%	70,585	23,686	46,899	1,922
Serfinsa S,A,	43.12%	29,423	20,926	8,497	(241)
ACH de El Salvador S,A	25.00%	6,996	492	6,504	791
Zip Amarateca	37.85%	21,315	565	20,750	2,440
Bancajero BANET	34.79%	15,858	2,991	12,867	1,448
		1,029,228	674,829	354,399	8,353

12.9. Investments in other companies

The following is the detail of investments in other companies:

Company	December 31, 2021		December 31, 2020	
	% Share	Balance	% Share	Balance
CrediBanco	15.55%	136,403	15.55%	132,161
Finagro	12.67%	135,447	12.67%	134,320
Bolsa De Valores De Colombia	6.32%	39,739	6.32%	47,807
ACH Colombia S.A.	18.42%	143,295	18.42%	86,382
Corabastos	3.39%	18,345	3.39%	18,522
Cámara De Riesgo Central De Co	1.77%	2,674	1.77%	2,780

Company	December 31, 2021		December 31, 2020	
	% Share	Balance	% Share	Balance
Tecnibanca S.A. - Servibanca S.A.	0.94%	1,147	0.94%	1,135
Corporación Andina De Fomento	0.00%	1,585	0.00%	1,350
Bio D	0.00%	-	7.12%	24,665
Laser Refractivo de Caldas S.A.	4.57%	294	4.57%	226
Integral S.A.	0.32%	555	0.48%	766
Inverseguros S.A.	0.18%	14	0.18%	8
Frubana Inc	0.60%	6,933	0.75%	2,574
Digital investment group S.A.S.	6.40%	1,297	4.14%	1,651
Fondo 500 luchadores	0.46%	392	0.50%	154
Laika	2.11%	18,490	0.00%	-
		506,610		454,501

12.10. Property and equipment, net

Assets classified by the Bank as property and equipment include own and leased assets that do not meet the definition of investment properties.

These assets are listed below:

	December 31, 2021	December 31, 2020
Property and equipment, net	876,957	822,396
Right-of-use assets, net (Note 12.12)	740,753	854,695
	1,617,710	1,677,091

12.10.1. Movement of property and equipment

The movement of property and equipment is detailed below:

	Land	Buildings and improvements	IT Equipment	Furniture and fixture	Vehicles	Property and Equipment in Joint Operations	Total
Cost:							
Opening balance January 1, 2021	199,280	491,925	282,452	573,201	26,332	1	1,573,191
Additions							
Acquisition	891	11,446	21,271	51,120	4,601	-	89,329
Integration new companies	2,734	23,740	3,233	3,157	9	2	32,874
Additions for improvements	-	8,561	-	-	-	-	8,561
Withdrawals							
Sales	(1,360)	(2,203)	(3,244)	(33,498)	(3,028)	-	(43,333)
Derecognition of assets recorded at cost	-	(296)	(5,429)	(366)	(368)	-	(6,459)
Effect of movement of exchange rates on foreign accounts receivable	15,071	53,388	21,818	16,344	1,656	-	108,277
Transfers	(3,646)	(6,015)	1,020	35	-	-	(8,606)
Impairment	-	(1,514)	-	-	-	-	(1,514)
	212,970	579,032	321,121	609,993	29,202	2	1,752,320

	Land	Buildings and improvements	IT Equipment	Furniture and fixture	Vehicles	Property and Equipment in Joint Operations	Total
Accumulated Depreciation:							
Opening balance January 1, 2021	-	(181,274)	(231,110)	(327,189)	(11,221)	(1)	(750,795)
Additions:							
Integration new companies	-	(4,797)	(1,380)	(1,444)	-	-	(7,621)
Withdrawals							
Sales	-	665	3,027	28,636	2,227	-	34,555
Derecognition of assets recorded at cost	-	308	5,400	320	365	-	6,393
Accumulated movement of depreciation	-	(18,483)	(22,152)	(54,974)	(4,566)	-	(100,175)
Effect of movement of exchange rates on foreign accounts receivable	-	(26,585)	(15,979)	(13,887)	(866)	-	(57,317)
Transfers	-	649	(1,443)	391	-	-	(403)
Balance December 31, 2021	-	(229,517)	(263,637)	(368,147)	(14,061)	(1)	(875,363)
Carrying Value	212,970	349,515	57,484	241,846	15,142	1	876,957

	Land	Buildings and improvements	IT Equipment	Furniture and fixture	Vehicles	Property and Equipment in Joint Operations	Total
Cost:							
Opening balance January 1, 2020							
Additions	195,846	473,800	256,946	509,777	26,061	1	1,462,431
Acquisition							
Withdrawals	3,008	23,123	54,037	87,554	6,412	-	174,134
Sales							
Derecognition of assets recorded at cost	(218)	(403)	(11,049)	(34,269)	(5,068)	-	(51,007)
Effect of movement of exchange rates on foreign accounts receivable	-	(257)	(8,774)	(1,486)	(217)	-	(10,734)
Transfers	4,552	13,566	4,120	3,346	396	-	25,980
Impairment	(3,908)	(17,301)	(12,828)	8,279	(1,252)	-	(27,010)
Balance December 30, 2020	-	(603)	-	-	-	-	(603)
	199,280	491,925	282,452	573,201	26,332	1	1,573,191
Accumulated Depreciation:							
Opening balance January 1, 2020	-	(162,145)	(216,388)	(305,408)	(11,397)	(1)	(695,339)
Withdrawals							
Sales	-	131	9,959	33,238	3,581	-	46,909
Derecognition of assets recorded at cost	-	257	8,772	1,482	207	-	10,718
Accumulated movement of depreciation	-	(17,036)	(34,281)	(54,120)	(4,202)	-	(109,639)
Effect of movement of exchange rates on foreign accounts receivable	-	(3,651)	(1,922)	(2,178)	(169)	-	(7,920)
Transfers	-	1,170	2,750	(203)	759	-	4,476
Balance December 30, 2020	-	(181,274)	(231,110)	(327,189)	(11,221)	(1)	(750,795)
Carrying Value	199,280	310,651	51,342	246,012	15,111	-	822,396

12.10.2. Proceeds from the sale of property and equipment:

The following is the detail of sale of property and equipment:

December 31, 2021	Quantity	Carrying value	Proceeds of sale	Net income	Loss
Real estate	4	(2,897)	5,334	2,437	-
Upgrades	-	-	-	-	-
IT Equipment	6,991	(1,644)	595	262	(1,176)
Office equipment	877	(3,435)	294	4	(3,279)
Vehicles	29	(802)	989	236	(48)
	7,901	(8,778)	7,212	2,939	(4,503)

December 31, 2020	Quantity	Carrying value	Proceeds of sale	Net income	Loss
Real estate	2	(485)	748	287	(24)
Upgrades	13	(3)	35	20	(992)
IT Equipment	6,618	(2,122)	915	131	(331)
Office equipment	300	-	6	6	-
Vehicles	67	(1,488)	1,622	153	(18)
	7,000	(4,098)	3,326	597	(1,365)

No liens or title restrictions as collateral to guarantee obligations in reporting years.

12.10.3. Movement of property and equipment deterioration

The following is the provision movement for property and equipment deterioration, which is presented in buildings and improvements.

	December 31, 2021	December 31, 2020
Opening balance	4,508	3,905
Plus		
Period deterioration	1,364	603
Less		
Recoveries	150	-
Closing balance	6,022	4,508

12.11. Investment properties

12.11.1. Movement of investment properties:

The following details the movement of investment properties:

	December 31, 2021	December 31, 2020
Cost:		
Opening balance	131,330	115,667
Additions		
Properties received	4,610	1,088
Withdrawals		
Sales	(15,782)	(3,418)
Transfers	9,199	15,909
Effect of movement of exchange rates on foreign accounts receivable	7,661	2,084
Closing balance	137,018	131,330
Accumulated Depreciation:		
Opening balance	(4,854)	(2,767)
Withdrawals		
Sales	934	169
Accumulated movement depreciation	(1,127)	(1,148)
Effect of movement of exchange rates on foreign accounts receivable	(259)	9
Transfers	(587)	(1,117)
Closing balance	(5,893)	(4,854)
Impairment	(422)	-
Carrying value	130,703	126,476

The fair value of investment properties as of December 31, 2021 and December 31, 2020 amounts to $91,506 and $96,664, respectively.

12.11.2. Effect on income statement

The following is the detail of income (loss) recognized in the consolidated statement of income by the management of investment properties:

	December 31, 2021	December 31, 2020
Rental income	5,501	6,255

12.11.3. Proceeds from the sale of investment properties:

The following is the detail of the proceeds from the sale of investments properties:

Investment properties	December 31, 2021	December 31, 2020
Quantity	4	7
Book Value	14,848	3,250
Sales proceeds	18,117	4,687
Net profit (loss)	3,269	1,437

There are no restrictions on ownership or pledges as a guarantee of compliance with obligations for the periods reported.

12.12. Leases

12.12.1. Right-of-use assets summary

The balance of the assets per use entitlement for the leases in which the bank acts as a tenant is as follows:

	December 31, 2021	December 31, 2019
Right of use assets	1,188,830	1,123,566
Accumulated depreciation	(448,077)	(268,847)
Right of use assets, net	740,753	854,695

12.12.2. Right of use assets movement

The following is the movement of rights of use assets:

	Real estate	Computer and data processing equipment	Other	Net
January 1, 2021	836,603	17,645	447	854,695
Plus				
Additions	24,043	277	5,749	30,069
Less				
Withdrawals, net	(20,199)	(110)	(137)	(20,446)
Period depreciation	(139,430)	(5,760)	(814)	(146,004)
Effect of movement of exchange rates on foreign accounts receivable	11,547	746	46	12,339
Changes in dismantling provisions	1,221	-	-	1,221
Modifications to the contract	15,128	(6,246)	(3)	8,879
December 31, 2021	728,913	6,552	5,288	740,753

	Real estate	Computer and data processing equipment	Other	Net
January 1, 2020	913,953	52,493	-	966,446
Plus				
Additions	11,073	2,030	808	13,911
Less				
Withdrawals, net	(12,219)	(29,646)	(163)	(42,028)
Period depreciation	(138,102)	(6,681)	(221)	(145,004)
Period deterioration	3,205	467	23	3,695
Changes in dismantling provisions	(1,079)	-	-	(1,079)
Modifications to the contract	59,773	(1,019)	-	58,754
December 31, 2020	836,604	17,644		854,695

12.12.3. Contractual lease liabilities

The following are the contractual cash flows of the undiscounted lease liabilities:

	December 31, 2021	December 31, 2020
1 year or less	173,482	173,383
1-5 years	599,619	597,744
Over 5 years	290,476	367,360
Total undiscounted lease liabilities	1,063,577	1,138,487
Liabilities from recognized leadings (discounted)	813,233	911,215

12.12.4. Amounts recognized in profit or loss

	December 31, 2021	December 31, 2020
Interest expense on lease liabilities	57,731	66,224
Income from subleasing right of use assets	3,680	2,776
Depreciation expense	146,004	145,004
Short-term lease and low-value asset expense	24,958	23,161

Total cash outflows from leases amounted to $196,990 for December 31, 2021 and $187,753 for December 31, 2020.

12.13. Goodwill

The following is a breakdown of acquisitions:

Name of the acquired	Date of acquisition	% Share
Granbanco	February 2007	99.06%
Grupo del Istmo Costa Rica	November 2012	100.00%
Inversiones Financieras El Salvador	November 2012	95.95%
Banco y Seguros Honduras	December 2012	Banco 94% - Seguros 89%
Corredores Asociados	September 2013	94.90%

The following in detail of goodwill:

	December 31, 2021	December 31, 2020
Granbanco	1,084,549	1,084,549
Central América (*)	473,362	473,362
Corredores Asociados	77,274	77,274
Impairment Central America	(83,297)	-
	1,551,888	1,635,185

(*) Includes Grupo del Istmo Costa Rica, Inversiones Financieras El Salvador and Banco y Seguros Honduras. These three companies were acquired from HSBC.

Purchase of Granbanco

The purchase of Granbanco on February 16, 2007 resulted in goodwill amounting to $1,372,458. The main characteristics considered in the evaluation of goodwill are the following:

The surplus value was allocated in three (3) cash generating units (GCUs): Individuals, Companies and Subsidiaries (Panama and Fiducafé).

The previous CGUs were matched at the level of business operating segments with the aim of being more aligned with the way in which MITDO (Maximum Operational Decision-Making Instance) manages the Bank's operations. Once the CGUs have been defined and their corresponding assets identified, the statements of results and balances for each of the CGUs were determined for a projected period of 5 years.

The CGU valuation of Banco Davivienda Colombia and Panama was made using the dividend flow methodology, discounted at shareholder cost; which, according to experts, is the most appropriate for valuing financial institutions and is widely used by first-level investment banks. This methodology consists of projecting the flow of available dividends for 5 years plus a terminal value and discounting them at an appropriate rate. For Fidudavivienda the methodology used was the firm's free cash flow (FFF).

For purposes of deterioration testing, the merchant credit was assigned to the following CGUs:

Business line	Share	Goodwill
Retail banking	48.7%	527,591
Enterprises	50.7%	550,049
Subsidiaries	0.6%	6,909
	99.4%	1,077,640

Impairment testing was performed as of October 31, 2020, assisted by external specialists, giving as results that the lines of business did not generate impairment loss.

The following are the main projection scenarios used for deterioration testing:

	2022	2023	2024	2025	2026
Placement rate (%)	11.1%	11.2%	11.6%	11.6%	12.1%
Deposit taking rate (%)	2.8%	2.8%	2.9%	2.8%	3.0%
Growth in operating income	18.3%	28.8%	21.3%	19.6%	15.7%
Growth in other operating expenses (CPI)	9.5%	7.1%	6.6%	6.8%	6.9%
Inflation	2.1%	3.3%	3.1%	3.3%	3.3%

The discount rate used to determine the capital cost generated by the source of income is subject to the average weighted cost of the capital in market value of all income sources in the bank's capital structure estimated on 13,5%, upon executing a sensitivity analysis on use value and impairment analysis on each of the CGUs identified for capital gain vs the discount; it shows that a superior risk assigned to the discount rate won't generate impairment on any of themayor CGU.

Purchase of HSBC in Central America

The purchase of the HSBC operation in Central America was carried out between November 23 and December 7, 2012, giving rise to goodwill amounting to $473,362 as of December 31, 2020.

The goodwill of the Central American operations was monitored by Davivienda until December 31, 2020 considering two (2) Cash Generating Units, namely, Central American Banks and Central American Insurance. Taking into accountthe economic situation derived from the worldwide pandemic in 2020 and 2021, which naturally impacted the Central American economies, the Bank has defined new monitoring and risk management schemes for the Central American operations, focusing on country strategies. Accordingly, as of December 31, 2021, the evaluation of goodwill impairment in Central America has been performed considering a new structure of three (3) Cash Generating Units, which define the integrated businesses in each of the countries (Costa Rica, El Salvador and Honduras).

According to the analysis performed by the external expert, the distribution of goodwill was made based on the estimate of the value in use of the 3 new Cash Generating Units, as of December 31, 2021, which was made proportionally to the weight that each of the CGUs has on the total value in use of CAM, as of the study date.

And the estimate of value in use was determined based on the future cash flows that will be generated by each of the countries in the region, based on the projections for December 2021.

The following is a summary of the allocation of goodwill in Central America for each Cash Generating Unit:

	December 31, 2021		December 31, 2020	
	Share %	Goodwill	Share %	Goodwill
Banks	0.0%	-	96.8%	459,161
Insurance	0.0%	-	3.2%	14,201
Costa Rica	39.2%	185,757	0.0%	-
El Salvador	32.6%	154,310	0.0%	-
Honduras	28.2%	133,295	0.0%	-
Impairment El Salvador		(83,297)	0%	-
		390,065	100.0%	473,362

The Bank performs annual tests to determine whether Goodwill is impaired with the assistance of external experts. For the 2021 and 2020 reporting periods, the recoverable amount of all cash-generating units (CGU) was determined based on value in use calculations, which require certain assumptions. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period.

For each Cash Generating Unit, the main key assumptions considered in the impairment test as of December 31, 2021 were as follows:

	2022	2023	2024	2025	2026
Costa Rica					
Loans growth (%)	10.3%	11.8%	10.1%	10.1%	7.8%
Deposits growth (%)	12.5%	8.1%	6.8%	9.8%	5.5%
Inflation	1.50%	1.90%	2.30%	2.70%	3.10%
El Salvador					
Loans growth (%)	-1.7%	3.8%	3.8%	4.0%	4.1%
Deposits growth (%)	2.8%	3.9%	4.4%	4.4%	4.6%
Inflation	1.60%	1.55%	1.49%	1.49%	1.20%
Honduras					
Loans growth (%)	6.1%	7.1%	4.6%	4.0%	3.5%
Deposits growth (%)	8.4%	5.7%	5.8%	5.7%	6.4%
Inflation	4.00%	4.00%	4.00%	4.00%	4.00%

An impairment test was performed as of December 31, 2021, obtaining the following results:

CGUs	Value in use	Carrying value	Goodwill	Excess / Impairment
Costa Rica	1,794,954	1,391,086	185,757	218,111
El Salvador	1,491,087	1,420,074	154,310	(83,297)
Honduras	1,288,011	775,902	133,295	378,814
	4,574,052	3,587,062	473,362	513,628

The test concluded that there is no impairment in the valuation of the CGUs of Costa Rica and Honduras; however, there is impairment in the El Salvador CGU, so the Bank has proceeded to recognize this fact in the Financial Statements as of December 31, 2021 for $83,297.

Purchase of Corredores Davivienda

On February 28, 2013, a purchase agreement was signed for 100% of the shares of the firm Corredores Asociados, resulting in goodwill amounting to 73,336, and Fiduciaria Davivienda 3,636

Business line	Acquirer	Cost $	Goodwill
Corredores Davivienda	Banco Davivienda S,A,	70,732	73,336
	Fiduciaria Davivienda S,A,	-	3,939
		70,732	77,275

Impairment testing was performed as of December 31, 2020, assisted by external specialists, giving as results that the lines of business did not generate impairment loss.

The following are the main projection scenarios used for deterioration testing:

	2022	2023	2024	2025	2026
Average portfolio growth	13.0%	16.0%	14.0%	14.0%	14.0%
Growth in operating income	90.9%	19.3%	-1.4%	-8.4%	27.7%
Inflation	3.54%	3.04%	3.04%	2.99%	3.01%

For tax purposes, the Bank applies Article 143 of the Tax Statute, which establishes that the term for amortization of investments may be made in a term of not less than five years. This was made in a term of seven years for Granbanco and 5 years for Corredores Asociados; using the straight line method, for which a simple calculation was made of the total divided by the number of months proposed.

The resulting difference between the accounting and tax amortization is recorded as deferred tax payable.

The discount rate to determine the cost of capital generated by the source of income is determined by the weighted average cost of capital at market value of the cost of all the sources of financing in the Bank's capital structure, being estimated at 9.12%, when performing sensitivity analysis to the value in use and impairment test of each of the CGUs identified for the Goodwill vs. the discount rate, it is found that a higher risk allocation in the discount rate would not generate impairment in any of the CGUs.

12.14. Intangibles assets, net

The following is the movement of intangibles:

Item	Licenses	Software, Computer Applications and others	Total
Opening balance January 1, 2021	124,633	84,346	208,979
Acquisitions	20,865	110,089	130,954
Period amortization	(36,503)	(25,116)	(61,619)
Disposals	-	(10,430)	(10,430)
Effect of movement of exchange rates on foreign accounts receivable	1,681	11,483	13,164
Balance December 31, 2021	110,676	170,372	281,048

Item,	Licenses	Software, Computer Applications and others	Total
Opening balance January 1, 2020	114,958	75,458	190,416
Acquisitions	38,632	27,963	66,595
Period amortization	(32,711)	(23,883)	(56,594)
Disposals	-	515	515
Reclassifications	2,280	(2,280)	-
Effect of movement of exchange rates on foreign accounts receivable	1,474	6,573	8,047
Balance December 31, 2020	124,633	84,346	208,979

There are no purchase commitments, ownership restrictions, or pledges as a guarantee of compliance with obligations.

12.15. Other assets, net

The following is the detail of other assets:

	December 31, 2021	December 31, 2020
Other non-currents	613,824	569,474
Advance payments for contracts, suppliers and projects	258,980	272,865
Expenses paid in advance	247,416	229,329
Deferred taxes	88,355	57,524
Deferred letter of credit	61,350	27,706
Assets pending activation	15,470	6,871
Trust rights	10,117	8,722
Works of art	3,592	3,132
Others	12,528	8,448
Impairment of other non-currents assets	(360,132)	(319,014)
	951,500	865,057

The following is the detail movement in the provision for other assets:

	December 31, 2021	December 31, 2020
Opening balance	319,014	270,845
Effect of movement of exchange rates	15,973	129
Plus		
Provision	92,731	98,481
Less		
Recoveries	(55,251)	(35,568)
Adjustment to provision	(12,335)	(14,873)
Closing balance	360,132	319,014

12.16. Joint operations

The following is the summary of joint operations:

		December 31, 2021		December 31, 2020	
	% Share	Assets	Liabilities	Assets	Liabilities
Retail business	50.00%	102,105	-	74,305	-
Rappi partnership	50.00%	-	1,239	570	16,236
Fidufosyga	9.86%	94	1,567	73	1,503
CCP Fonpet 2012	39.10%	504	204	2,061	188
Cali Mio	44.00%	6	2	6	2
Pensac 2021	50.00%	26	16	-	-
		102,735	3,028	77,015	17,929

Assets in joint operations include the following:

	December 31, 2021	December 31, 2020
In Colombian Pesos		
Cash and cash equivalents	555	430
Deposits and investments in debt securities	25	2
Loan portfolio and accounts receivable	102,097	76,583
Other activities in joint operations	58	-
Total Assets	102,735	77,015

Liabilities in joint operations include the following

	December 31, 2021	December 31, 2020
Accounts payable	1,369	16,351
Other liabilities	93	75
Other provisions	1,566	1,503
Total Liabilities	3,028	17,929

The information of the flow of joint operations is as follows:

	December 31, 2021	December 31, 2020
Opening balance of the period	59,086	77,330
Fair value of assets and liabilities	40,621	(18,244)
Closing balance of the period	99,707	59,086

12.17. Deposits

The following is the detail of deposits and demand accounts:

	December 31, 2021		December 31, 2020	
	Balance	Interest paid	Balance	Interest paid
Interest-bearing liabilities				
Checking accounts	9,272,861	98,081	6,264,128	132,752
Savings accounts	51,538,347	443,117	38,629,365	621,426
Term deposits	29,928,957	1,213,125	33,739,238	1,605,024
Total interest-bearing liabilities	90,740,165	1,754,323	78,632,731	2,359,202
Non-interest bearing liabilities				
Checking accounts	7,762,785	-	6,751,916	-
Savings accounts	196,051	-	1,330,130	-
Demand accounts for services	862,362	-	861,239	-
Electronic Deposits	885,330	-	524,579	-
Others (*)	432,513	-	425,636	-
Total non-interest bearing liabilities	10,139,041	-	9,893,500	-
	100,879,206	1,754,323	88,526,231	2,359,202

(*) Others: banks and correspondents - special deposits - collection services - affiliated establishments - cancelled accounts

The following is the detail deposits by currency and rate:

	December 31, 2021		December 31, 2020	
Local currency	Balance		Balance	
Deposits	Capital	% Implicit Rate	Capital	% Implicit Rate
Checking accounts	8,875,423	0.25%	9,497,513	0.60%
Saving accounts	44,363,302	0.89%	35,091,622	2.20%
Term deposits (CDT)	18,601,667	3.68%	25,795,237	5.40%
Demand accounts for services	691,862		647,781	
Electronic Deposits	885,330		524,579	
Others (*)	399,131		332,665	
	73,816,715		71,889,397	
Foreign currency				
Deposits				
Checking accounts	8,160,223	0.00%	3,518,531	0.00%
Saving accounts	7,371,096	2.47%	4,867,873	1.70%
Term deposits (CDT)	11,327,290	3.33%	7,944,001	0.90%
Demand accounts for services	170,500		213,458	
Others (*)	33,382		92,971	
	27,062,491		16,636,834	
	100,879,206		88,526,231	

(*) Others: banks and correspondents - special deposits - collection services - affiliated establishments - cancelled accounts

The following is the maturity of deposits:

December 31, 2021

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Checking accounts	17,035,646	-	-	-	17,035,646
Savings accounts	51,692,031	42,367	-	-	51,734,398
Term deposits	26,232,212	3,622,605	11,836	62,304	29,928,957
Demand accounts for services	862,362	-	-	-	862,362
Electronic Deposits	885,330	-	-	-	885,330
Others	432,513	-	-	-	432,513
	97,140,094	3,664,972	11,836	62,304	100,879,206

December 31, 2020

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Checking accounts	13,016,044	-	-	-	13,016,044
Savings accounts	39,943,269	16,226	-	-	39,959,495
Term deposits	25,520,870	8,212,909	2,776	2,683	33,739,238
Demand accounts for services	861,239	-	-	-	861,239
Electronic Deposits	524,579	-	-	-	524,579
Others	425,636	-	-	-	425,636
	80,291,637	8,229,135	2,776	2,683	88,526,231

12.18. Interbank and overnight funds

Below is the detail interbank and overnight liability operations:

December 31, 2021

		Date		
	Rate	Initial	Final	Amount
Foreign currency				
Repos	0.4% - 4.0	12/30/2021	1/04/2022	91,431
Local currency				
Repos	4.5%	12/02/2021	6/13/2022	401,250
Simultaneous				
Stock brokerage firms	3.0%	12/30/2021	1/03/2022	480
Others	0% - 3.1%	12/20/2021	1/13/2022	341,920
				835,081

December 31, 2020

	Rate	Date Initial	Date Final	Amount
Foreign currency				
Repos	3.00%	11/16/2020	3/18/2021	92,719
Local currency				
Interbank funds				
Banks	1.70%	12/30/2020	1/04/2021	80,008
Short positions obligations	1.50% - 5.00%	11/27/2020	1/21/2021	282,242
Repos	1.00% - 1.75%	7/03/2020	4/13/2020	454,147
Simultaneous				
Stock brokerage firms	1.70% - 1.90%	12/29/2020	1/05/2021	3,897
Banks	1.90% - 2.00%	12/29/2020	1/04/2021	13,408
Others	-1.00% - 6.11%	12/03/2020	5/31/2021	1,009,808
Coupons payable - active simultaneous operations				1
				1,936,230

12.19. Credits from banks and other obligations

The following is the detail movement of loans and credits borrowed:

	Currency	Interest rate range Minimum	Interest rate range Maximum	Maturity Year Range Minimum	Maturity Year Range Maximum	Balance
Opening balance January 1, 2020						14,418,748
New loans	Pesos	0.00%	8.81%	2021	2033	834,569
	Dollars	0.55%	6.34%	2021	2032	5,854,107
	Colons	1.00%	6.10%	2021	2026	483,919
	Lempiras	6.64%	12.50%	2021	2051	79,992
Payments in the period	Pesos	0.00%	8.30%	2020	2033	(1,236,940)
	Dollars	0.35%	6.75%	2013	2034	(7,747,713)
	Colons	0.00%	4.70%	2016	2021	(166,872)
Other movements						
Interests payable						40,460
Effect of movement of exchange rates on foreign accounts receivable						1,570,837
Cost of financial debt pending						4,809
Others						2,705
Balance December 31, 2021						14,138,621

		Interest rate range		Maturity Year Range		
	Currency	Minimum	Maximum	Minimum	Maximum	Balance
Opening balance January 1, 2020						13,564,888
New loans	Pesos	0.00%	8.30%	2020	2032	1,527,629
	Dollars	0.80%	6.34%	2020	2032	10,355,666
	Lempiras	6.64%	12.50%	2020	2021	27,705
Payments in the period	Pesos	0.00%	8.93%	2020	2032	(1,157,541)
	Dollars	0.35%	6.21%	2013	2034	(10,641,018)
	Colons	0.00%	4.70%	2016	2021	(6)
Other movements						
Interests payable						112,136
Effect of movement of exchange rates on foreign accounts receivable						635,182
Cost of financial debt pending						(7,015)
Others						1,122
Balance December 31, 2020						14,418,748

The following is the detail of the Bank's loans and credits:

	December 31, 2021	December 31, 2020
Entities within the country:		
Local currency		
Financial debt	2,608,722	2,932,338
Foreign currency		
Banks abroad	7,315,808	7,637,141
Other financial debt	190,494	153,150
Entities outside Colombia	4,023,597	3,696,119
	14,138,621	14,418,748

The following is the detail of the maturity of the financial obligations:

December 31, 2021

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Local currency					
Bancoldex	33,890	465,255	34,085	-	533,230
Finagro	23,989	233,165	118,623	-	375,777
Findeter	305,659	637,894	672,991	83,170	1,699,714

December 31, 2021

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Foreign currency					
Bancoldex	956	-	-	78,628	79,584
Findeter	173	-	-	109,500	109,673
Entities outside Colombia	4,157,514	1,646,739	3,951,951	1,393,944	11,150,148
Other Obligations	2,464	188,031	-	-	190,495
	4,524,645	3,171,084	4,777,650	1,665,242	14,138,621

December 31, 2020

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Local currency					
Bancoldex	59,880	597,179	153,790	-	810,849
Finagro	20,466	188,365	94,787	333	303,951
Findeter	70,819	527,488	1,066,722	152,507	1,817,536
Foreign currency					
Bancoldex	852	-	20,121	70,459	91,432
Findeter	488	-	45,883	101,670	148,041
Entities outside Colombia	5,599,506	463,758	1,199,908	3,830,617	11,093,789
Other Obligations	2,776	150,374	-	-	153,150
	5,754,787	1,927,164	2,581,211	4,155,586	14,418,748

12.20. Debt instruments issued

Then following is the detail of debt or equity issues:

	Date range	Amount issued	Term (Months)	Yield	Maturity range	Balance
Opening balance January 1, 2021						12,535,392
Bonds issued in Colombia						
New issues						
TF	2/18/2021	220,630	60	TF 4.69%	2/18/2026	220,630
CPI	2/18/2021	275,760	84	IPC 1.91%	2/18/2028	275,760
TF	2/18/2021	202,603	120	TF 2.51%	2/18/2031	202,603
CPI	9/07/2021	217,285	120	IPC 3.4%	9/07/2031	217,285
IBR	9/07/2021	277,220	36	IBR 1.34%	9/07/2024	277,220
TF	9/07/2021	205,495	60	TF 6.89%	9/07/2026	205,495
TF	4/22/2021	1,819,560	600	TF 6.65% Perpetual	4/22/2071	1,819,560

	Date range	Amount issued	Term (Months)	Yield	Maturity range	Balance
Redemptions						(441,047)
Other movements						
Variation on market reference rate (TRM)						454,908
Variation on real value units (UVR)						23,255
Interests						42,385
Amortized cost						(15,205)
Bonds issued by subsidiaries outside Colombia						
New issues						
Dollars	08/02/2021 - 11/26/2021	77	24 - 60	3.00% - 5.60%	08/02/2023 - 11/22/2024	302,748
Colons	01/28/2021 - 11/22/2021	164,986	24 - 61	4.71% - 5.88%	01/26/2023 - 9/24/2026	1,017,964
Redemptions						(414,905)
Other movements						
Interests						22,356
Amortized cost						454
Effect of movement of exchange rates on foreign accounts receivable						163,970
Balance December 31, 2021						16,910,828

	Date range	Amount issued	Term (Months)	Yield	Maturity range	Balance
Opening balance January 1, 2020						12,398,883
Bonds issued in Colombia						
New issues						
TF	2/11/2020	169,300	84	TF 6.24%	2/11/2027	169,300
TF	2/11/2020	243,880	60	TF 6.04%	2/11/2025	243,880
TF	2/11/2020	286,819	144	TF 2.83%	2/11/2032	290,604
IBR	8/25/2020	362,500	84	IBR 2.05%	8/25/2027	362,500
Redemptions						(777,466)
Other movements						
Variation on market reference rate (TRM)						72,499
Variation on real value units (UVR)						(161,616)
Interests						(6,739)
Amortized cost						3,509
Bonds issued by subsidiaries outside Colombia						
New issues						
Dollars	06/19/2020 - 7/06/2020	40	12 - 36	3.65% - 5.25%	06/18/2021 - 6/29/2023	51,371
Colons	03/23/2020 - 11/11/2020	107,323	12 - 37	4.71% - 8.42%	03/22/2021 - 6/23/2023	596,716

	Date range	Amount issued	Term (Months)	Yield	Maturity range	Balance
Redemptions						(716,636)
Other movements						
Interests						8,955
Amortized cost						(387)
Effect of movement of exchange rates on foreign accounts receivable						19
Balance December 31, 2020						12,535,392

The following is a breakdown of the bonds, by each of the issues in force:

Issue type	Date range	Amount issued	Term (Months)	Yield	Maturity range	December 31, 2021 Carrying value	December 31, 2020 Carrying value
Ordinary unsecured bonds							
CPI	04/25/2012 - 3/29/2017	1,358,655	96 - 180	CPI 3.83% - CPI 4.56%	04/25/2022 - 04/25/2027	1,358,655	1,358,656
Fixed rate	29/03/2017	198,947	84	TF 7.40%	29/03/2024	198,947	198,947
Interests						11,514	8,123
In dollars							
International Bonds	07/09/2012 - 4/22/2021	2,714,685	120 - 600	TF 5.87% - TF 6.65%	07/09/2022 - 4/22/1971	3,981,160	1,716,250
Interests						81,070	47,949
				Total subordinated bonds		5,631,346	3,329,925
Ordinary unsecured bonds							
CPI	08/15/2012 - 9/07/2021	3,714,972	36 - 180	CPI1.91% - CPI4.50%	07/16/2022 - 09/26/2031	3,714,972	3,575,949
Fixed rate	10/24/2017 - 2/18/2021	3,265,043	36 - 84	TF 4.69% - TF 7.50%	02/19/2022 - 2/11/2027	3,265,043	3,044,413
IBR	04/25/2017 - 9/07/2021	1,072,720	36 - 120	IBR2.05% - IBR2.13%	09/07/2024 - 08/25/2027	1,072,720	882,525
UVR	02/11/2020 - 09/07/2021	699,014	60 - 144	UVR 2.51% - UVR 6.89%	09/07/2026 - 02/11/2032	721,956	290,604
Interests						77,116	61,685
				Total ordinary Bonds		8,851,807	7,855,176
				Amortized cost		(25,414)	(10,207)
				Total Bonds		14,457,739	11,174,894

International Subsidiaries

Ordinary unsecured bonds

	Date range	Amount issued	Term (Months)	Yield	Maturity range	Book Value	Book Value
Colons							
International Bonds	02/27/2019 - 11/22/2021	1,692,487	24 - 60	4.71% - 8.42%	11/10/2022 - 9/24/2026	1,692,487	835,796
						21,698	8,696
Interests						455	329
Amortized cost							
In dollars							
International Bonds	11/29/2016 - 11/26/2021	39,515	24 - 180	3.82% - 6.30%	07/06/2022 - 1/23/2034	733,310	510,788
Interests						5,114	4,868
Others						-	-
Lempiras							
International Bonds	1/01/2002	23	180	15.00%	11/27/2017	25	21
				Total Bonds in international subsidiaries		2,453,089	1,360,498
				Total		16,910,828	12,535,392

Below are the Bonds per currency unit:

	December 31, 2021	December 31, 2020
National		
Local currency	9,690,426	9,120,813
Foreign currency	4,042,978	1,762,487
UVR	724,335	291,594
	14,457,739	11,174,894
International		
Foreign currency		
Colons	1,714,640	844,821
Lempiras	25	21
Dollars	738,424	515,656
	2,453,089	1,360,498
	16,910,828	12,535,392

The following are the bonds by maturity period:

	December 31, 2021	December 31, 2020
Under 1 year	4,522,189	612,797
1 to 5 years	6,592,691	8,164,587
5 to 10 years	3,439,579	3,299,026
Over 10 years	2,356,369	458,982
	16,910,828	12,535,392

Below is the redemption of the debt instruments issued by Banco Davivienda S.A.:

December 31, 2021

Date	Type of issue	Term	Rate	Date of maturity	Value
3/10/2011	Ordinary bond	120	CPI 4.19%	3/10/2021	193,252
3/10/2011	Ordinary bond	126	CPI 4.23%	9/10/2021	160,770
15/11/2018	Ordinary bond	36	IBR 1.09%	15/11/2021	87,025
					441,047

December 31, 2020

Date	Type of issue	Term	Rate	Date of maturity	Value
2/12/2015	Ordinary Bonds	60	CPI 2.84%	2/12/2020	187,241
6/07/2017	Ordinary Bonds	36	TF 6.48%	6/07/2020	357,334
11/10/2015	Ordinary Bonds	60	CPI 3.45%	11/10/2020	148,956
12/10/2013	Ordinary Bonds	84	CPI 4.29%	12/10/2020	83,935
					777,466

Below are the redemptions foreign subsidiaries:

Redemptions Banco Costa Rica

December 31, 2021

Date range	Type of issue	Term range	Rate range	Date of maturity range	Value
09/22/2017 - 06/19/2020	Standardized bond	12 - 43	3.65% - 5.60%	03/12/2021 - 06/18/2021	229,496
03/23/2020 - 06/19/2020	Commercial paper	12	3.65% - 4.82%	03/22/2021 - 06/18/2021	142,970
					372,466

December 31, 2020

Date range	Type of issue	Term range	Rate range	Date of maturity range	Value
08/16/2019 - 12/16/2019	Commercial paper	12	3.53% - 3.82%	08/14/2020 - 12/15/2020	131,451
03/24/2017 - 10/23/2018	Standardized bond	12 - 37	7.06% - 9.13%	01/24/2020 - 05/08/2020	376,968
					508,419

Redemptions Banco El Salvador

December 31, 2021

Date	Type of issue	Term	Rate	Date of maturity	Value
1/23/2019	Ordinary bond	12	6.30%	10/25/2021	2,628
4/12/2019	Ordinary bond	24	5.00%	4/12/2021	39,812
					42,440

December 31, 2020

Date	Type of issue	Term	Rate	Date of maturity	Value
1/23/2019	Ordinary Bonds	12	6.30%	10/23/2020	2,265
11/26/2013	Ordinary Bonds	84	5.80%	12/26/2020	137,300
12/20/2013	Ordinary Bonds	84	5.80%	12/20/2020	68,650
					208,215

Redemptions Banco Honduras

There were no bond redemptions during 2021.

Hedging liabilities

Due to a change in the objective of the hedging strategy, which no longer seeks to reduce sensitivity but rather to promote the consolidated capital adequacy ratio in the face of exchange rate fluctuations, the accounting hedging of subordinated bonds for a nominal value of $500 million dollars of investments was discontinued to protect the capital adequacy ratio in the face of exchange rate fluctuations; as of December 31, 2021, this bond was discontinued in its entirety.

Reconciliation between changes in equity and cash flows arising from financing activities

	Liabilities			Equity	
	Bank loans and other obligations	Debt instruments issued	Payment of lease liabilities	Profits from prior years	Total
Balance December 31, 2020	14,418,748	12,535,392	911,215	-	27,865,355
Changes in financing cash flows					
Proceeds from new loans in financial debt	7,252,587	-	-	-	7,252,587
Debt repayment	(9,151,525)	-	-	-	(9,151,525)
Issues of debt instruments	-	4,539,265	-	-	4,539,265
Redemptions of debt instruments issued	-	(855,952)	-	-	(855,952)
Payment of lease liabilities	-	-	(136,304)	-	(136,304)
Payment of cash dividends	-	-	-	(3)	(3)
Total changes in financing cash flows	(1,898,938)	3,683,313	(136,304)	(3)	1,648,068
Other changes related to liabilities					
Interest incurred	374,048	937,351	57,731	-	1,369,130

	Liabilities			Equity	
	Bank loans and other obligations	Debt instruments issued	Payment of lease liabilities	Profits from prior years	Total
Interest paid	(333,590)	(872,611)	(57,731)	-	(1,263,932)
New leases	-	-	29,911	-	29,911
Modifications to the contract	-	-	12,429	-	12,429
Withdrawals	-	-	(24,708)	-	(24,708)
Cost of financial debt pending	4,809	(14,750)	-	-	(9,941)
Variation on real value units (UVR)	-	23,255	-	-	23,255
Effect of movement of exchange rates on foreign accounts receivable	1,570,839	618,878	20,690	-	2,210,407
Others	2,705	-	-	-	2,705
Total other changes related to liabilities	1,618,811	692,123	38,322	-	2,349,256
Other changes related to equity	-	-	-	3	3
Balance December 31, 2021	14,138,621	16,910,828	813,233	-	31,862,682

12.21. Accounts payable

The detail of accounts payable is as follows:

	December 31, 2021	December 31, 2020
Vendors and services payable	785,999	679,611
Employment deductions and contributions	186,939	194,432
Various creditors	134,951	50,835
Deposit insurance	119,886	93,455
Disbursements pending creditors	79,314	52,700
Fund guarantees financial institutions	49,617	41,601
Contribution on transactions	34,800	25,694
External Reinsurers Current Account	33,963	22,083
Outstanding checks	33,941	31,651
Franchises	32,716	25,373
To parent company, subsidiaries, related	24,263	17,183
Insurance	18,929	17,421
Creditor Security Bonds	17,056	17,490
Third-party forward settlement	15,382	16,979
Promising buyers	13,658	14,799
Commissions and fees	9,274	10,276
Account payable Nation Law 546	7,715	7,268
Credit Card	7,574	8,057
Dividends and surpluses	5,852	5,855
Balance available prepaid cards	962	2,692
Sundry	266,322	254,399
	1,879,113	1,589,854

12.22. Employee benefits

The following is the detail of employee benefits:

	December 31, 2021	December 31, 2020
Short-term benefits	227,769	202,567
Long-term benefits	46,709	43,866
Post-Employment Benefits	51,335	47,269
Pension funds	35,974	26,554
Health Policy Pensioners	15,361	20,715
	325,813	293,702

The bank has the following long-term benefits:

a. Loans are granted to employees with at least 2 years of seniority, for the purchase of housing at a preferential variable interest rate, which is available only during the time of employment, that is, in case of retirement, the benefit is immediately lost. For this purpose, two funds have been set up with a maximum limit established by management, which is updated periodically. The estimate of the amount of the benefit in interest rate with respect to the market ratein effect on the date of origination of the loans, this difference in rates is the sum of the present values and is recognized in the statement of financial position.

b. Upon signing the 2021-2024 collective bargaining agreement, an extra-legal seniority bonus is recognized for employees, equivalent to 15 days of salary upon reaching 5 years of service and 30 days of salary upon reaching 10 years of service and for each subsequent five-year period. As of December 31, 2021, the liability recognized for this concept amounts to $46,709.

Post-employment benefits are as follows:

Defined contribution plan

Contribution made by the bank equivalent to the amount set by the employee, with a limit of up to 5% of the salary, applicable to employees who are 10 years or less from their pension and which will only be granted when the employee fulfills the conditions for pension, without any commitment to make payments at that date. It is accounted for by the amounts contributed from results and does not require actuarial assumptions as it is a pre-determined contribution to a fund where the bank does not assume any actuarial or investment risk.

Defined benefit plan

Health policy for retirees and their spouses that are recognized by actuarial calculation with changes in the OCI.

The detail of employee benefits is as follows

	December 31, 2021	December 31, 2020
Present value of employee benefit obligations	15,361	20,715

Currently, all bank employees are entitled to access a group health policy while they are active, and subsequently, upon reaching pension age, the employee and his/her spouse are entitled to a 30% subsidy on an individual health policy sponsored by the bank, provided certain conditions are met.

Movement in present value of defined benefit obligations

	December 31, 2021	December 31, 2020
Defined benefit obligation at the beginning of the period	20,715	18,277
Current Service Costs	966	982
Interest cost	1,578	1,316
Remedies	(7,189)	702
Experience-related adjustments	(991)	2,286
Actuarial (gains) losses from changes in financial assumptions (OCI)	(6,683)	(1,584)
Benefits paid by the plan	(708)	(561)
Benefit obligations defined at the end of the period	15,361	20,715

Main actuarial assumptions

	December 31, 2021	December 31, 2020
Discount rate	10.13%	7.50%
Future salary increments	3.50%	3.50%
Rate of inflation	3.00%	3.50%

After reaching the retirement age, it is assumed that those who access the benefit will pass away according with the 2008 mortality chart of valid annuitants, consigned in resolution number 1555 of 2010 of the Superintendence of Finance of Colombia.

Sensitivity analysis

The defined benefit obligations and the cost of services for the current period were calculated using the projected unit credit method. The following is a sensitivity analysis of the defined benefit liability for the different financial and actuarial variables as of December 31, 2021:

Discount rate

	Current value of defined benefits	Weighted average duration of defined benefit obligations (in years)	Assumptions
Discount rate -50 bp	16,317	11,56	9.63%
Discount rate +50 bp	14,495	11,12	10.63%

Medical trend

	Medical service rate	Assumptions
Medical service rate -50 bp	14,161	3%
Medical service rate +50 bp	16,068	4%

Payments of expected future benefits

Year	Defined benefits
2022	697
2023	758
2024	821
2025	915
2026	999
2027 a 2031	6,438

12.23. Technical reserves

Loss reserves are detailed below:

	December 31, 2021	December 31, 2020
Mathematical reserve	27,014	21,232
Life insurance savings reserve with equity participation	82,161	71,842
Current risk reserve	128,350	104,374
Reported risk reserve	48,001	69,458
Reserve for outstanding claims	11,741	10,605
	297,267	277,511

Movement of reserves:

	December 31, 2021	December 31, 2020
Opening balance	277,511	217,595
Plus		
Establishment of reserve	91,684	83,450
Less		
Release of reserve	(84,181)	(65,817)
Effect of movement of exchange rates on foreign accounts receivable	12,253	42,283
Closing balance	297,267	277,511

12.24. Other liabilities and estimated liabilities

The detail of other liabilities and estimated liabilities is as follows:

	December 31, 2021	December 31, 2020
Estimated Labilities		
Other Provisions	238,168	184,567
Litigation, indemnities, and claims	24,248	23,340
In joint operations	1,566	1,503
	263,982	209,410
Other liabilities		
Leases	813,233	911,215
Deferred income	266,592	227,138
Letters of credit for deferred payment	61,350	27,288
Part-payments pending allocation	163,942	132,449
Deferred credits	9,095	6,054
Maintenance and repairs	6,697	5,734
Sundry	55,820	104,783
	1,376,729	1,414,661
	1,640,711	1,624,071

Other movement of provisions:

	December 31, 2021	December 31, 2020
Opening balance	184,567	165,493
Effect of movement of exchange rates on foreign accounts receivable	22,143	(4,957)
Plus		
Provision	505,476	477,807
Less		
Disposals	(229,177)	(442,475)
Recoveries	(244,841)	(11,301)
Closing balance	238,168	184,567

1) The following is the detail of other provisions:

December 31, 2021

	1 year	1-3 years	3 - 5 years	5-10 years	Total
Frech premium provision	4,342	7,616	2,477	130	14,565
Taxes	124,117	-	-	-	124,117
Estimated liabilities	16,531	-	3,982	-	20,513
Administrative expenses	1,621	-	-	-	1,621
Portfolio provisions	3,547	-	-	-	3,547

December 31, 2021

	1 year	1-3 years	3 - 5 years	5-10 years	Total
Accounts payable to vendors	12,035	320	-	-	12,355
Human Resources	42,073	-	-	-	42,073
Cards	12,791	27	5	6	12,829
Creditors and services	4,048	-	100	99	4,247
Reward points program	2,301	-	-	-	2,301
	223,406	7,963	6,564	235	238,168

December 31, 2020

	1 year	1-3 years	3 - 5 years	5-10 years	Total
Frech premium provision	4,112	9,441	6,670	416	20,639
Taxes	85,198	-	-	-	85,198
Estimated liabilities	9,812	-	3,588	-	13,400
Administrative expenses	1,553	-	-	-	1,553
Portfolio provisions	2,475	-	-	-	2,475
Accounts payable to vendors	14,720	7	-	-	14,727
Human Resources	29,040	-	-	-	29,040
Cards	9,910	10	111	-	10,031
Creditors and services	3,291	1,005	-	-	4,296
Reward points program	3,208	-	-	-	3,208
	163,319	10,463	10,369	416	184,567

2) Litigation, indemnities, and claims

The following is the movement of the provision corresponding to litigation, indemnities and claims:

	December 31, 2021	December 31, 2020
Opening balance	23,340	23,440
Effect of movement of exchange rates	392	262
Plus		
Provision	14,917	9,456
Less		
Disposals	(6,970)	(134)
Recoveries	(7,431)	(9,684)
Closing balance	24,248	23,340

Summary of the process:

	December 31, 2021			December 31, 2020		
	No, of cases	Provision value	Claims Value	No, of cases	Provision value	Claims Value
Covered by FOGAFIN banking deposit insurance (2)	9	9,589	423	10	9,685	712
Labor cases	12	2,078	2,078	9	2,204	2,145
Ordinary processes	418	12,581	7,788	295	11,451	5,746
	439	24,248	10,289	314	23,340	8,603

Estimated outflows due to outcome of cases are as follows:

December 31, 2021

	1 year	1-3 years	3 - 5 years	Over 10 years	Total
Covered by FOGAFIN (Banking deposit insurance) guarantee (2)	-	9,589	-	-	9,589
Labor cases	1,954	124	-	-	2,078
Ordinary processes	6,270	6,025	108	178	12,581
	8,224	15,738	108	178	24,248

December 31, 2020

	1 year	1-3 years	3 - 5 years	Over 10 years	Total
Covered by FOGAFIN (Banking deposit insurance) guarantee (2)	-	9,685	-	-	9,685
Labor cases	1,369	836	-	-	2,205
Ordinary processes	3,558	6,047	161	1,684	11,450
	4,927	16,568	161	1,684	23,340

(2) These are those cases of Granbanco S.A. Fiduciaria Cafetera S.A., Bancafé Panamá S.A. today Davivienda Panamá and Bancafé International Corporation today Davivienda Internacional, which existed on January 31, 2007and those notified after February 16, 2007 and until February 16, 2010, which are in force and expressly guaranteed byFogafín.

For civil, administrative and special cases covered by the Fogafin guarantee contract, provisions of 15% are made, taking into account the coverage of the guarantee, on the value of the respective contingency in accordance with its qualification and only for ordinary, special and labor cases.

Criminal

The Bank is called as a Civilly Liable Third Party , in accordance with Colombian legislation, and shall be held responsible for the prejudice caused to the convicted party. In pursuant with the legal analysis, assignment is done or not according to the case.

Ordinary civil cases, special cases, contentious administrative cases, and labor cases

This type of judicial proceedings generates a contingent liability for the Bank, independent from the procedure that is carried out to that effect. In general terms, because of its eventual civil contractual or extra contractual liability, and equally because fines or sanctions imposed by the corresponding entities in development of their functions. Each one of these procedures has their corresponding grade and provision, in case of it being required.

Bank

The public interest claims, and class action lawsuits are judicial procedures created for the protection of the rights of a plural number of people. While the public interest actions have the purpose of preventing, ceasing and reestablishing collective rights, the class group actions seek to repair the prejudices generated by the aggression of individual homogeneous rights. The risk of these litigious rights has been considered remote, nevertheless, the nature of the rights in dispute and the plurality of plaintiffs turns them into important judicial procedures for the Bank.

Judicial procedures concerning the extinct UPAC system.

The National Committee of UPAC-UVR Users, alongside with different individual persons have formulated a public interest action suit against Banco Davivienda S.A., and other financial institutions with the purpose of declaring that the defendants irregularly reassessed the liquidation of the reliefs that were granted to the mortgage debtors in accordance to Law Number 546 of 1999. Additionally, they claim that the defendants refund the TES (Public Debt Securities) to the public treasury, which they still have not returned despite grounds for doing it having been fulfilled. The procedure is being followed up by the Administrative Tribunal of Cundinamarca pending the definitive resolution of preliminary procedural exceptions formulated by the Bank. The quantum of the affair has not been determined in the lawsuit; therefore, the contingency is classified as remote. Davivienda has been disassociated from this legal action by ruling of December 4th of 2018, which has been appealed and is pending resolution.

Miss Clara Cecilia Murcia and others have filed a class action lawsuit before the Administrative Court No. 5 of Bogotá, against the courts that did not comply with the content established in Law No. 546 of 1999 regarding the termination of the corresponding proceedings for the execution of mortgages. Among the claims demanded in the lawsuit, plaintiff asks that the courts of law rule the end of such affairs. The Bank is being linked to the procedure for having filed, at the time, the pertinent enforceable lawsuits. The procedure is at its evidentiary stage. The contingency has been qualified as remote.

Construction companies GILPA LTDA and HERPA LTDA, through financing by Colpatria and Bancafé, have constructed the development project Colinas de Vista Hermosa in the Township of Villa del Rosario (North ofSantander). The development project presents slides, public services problems and, in general, lack of security for the sanitation and life of the residents. The Township´s Office of the Public Defender pretends that the residents be relocated, that the construction companies adapt new residences and that the financial institutions suspend collecting debentures and liabilities. The Tribunal of North of Santander has ordered that Colpatria and Bancafé be bound to the process. The contingency is being graded as probable, considering the legal proceedings that have been verified up to the date, which indicate a possible ruling adverse to the bank´s interests, with a provision of $953, 85% of which is covered by FOGAFIN.

Judicial proceedings related to other bank activities

At the Superintendence of Companies, Mr. Carlos Consuegra is suing the company Vandux de Colombia S.A. and several financial entities, among them Davivienda, to revoke, among others, the payment of a Bancoldex loan that Vandux owed and that would have been made in a period of suspicion in fraud of the reorganization process of that company. At present, the preliminary investigation and trial hearing has been initiated, but suspended, due to the decree of evidence by the aforementioned authority. The risk has been classified as possible.

Mister Alvaro de Jesus Restrepo Cantillo, has sued the Bank and pretends to declare a contract simulation or quasi-contract in the constitution of the company Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.) The

lawsuit also pretends to declare the simulation of real estate acquisitions, which are comprised in the following public deeds: No. 2860 of 10/3/2003 Notary No.1 of Barranquilla (6 immovable properties) No. 2914 of 10/9/2003 Notary No.1 of Barranquilla (1 immovable property) (mortgage by Davivienda) No. 2154 of 11/9/2001 Notary No. 9 of Barranquilla (4 immovable properties). To void the legal effects of any business purchases made by the company Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.) with any third parties. To order the company Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.) and its partners, the recognition and payment of any harm and prejudice of the estimated appraisal under oath section. To order the cancellation of the aforementioned deeds and theregistration conducted at the Public Records Registry Office. To condemn the defendant to pay all legal representation and additional costs. 2. As a second main claim: May the lands that are the object of sale and that pray in the three scriptures, be decreed with enormous injury and as a result, the nullity of all acts celebrated with them be decreed. Asa consequence of the aforesaid, to order the termination of the mentioned contracts entered upon by the defendant Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.). So these real estate must return to the head of the culprit Mr. Restrepo Urbina and thus be part of the estate mass. As a result of the above, a huge injury is ordered on the real estate sold by the defendant to third-party buyers. The consequence of the above is that the property of the mortgages or other real and accessory rights that have been constituted in it are purged. That the defendant Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.) must restore the properties of the scriptures with the fruits and accessories from the trade date to the day of the material delivery. That the public instruments office of Valledupar be made official, so that the decisions taken by judgment are taken in the present case. To condemn the defendant to payall legal representation and additional costs. SUBSIDIARIES: To order the absolute nullity of the contract of incorporation of the company Restrepo Hoyos & Cia S en C (Hoy Restrepo Hoyos S.A.S.) and the businesses celebrated by it. To void the legal effects of any business purchases made by the company Restrepo Hoyos & Cia S en C (Today Restrepo Hoyos S.A.S.) with any third parties. The company Restrepo Hoyos & Cia S en C (Hoy RestrepoHoyos S.A.S.) and its partners are ordered to recognize and pay damages for the estimate of the oath. To order the cancellation of public writes: No. 2860 of 3/10/2003 Notaria 1 of B/quilla (6 properties) No. 2914 of 9/10/2003 Notaria 1 of B/quilla (1 property) (mortgage Davivienda) No. 2154 of 9/11/2001 Notaria 9 of B/quilla (4 buildings) is condemned inlaw and coastal agencies. The consequence of these statements is that the bank would be left without a series of guarantees consisting of residential and mortgage leasing loans. The process is in the probation stage pending the hearing of instruction and judgment. It has been qualified as possible.

Mr. GUSTAVO LAFAURIE RODRÍGUEZ sues the bank in a labor lawsuit and requests the reinstatement and payment of salaries and other benefits foregone. The plaintiff was dismissed for just cause, due to events that occurred during the processing of international transfers received from the companies LAYSHA INTERNACIONAL LTDA, IAS EXPORTACION LTDA, YAMILE ELVIRA LLANOS MENDEZ, in breach of the procedures and manuals. The contingency is classified as probable, considering the procedural actions verified to date, which indicate that it is possible that an adverse ruling to the bank's interests may occur. Value of the provision $309 million.

Fiduciaria Davivienda S,A,

Plaintiff: Carlos A. Gómez

Defendant: Fiduciaria Davivienda S.A. and Banco Davivienda S.A

Amount of the Claim: The plaintiff demands the declaration of business unit and the re liquidation of the compensation for unfair termination for the amount of $165

Current status: the judgment of the Supreme Court of Justice for the payment by Fiduciaria Davivienda (formerly Fiducafe S.A.) and Banco Davivienda of the labor process was confirmed.

Provision Amount: $16

Approximate date of the end of the legal procedure: July 2022

Subsidiary proceedings in Central America

In view of the Bank's negotiation with HSBC Holdings plc, for the acquisition of “HSBC Costa Rica” Grupo del Istmo (Costa Rica) S.A., “HSBC El Salvador” Financial Investments HSBC, S.A., “HSBC Honduras” HSBC Honduras Bank, S.A. y Seguros HSBC Honduras, Sociedad Anónima, and Honduras Seguros Holdco, Purchases made between November 23 and December 7, 2012, include in this report the list of processes that can generate passive contingency to the Bank, as follows:

Honduras

Type of proceeding: Compensation for damages.
Proceeding rating: Possible.
Plaintiff: Green Development Corporation S.A. (GDC)
Defendants: Banco HSBC Honduras S. A. and Banco Lafise, S. A.
Value of the claim: $636,229

Current Status: unfavorable judgment in first and second instance against Banco Davivienda and another local bank. On August 4, 2014, each bank filed a cassation appeal before the Supreme Court of Justice, which was admitted on August 25, 2015. In January 2016 the composition of the Supreme Court of Justice was changed and confirmed in full and the Civil Chamber assumed the study of the case, which is pending decision. According to the concept of Davivienda's lawyer, there are serious reasons to consider that the judgments issued in the first and second instance have vices that should lead the Supreme Court to declare their nullity and issue a new judgment. In the event that the banks are convicted, Davivienda considers that, given the guarantees it has, the impact would not be material. Rating: Possible.

Proceeding initiated by Wilfredo Quiñonez Gaylor Zelaya, against the Bank for an amount exceeding $3,000. First instance judgment, issued on February 25, 2016, with "unfavorable" resolution for the Bank. Appeal Judgment, issued on June 10, 2016, with "Unfavorable" resolution for the Bank. On July 22, 2016, an appeal was filed. On February 13, 2019, the Supreme Court of Justice issued cassation judgment unfavorable to the Bank and confirmed the judgment issued on appeal. In March 2019, an action for criminal prejudgment and opposition to enforcement was filed. On May 30, 2019, an appeal for review was filed against the unfavorable cassation judgment, based on a ground of Fraudulent Scheme and Criminal Prejudiciality. On January 17, 2020, the First Court of Appeals of La Ceiba admitted with suspension of the claimed act the amparo filed against the resolution that declared without place the criminal prejudicialidad, this implies that the execution requested by the plaintiff is suspended. Qualification. Possible.

Proceeding against administrators: Criminal Complaint for the crime of "Continuous Fraud" of Avanti Inversiones Hoteles, S.A. de C.V. (Jesús Faud Hasbun Touche), against Álvaro Morales Patiño (Legal Representative of Banco Davivienda Honduras S.A.), for an amount exceeding $545,000. At the Conciliation Hearing, the Bank's legal representative stated that there was no interest in conciliating. The complaint was extended to charge Mr. Jorge Alvarado (Ex-CEO of Banco BGA, now Banco Davivienda). On April 25, 2017, the hearing for the examination of the proceedings was held. On June 9, 2017, the Hearing of Sanitation and proposal of exceptions was held. On June 14, 2017, there was a resolution decreeing definitive dismissal in favor of Álvaro Morales and Jorge Alvarado. Current status: the process is awaiting a hearing for an oral and public trial. Qualification: Remote.

Costa Rica

Income tax collection for disallowed expenses associated with non-taxable income - 2011 period.

Proceeding for an approximate amount of $14,264, pending resolution. Pending resolution of the administrative claim and incident of nullity filed on December 8, 2016. Current status: on October 24, 2019, payment under protest was made to the tax administration in the amount of US$3.5. With the foregoing, the tax assessment procedure has been terminated and the Company will go to court in order to claim the amounts paid. No provision is made since payment was made.

Tax proportionality process corresponding to the period 99-2005. On July 9, 2014, payment under protest was made in the amount of approximately USD $9.5. Administrative: Through Resolution No. TFA 646-P-2021 of November 1, 2021, the Administrative Tax Court rejected the appeal filed by the Bank, ordering to proceed with the collection of the tax debt. However, the Bank had already cancelled the debt under protest. Likewise, on November 9, 2021, the Bank filed a request for addition and clarification, with the purpose of having the Administrative Tax Court clarify the dispositive part of the aforementioned resolution. Judicial: on June 19, 2017 a hearing was held for the new facts presented by the Bank, especially informing the payment made under protest in 2014. It is awaiting the call for oral debate, when the merits of the controversy will be discussed. The judicial decision is suspended until a pronouncement of the Constitutional Chamber of the Supreme Court of Justice related to the processes of lesivity. This process is qualified as possible.

Request for annulment of the deeds of incorporation of the guaranty trust and of the auction of the properties given as guaranty that were awarded by the bank (due to a loan granted to Silvercat Investments Inc. The amount of the claim exceeds $83,000. A preliminary objection to the arbitration clause in favor of the Bank was resolved, declaring the lawsuit without merit. Current status: Interpreter is pending to be appointed to set a new date for the preliminary hearing. This process is classified as remote.

2 labor lawsuits filed by former employees of an outsourced company. The claims are for an inestimable amount. Answer to the lawsuit was filed.

Current status: The first trial is currently convened for an oral hearing (confessional evidence, deposition and acknowledgment of documents), which was rescheduled for April 4, 2022 due to the sanitary restrictions imposed by COVID-19. In the second process, on November 2, 2020, a trial date was set for September 6, 2022. Qualified as possible.

12.25. Equity

Encompasses all the concepts and values that represent the contributions or rights of the shareholders for the subscribed capital, the appropriate reserves of profits from previous years by mandate of the Meeting, in order to comply with legal or statutory provisions or specific purposes, the surplus and the dividends declared in shares as their additional paid-in capital.

12.25.1. Capital stock

As of December 31, 2021, the Bank's authorized capital amounted to $90,000, represented by 500,000,000 shares with a par value of $180 (pesos per share). As of December 31, 2020 the authorized capital amounted to $77,350 equivalent to 455,000,000 shares with a par value of $170 (pesos per share).

The subscribed and paid-in capital as of December 31, 2021 and December 31, 2020 amounts to $81,301 and $76,784, respectively.

The authorized, subscribed and paid-in capital is represented by the following shares and other equity data:

	December 31, 2021	December 31, 2020
Ordinary shares subscribed and paid	343,676,929	343,676,929
Preferential shares subscribed and paid	107,993,484	107,993,484
Total shares outstanding	451,670,413	451,670,413
Par value as of the date	180	170
Separate equity value	12,814,640	11,355,867
Intrinsic value (in pesos)	28,372	25,142

There were no variations in the total outstanding shares for December 31, 2021 and 2020.

The Bank's shares are nominative, of capital, and may be: a) common, b) preferred, c) with preferential dividend and without voting rights; the latter may not represent more than fifty percent (50%) of the subscribed capital.

The shares with preferential dividend will give their holders the right to receive a minimum preferential dividend corresponding to zero point five percent (0.5%) semiannually on the subscription price of the first issue of the program, that is, (COP 80.65), which will be paid by decision of the Meeting on a preferential basis with respect to that corresponding to the common shares. The minimum preferential dividend is not cumulative and is not guaranteed.

The payment of the Minimum Preferential Dividend will be made with the periodicity and in the manner determined by the General Shareholders' Meeting, in Colombian pesos. At present, Banco Davivienda S.A.'s accounting period is annual.

In the event that the distributable profits are sufficient to pay the Ordinary and Preferred Shareholders a dividend equivalent or higher than the minimum preferred dividend, the profits will be distributed, pro rata, between the preferred shareholders and the ordinary shareholders in accordance with the decisions taken by the General Shareholders' Meeting.

12.25.2. Share placement premium

Refers to amounts obtained in excess of the par value of the share and the capitalization of occasional reserves obtained in the distribution of profits from previous years with an increase in par value, as determined by the decisions of the Annual General Meeting.

The detail of the share placement premium comprising equity is as follows:

	December 31, 2021	December 31, 2020
Share placement premium:		
By ordinary share premium	3,009,080	2,902,187
By preferential share premium	1,808,207	1,774,617
	4,817,287	4,676,804

12.25.3. Reserves

As a result of decisions made by the General Shareholders' Meeting, the profits obtained in the annual periods have been appropriated.

The detail of the figures in reserves that make up the equity is as follows:

	December 31, 2021	December 31, 2020
Legal reserve		
By appropriation of earnings	5,473,512	5,353,327
Statutory and occasional reserves		
At the disposal of the board of directors	8,625	70,898
At the disposal of the General Shareholders´Meeting	246,975	153,331
For future capitalizations	40,057	-
	295,657	224,229

12.25.4. Earnings per share

Earnings per share at the end of December 31, 2021 and 2020 were $2,744 y $874, respectively, calculated based on basic earnings at the end of each period divided by the weighted average number of shares outstanding.

	December 31, 2021	December 31, 2020
Total shares outstanding	451,670,413	451,670,413
Profit attributable to the owners of the controlling interest	1,239,203	394,848
Earnings per share	2,744	874

The Annual General Shareholders' Meeting held on March 18, 2021, approved:

a) Distribution of profits at the end of 2020 for $223,809 to increase the occasional reserve.

b) Transfer from the occasional reserve to the legal reserve $78,333 corresponding to 35% of the profit for the year.

c) Increase the occasional reserves with retained earnings realized in 2020 for $18,130.

d) Payment of dividends in shares at the rate of $321.03 pesos per share, by increasing the par value of the share by $10 and the difference of $311.03 pesos per share corresponds to a share placement premium; dividends were paid on April 22, 2021.

12.25.5. Capital Management

Banco Davivienda defines its capital as the level of its own funds that could be used to face a loss scenario caused by the materialization of financial risks. The Bank has established a policy to maintain sufficient solvency levels that allow it to successfully perform its various activities with enough capital based on the risks it has undertaken, ensuring the sustainability of the entity in the long term.

The Bank operates under the provisions of Colombian regulations, which set forth standards for calculation and minimum capital requirements for credit entities. As of January 1, 2021, credit entities must calculate capital adequacy indicators under the new definitions contained in Decrees 1477 of 2018, 1421 of 2019 and 1286 of 2020, which amended Decree 2555 of 2010 regarding adequate equity requirements for credit entities in Colombia.

Based on the provisions established in Decree 2555 of 2010, Technical Reserves are the sum of Core Common Equity, Additional Core Equity and Additional Equity, discounting Core Common Equity and Technical Reserves (TP) deductions.

Decree 1477 of 2018 amends the capital adequacy requirements of credit institutions to the effect that now the Basic Ordinary Equity (PBO) net of deductions includes the profits of the current fiscal year, retained earnings, occasional reserves and Other Comprehensive Income (OCI) as well as the deduction of 100% of goodwill, revaluation of assets, among others.

Likewise, the methodology for estimating the Credit Risk Weighted Assets was modified in order to better recognize the credit risk of each exposure. Thus, the weightings are defined according to the type of counterparty, the external credit risk ratings and/or the type of asset. Likewise, the exposure value of each asset considers the corresponding provisions and guarantees. Finally, Decree 1421 of 2019 adds the Value at Risk (VeR) for Operational Risk.

The new regulatory capital requirements, in accordance with Articles 2.1.1.1.1.2 and 2.1.1.1.1.3 of Decree 2555 of 2010 must maintain the following minimum levels at all times:

a. Minimum common equity tier one capital ratio: 4.5%.

b. Minimum additional tier one capital ratio: 6%.

c. Minimum total capital adequacy ratio: 9%.

These solvency minimums will be composed of their equity corresponding to each case in relation to the assets weighted by credit, market and operational risk.

Additionally, credit institutions must comply at all times with the combined requirement of capital buffers composed of: (i) the capital conservation buffer of 1.5% of the value of risk-weighted assets, (ii) the buffer for systemically important entities of 1% of the value of risk-weighted assets. These buffers must be composed of ordinary basic equity and will be applied progressively between 2021 and 2024 (See table). The new minimum for the additional tier one capital ratio will also beimplemented gradually.

Likewise, a minimum leverage ratio of 3% was created as a complementary measure to the rest of the capital indicators, which is calculated as the ratio between ordinary basic equity and additional basic equity to the leverage value. The latter corresponds to the value of assets net of provisions, exposure value of money market operations, exposure value of contingencies and credit exposure value of derivative financial instruments.

The applicable minimums for the new capital standard are as set forth below:

	New regulatory minimums (*)	Transition period		
		January 2021	January 2022	January 2023
Common Equity Tier One Capital Ratio (CET1)	4.50%	4.50%	4.50%	4.50%
Conservation Buffer (CET1)	1.50%	0.38%	0.75%	1.13%
Systemic Buffer (CET1)	1.00%	0.25%	0.50%	0.75%
Minimum Common Equity Tier One Capital Ratio + Buffers	7.00%	5.13%	5.75%	6.38%
Additional Tier One Ratio (AT1)	1.50%	0.38%	0.75%	1.13%
Minimun Additional Tier One Ratio + Buffers	8.50%	5.50%	6.50%	7.50%
Tier Two Capital Ratio (T2)	3.00%	4.13%	3.75%	3.38%
Minimun Total Capital Adequacy Ratio + Buffers	11.50%	9.63%	10.25%	10.88%
Leverage Ratio	3.00%	3.00%	3.00%	3.00%

(*) Corresponds to the minimums that will be fully applied as of January 1, 2024.

The Bank has complied with the minimum requirements by maintaining capital levels that exceed the total capital adequacy minimum by about 895 basis points on average during 2021. The capital adequacy ratio as of December 31, 2021 is presented below:

	December 31, 2021
Technical Capital	
Common Equity Tier One Capital	12,907,556
Additional Tier One Capital	1,997,267
Tier One Capital (T1)	14,904,823
Tier Two Capital	4,523,659
Technical Capital Deductions	4,611
Total Technical Capital	19,423,871
Risk-weighted assets	
Credit Risk Weighted Assets	97,590,207
Market Value at risk	374,057
Operational Value at risk	554,201
Total[1]	107,904,184
Capital adequacy ratios and leverage value	
Common Equity Tier One Capital Ratio (CET1)	11.96%
Tier One Capital Ratio (CET1 + AT1)	13.81%
Total Capital Adequacy Ratio	18.00%
Leverage Value	167,966,679
Leverage Ratio	8.87%

Capital levels are continuously monitored to identify possible changes in current solvency ratios and to take corrective measures in a timely fashion. Likewise, for strategic planning purposes, in the budgeting and business projection process, the Bank relies on tools that allow it to measure future capital levels, establishing the actions required to guarantee compliance with the solvency levels required to carry out the proposed strategies.

12.26. Non-controlling interests

This is the portion of the net assets (equity) and results of the subsidiaries attributable to corporate rights whose owners are different from those of the consolidated group of companies.

December 31, 2021	Equity	% Minority interest	Minority interest
Fiduciaria Davivienda S,A,	246,748	5.30%	13,075
Corredores Davivienda S,A	132,414	4.30%	5,700
Cobranzas Sigma S,A,S	1,225	6.00%	74
Inversiones Financieras Davivienda S,A,	1,404,173	3.88%	54,454
Banco Davivienda Salvadoreño S,A,	1,326,587	1.76%	23,339
Banco Davivienda Honduras S,A,	630,598	3.07%	19,346

[1] Includes APNR RC + 100/9*(VaR in Market Risk + VaR in Operational Risk).

December 31, 2021	Equity	% Minority interest	Minority interest
Seguros Bolívar Honduras S,A,	153,322	9.88%	15,142
Corporación Davivienda Costa Rica S,A,	1,445,646	0.03%	390
Davivienda Leasing Costa Rica S,A	64,857	49.00%	31,780
Ediciones Gamma S,A,	2,751	3.00%	82
Promociones y Cobranzas Beta S,A,	69,859	4.10%	2,870
			166,252

December 31, 2020	Equity	% Minority interest	Minority interest
Fiduciaria Davivienda S,A,	254,713	5.30%	13,497
Corredores Davivienda S,A	139,232	4.30%	5,994
Cobranzas Sigma S,A,S,	751	6.00%	45
Inversiones Financieras Davivienda S,A,	1,080,750	3.88%	41,912
Banco Davivienda Salvadoreño S,A,	1,032,890	1.76%	18,172
Banco Davivienda Honduras S,A,	509,287	3.12%	15,901
Seguros Bolívar Honduras S,A,	112,265	9.94%	11,161
Corporación Davivienda S,A,	1,089,856	0.03%	294
Seguros Costa Rica S,A,	46,868	49.00%	22,966
			129,942

13. Specific items of the consolidated Statement of Income

13.1. Investments and valuation, net

The following is the detail of income and investment valuation:

	December 31, 2021	December 31, 2020
Debt instruments		
Net income	701,795	977,827
Loss	509,820	265,945
Valuation of investments at fair value	191,975	711,882
Net income	137,675	106,267
Loss	8,283	70,210
Investment interests at amortized cost	129,392	36,057
	321,367	747,939
Equity instruments		
Net income	58,220	74,984
Loss	46,026	59,034
Equity instruments valuation, net	12,194	15,950
Net income	71,266	101,794
Loss	47,266	24,883
Investments sales, net	24,000	76,911
	357,561	840,800

13.2. Income from insurance operations, commissions and services, net

The following is a detail of insurance transactions, commissions, and service fees:

	December 31, 2021	December 31, 2020
Income from insurance operations	460,180	432,923
Insurance operating expense	332,827	312,287
	127,353	120,636
Income commissions and services	2,093,384	1,610,261
Expense for commissions and services	592,234	480,683
	1,501,150	1,129,578
	1,628,503	1,250,214

The main items in these commissions originate from transactions.

13.3. Operating Expenses

The following are the details of operating expenses:

	December 31, 2021	December 31, 2020
Operating Expenses		
Salaries and benefits	1,290,848	1,190,665
Incentives	162,637	132,902
Employee benefits	340,469	284,664
	1,793,954	1,608,231
Administrative and operational		
Maintenance and improvements	265,153	251,914
Cleaning and security services	61,488	60,621
Advertising, publicity, and public relations	161,798	131,101
Insurance	188,690	135,002
Contributions and Others	149,570	127,557
Leases	64,122	51,838
Electronic data processing	95,160	90,527
Fees	393,964	420,791
Transport	119,633	115,992
Taxes	262,982	252,776
Deposit Insurance	256,463	197,402
Others	378,610	382,912
	2,397,633	2,218,433
Amortizations and depreciation	308,468	312,386
	4,500,055	4,139,050

13.4. Other Income and Expenses

The following are the details of other income and expenses:

	December 31, 2021	December 31, 2020
Other operating income		
Operational risk recoveries	17,285	32,803
Property sales	10,299	5,210
Impairment losses recovered	59,339	35,705
Other income	183,756	100,562
	270,679	174,280
Other operating expenses		
Operational risk losses	71,451	60,766
Property sales	33,100	13,711
Impairment losses recovered	221,227	148,967
Other expenses	2,976	605
	328,754	224,049
	(58,075)	(49,769)

13.5. Income taxes

13.5.1. Components of income tax expense

Income tax expense includes the following:

	December 31, 2021	December 31, 2020
Income Tax	616,418	224,164
Tax discount	(107,577)	(51,986)
Expenditure from previous years	7,187	7,019
Total current tax	516,028	179,197
Deferred taxes	(4,164)	(111,067)
Total Income Tax	511,864	68,130

Current tax provisions applicable to the Bank and its subsidiaries in Colombia dictate the following:

- The 2021 income tax rate is 34%, including a 4% income surtax applicable to financial entities. In 2020, the income tax rate was 36%, including a 4 % surtax applicable to financial entities.

- Pursuant to Social Investment Law 2155 of 2021, the income tax rate as of 2022 is 35%. A 3% additional income tax rate applies to financial institutions earning taxable income equal to or greater than 120,000 UVT for the years 2022 through 2025.

- In 2020 and 2021, the presumptive income to determine income tax should not be less than 0.5% and 0%, respectively, of the net worth, on the last day of the immediately preceding taxable year.

- Pursuant to the Economic Growth Law, for the 2021 and 2022 tax years, the audit benefit is extended for taxpayers who increase their net income tax for the tax year, in relation to the net income tax for the immediately preceding year, by at least 30% or 20%, meaning that the income tax return will become final within 6 or 12 months following the date of its filing, respectively.

- The Social Invest Act 2155 of 2021 establishes a new audit benefit for 2022 and 2023 for taxpayers who increase their net income tax for the tax year relative to the net income tax of the immediately preceding year, whereby, when such increase is 35%, the income tax return will become final in 6 months, and when such increase is 25%, the income tax return will become final in 12 months.

- The Economic Growth Act 2010 of 2019 preserves the option to deduct 50% of the industry and commerce tax, notices and boards effectively paid in the taxable year or period. Starting in 2022, this deduction will be 100%.

- Tax losses may be offset by ordinary liquid income obtained in the following 12 taxable periods.

- Excess presumptive income may be offset in the next 5 taxable periods.

- Pursuant to the Economic Growth Act 2010 of 2019, the term during which tax authorities may review income and supplementary tax returns of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will be 5 years.

- The one-time gain tax is levied at a rate of 10%.

Current tax provisions applicable to subsidiaries in Central America:

The current income tax rates for Banco Davivienda subsidiaries in Central America are 30% (Costa Rica, Honduras, Salvador) and 25% (Panama, Salvador in lower income companies) and 0% for Panama Lic, Internacional, Rojo Holding and Torre Davivienda Piso 12, 13, 14, 15, 16, 17, 18 and Corredores Panamá.

In Costa Rica: As of July 1, 2019, the Law for the Strengthening of Public Finances (9635) came into effect. The main changes include:

- The substitution of the Sales Tax, now Value Added Tax (specifically to the service sector)

- A new chapter on Capital Gains and Losses is introduced in the Profits Tax setting a 15% standard rate, separating them into real estate and movable property, keeping existing securities at 8%; by the end of 2019 it is a single and definitive tax. For entities regulated by Conassif as of January 1, 2020 it will be treated as an advance payment of Current Income.

- As of January 1, 2020, only the Sector Regulated by Conassif will be subject to comprehensive income.

13.5.2. Reconciliation of the effective tax rate:

The following is the detail of the reconciliation of tax rates at current levels and tax effectively reported in the Income Statement,

	December 31, 2021		December 31, 2020	
		Effective Rate		Effective Rate
Profit before taxes	1,773,028		476,162	
Income Tax at nominal rate 2021 (34%) - 2020 (36%)	602,830	34%	171,418	36%
Effect of tax rates in foreign jurisdictions (1)	(25,054)		4,307	
Tax incentives (2)	(76,859)		(51,986)	
Non-deductible expenses and tax revenues (3)	252,879		287,858	
Tax deductions and untaxed income	(87,954)		(198,296)	
Exempt Income	(200,296)		(170,774)	
Derecognition of previously recognized (recognition of previously unrecognized) deductible temporary differences	39,138		18,584	
Expenditure from previous years	7,180		7,019	
Total income tax expense	511,864	29%	68,130	14%

1) The rate adjustment applied to the subsidiaries is the difference between the calculations at 34% and 36% pursuant to the provisions of the 2010 Economic Growth Act of 2019, effective in Colombia for 2021 and 2020, respectively, and the average national rates applicable in the other countries.
2) Tax incentives are mainly due to the trade and industry (ICA) tax and donations.
3) Non-deductible expenses are mainly due to taxes (trade and industry tax ICA, tax on financial transactions GMF and others) and portfolio provisions.
4) Exempt income includes dividends and valuation of investments.

13.5.3. Expenditure on other local taxes and non-fiscal contributions

	December 31, 2021	December 31, 2020
Non-fiscal contributions	220,559	191,905
Sales tax	5,497	4,200
Industry and trade tax	126,592	120,079
Tax on financial transactions	91,283	94,515
Others	39,610	33,982
Total Other taxes	483,541	444,681

13.5.4. Deferred taxes broken down by item

Differences between the basis of assets and liabilities for IFRS purposes and the basis of assets and liabilities for tax purposes lead to temporary differences that cause deferred taxes calculated and recorded as of December 31, 2021 and 2020 taking into account the tax rates for the years in which such differences are expected to reverse.

	January 1, 2021	Integration with new companies (1)	Effect on income	Effect on OCI	Reclassifications (2)	Recognized in accumulated profits (3)	December 31, 2021
Deferred tax assets							
Investments measured at fair value	3,202	-	19,180	19,264	-	-	41,646
Investments in associates	252	601	106	(1)	-	-	958
Other liabilities, provisions, derivatives, and PP&E	54,070	404	2,482	8,368	-	-	65,324
Total Assets	57,524	1,005	21,768	27,631	-	-	107,928
Deferred tax liabilities							
Investments measured at fair value	33,897	-	(5,288)	(18,230)	-	(10,379)	-
Investments in associates	11,436	-	21,206	4,927	-	-	37,569
Other liabilities, provisions, and derivatives	161,760	-	125,569	(61,245)	(7,720)	(1,405)	216,959
Other assets	22,600	-	(11,233)	856	-	688	12,911
Property and Equipment	38,895	46	(33,161)	(297)	(1,290)	(1,029)	3,164
Goodwill	520,132	-	(79,489)	1,110	-	77,670	519,423
Total Liabilities	788,720	46	17,604	(72,879)	(9,010)	65,545	790,026
Net deferred tax	(731,196)	959	4,164	100,510	9,010	(65,545)	(682,098)

1) Balances as of December 31, 2020 of Promociones y Cobranzas Beta S.A., Delta International Holdings LLC - (USA) and Ediciones Gamma S.A., due to equity interests arising from the acquisition of shares in the third quarter of 2021.

2) The $9,011 reclassification was made between deferred tax and current tax upon the filing of the 2020 income tax return where the non-deductible expense for different items was adjusted.

3) Under Decree 1311 of 2021, the National Government provided an alternative to recognize and present the deferred tax to be recognized in 2021, to be measured at the new income tax rate, which was set for 2022 and subsequent years by Law 2155 of 2021, also known as the Social Investment Law, whereby the deferred tax for this year (2021) is recognized in equity in retained earnings, solely in respect of the increase in the income tax rate of 38% and 35%. The Bank adopted this alternative.

	January 1, 2020	Effect on income	Effect on OCI	Reclassifications	December 31, 2020
Deferred tax assets					
Investments measured at fair value	(1,429)	1,308	3,323	-	3,202
Investments in associates	611	(404)	45	-	252
Other liabilities, provisions, and derivatives	25,404	29,061	(395)	-	54,070
Total Assets	24,586	29,965	2,973	-	57,524

	January 1, 2020	Effect on income	Effect on OCI	Reclassifications	December 31, 2020
Deferred tax liabilities					
Investments measured at fair value	69,886	(40,224)	4,235	-	33,897
Investments in associates	9,750	1,696	5,207	(5,217)	11,436
Other liabilities, provisions, and derivatives	243,210	(53,734)	(23,508)	(4,208)	161,760
Other assets	15,839	7,381	(620)	-	22,600
Property and Equipment	42,981	(8,394)	983	3,325	38,895
Goodwill	507,959	12,173	-	-	520,132
Total Liabilities	889,625	(81,102)	(13,703)	(6,100)	788,720
Net deferred tax	(865,039)	111,067	16,676	6,100	(731,196)

The Group offset deferred tax assets and liabilities by entity or taxable entity, considering the application of the tax provisions inforce in Colombia and in other countries in which the subsidiaries operate, on the legal right to offset current tax assets and liabilitiesand other requirements established in paragraph 74 of IAS 12, on the legal right to offset current tax assets and liabilities and other requirements established in paragraph 74 of IAS 12.

13.5.5. Effect of current and deferred taxes on components of other comprehensive income in equity

	January 1, 2021	**Movement of OCI component**	**Deferred taxes**	**December 31, 2021**
Components of other comprehensive income that will not be reclassified to profit or loss for the period				
Equity investments through OCI	766,885	388,962	(88,769)	1,067,078
Impairment of loan portfolio for consolidated financial statement income	984,027	70,875	(14,224)	1,040,678
Long-term employee benefits	(8,696)	(507)	2,483	(6,720)
Components of other comprehensive income to be reclassified to profit or loss for the period				
Equity method from investments in associates - OCI	(14,666)	(1,689)	-	(16,355)
	1,727,550	457,641	(100,510)	2,084,681

	January 1, 2020	Movement of OCI component	Deferred taxes	December 31, 2020
Components of other comprehensive income that will not be reclassified to profit or loss for the period				
Equity investments through OCI	692,224	90,841	(16,180)	766,885
Impairment of loan portfolio for consolidated financial statement income	952,167	31,860	-	984,027
Long-term employee benefits	(7,407)	(793)	(496)	(8,696)
Components of other comprehensive income to be reclassified to profit or loss for the period				
Equity method from investments in associates - OCI	(11,185)	(3,481)	-	(14,666)
	1,625,799	118,427	(16,676)	1,727,550

Uncertainties in tax positions

Effective January 1, 2020, pursuant to Decree 2270 of 2019, IFRIC Interpretation 23- Uncertainties over Income Tax Treatments was adopted for the local financial statements of Group. Under this standard, the tax positions adopted by the Bank and its subsidiaries in the returns subject to review by the Tax Authorities were analyzed for the statement of financial position as of December 31, 2021 and 2020, and no events or situations were identified that could create uncertainties arising from a gap between such positions and those established by Tax Authorities.

Deferred taxes with respect to subsidiaries, associates and joint ventures

In compliance with paragraph 39 of IAS 12, the Company did not record a deferred tax liability related to temporary differences from investments in subsidiaries and associates. i) the Company has control over the subsidiaries and the decision to sell its investments in associates, therefore, it can decide on the reversal of such temporary differences; and ii) the Company does not plan to realize them in the foreseeable future.

Temporary differences for the items mentioned above as of December 31, 2021 and 2020 amounted to $3,388,999 and $2,507,036, respectively.

Transfer Pricing

In accordance with the provisions of Laws 788 of 2002, 863 of 2003, 1607 of 2012 and 1819 of 2016, regulated by Decree 2120 of 2017, the Company performed a transfer pricing study on the operations carried out with foreign economic related parties for the 2020 taxable year. The study did not result in adjustments that will affect the Bank's income, costs and tax expenses in the income tax return filed for 2020.

Although the transfer pricing study for the year 2021 is in the process of being prepared, no changes are anticipated with respect to the previous year's study.

14. Related parties

The Bank may conduct transactions and enter into agreements or contracts with related parties, on the understanding that any such transactions will be carried out at fair value, taking into account, inter alia, the following criteria:

- The existing market conditions and rates in the sector in which the operation is carried out.
- The activity of the companies involved.
- The growth forecast of the respective business.

The following are considered to be related parties

1. Group companies:

Controller: Grupo Bolívar

Subsidiaries: Fiduciaria Davivienda, Corredores Davivienda, Cobranzas Sigma, Corporación Financiera Davivienda, VC Investments.,Inversiones CFD, Ediciones Gamma, Promociones y Cobranzas Beta, , Delta Internacional Holding, Banco Davivienda Panamá, Banco Davivienda Panamá Licencia Internacional, Inversiones Rojo Holding ,Torre Davivienda sucursal,Torre Davivienda piso 12;Torre Davivienda piso 13, Torre Davivienda piso 14,Torre Davivienda piso 15,Torre Davivienda piso 16, Torre Davivienda piso 17,Torre Davivienda piso 18, Corredores Panamá, Banco Davivienda Honduras, Seguros Honduras, Grupo del Istmo Costa Rica, Davivienda Seguros Costa Rica, Banco Davivienda Costa Rica, Corporación Davivienda Costa Rica, Davivienda corredora de Seguros, Davivienda Leasing Costa Rica, Banco Davivienda El Salvador, Davivienda Puesto de Bolsa, Inversiones Financieras Davivienda El Salvador, Davivienda Servicios El Salvador, Seguros Comerciales Bolívar El Salvador, Valores Davivienda El Salvador.

Grupo Bolívar Companies: Capitalizadora Bolívar, Compañía de Seguros Bolívar, Seguros Comerciales Bolívar, Investigaciones y Cobranzas el Libertador, Multinversiones Bolívar, Riesgo e Inversiones Bolívar, Servicios Bolívar Facilites, Construcción y Desarrollo Bolívar, Inversora Bolívar, Constructora Bolívar Bogotá, Constructora Bolívar Cali, CB inmobiliaria, CB Hoteles y Resorts, Prevención Técnica, Riesgo e Inversiones Bolívar Internacional, Agencia de Seguros el Libertador, Sentido Empresarial, Sentido Empresarial Internacional, Servicios Bolivar, Negocios e Inversiones Bolívar, Sociedades Bolívar , Inversora Anagrama, Inversiones Financieras Bolívar, Bolivar IPS, Salud Bolivar EPS, Ekkoservicios S.A.S E.S.P.

2. Associated companies: Redeban, Titularizadora, Servicios de Identidad Digital,Sersaprosa, Serfinsa, ACH El Salvador, Zip Amarateca, Bancajero Banet.

3. Joint Ventures: Holding Rappipay S.A.S

4. Key management personnel: The Board of Directors and the Strategic Committee, which is formed by the President and Executive Vice Presidents.

4**. Other shareholders between 5% and 10%:** Shareholders holding between 5% and 10%: Inversiones Cusezar and Inversiones Meggido; ACH, Finagro, and Credibanco companies in which the Bank has a stake of more than 10%.

The Bank has entered into branch network agreements with Fiduciaria Davivienda and Corredores Davivienda; a business collaboration agreement with Fiduciaria Davivienda; real estate leasing agreements with Promociones y Cobranzas Beta, Ediciones Gamma and Seguros Comerciales Bolivar; and a commercial agreement with Asistencia Bolivar; Administration and support contract for the Davivienda Multilatina business portal between Davivienda Servicios and Banco Davivienda El Salvador, Banco Davivienda Colombia, Banco Davivienda Costa Rica, Banco Davivienda Honduras and Banco Davivienda Panamá; vulnerability testing contract between Davivienda Servicios and Banco Davivienda Panamá, Banco Davivienda Costa Rica, Banco Davivienda Honduras and Banco Davivienda Colombia; contract for development, support and IT consulting services between Davivienda Servicios and Banco Davivienda Panamá and Banco Davivienda Colombia.

There are also agreements for the placement and collection of insurance policies and marketing contracts with the companies Seguros Bolívar and Seguros Comercial Bolívar.

All operations were carried out at market prices; deposit rates ranged between 0.1% and 6.31% and loan rates ranged between 0.01% and 26.08%, including mortgage loans to key management personnel with +2% RVU rates; agreed as employee benefits.

At the end of December 2021, there are no loans with interest rates, terms, guarantees and other conditions different from those agreed with third parties for loans granted to the companies included in the Bank's related parties.

As of December 31, 2021, there are no portfolio transactions with shareholders whose shareholding is less than 10% of the Bank's capital stock and which represent more than 5% of the technical reserves.

As required by regulations, the Bank must make and maintain mandatory investments in securities issued by the Fund for the Financing of the Agricultural Sector as TDA - Agricultural Development Securities in the amount of $1,208,479; for class A issued at a 4.0% nominal rate based on the quarter then ended and for class B 2.0% nominal quarter then ended; which are not at market rates.

The Bank also carried out rediscount operations with Finagro, which are listed below:

	December 31, 2021	December 31, 2020
Small guarantee rediscount	249,650	203,971
Rediscount interest payable	1,544	1,632
Rediscount interest expenses	5,604	8,572

These operations correspond to the agricultural sector portfolio at preferential rates.

The following is the detail of transactions with related parties:

December 31, 2021

	Group companies			Associated	Joint	Key		
	Controller	Subsidiaries	Others	companies	ventures	personnel (1)	Others	Total
Asset (2)	-	331,663	219,336	64,970	260,664	5,519	18,727	900,879
Cash	-	166,024	-	-	-	-	-	166,024
Money market funds	-	133,219	-	-	-	-	-	133,219
Loans and financial leasing operations	-	99	209,119	16,513	260,664	5,514	-	491,909
Accounts receivable	-	31,453	1,666	48,247	-	5	18,727	100,098
Other assets	-	868	8,551	210	-	-	-	9,629
Liabilities (3)	575,651	143,354	300,656	76,443	43,626	3,206	181,108	1,324,044
Financial liabilities	575,651	142,763	276,471	24,816	43,626	3,206	152,644	1,219,177
Accounts payable	-	591	24,169	51,627	-	-	28,464	104,851
Others	-	-	16	-	-	-	-	16
Income	81	54,556	296,398	176,433	3,419	345	155,619	686,851
Commissions	4	202	280,490	175,342	2	9	120,614	576,663
Interests	-	1,264	10,685	1,091	3,417	332	-	16,789
Dividends	-	-	-	-	-	-	17,057	17,057
Others	77	53,090	5,223	-	-	4	17,948	76,342
Expenses	1,145	12,167	149,008	148,860	7	168	52,469	363,824
Commissions	-	1,634	-	144,141	-	-	50,560	196,335
Others	1,145	10,533	149,008	4,719	7	168	1,909	167,489

(1) Under IAS 24 key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly: Members of the Strategic Committee and Members of the Board of Directors of the Bank.

Encompasses all transactions with key management personnel, except for employee benefits detailed below.

(2) Assets: The most significant transactions with related parties included housing loans with labor benefit, placement rate at UVR or UVR+2.0% approved by the Board of Directors with a 15-year term with admissible guarantees and consumer loans at maximum market rates 25.93%.

Working capital loans, construction loans, corporate loans and credit cards to Group companies with rates between 0.01% and 25.93%.

(3) Liabilities: The most significant liability transactions were: with Group companies, checking accounts with interest rates between 0.5% and 2.85%, savings accounts with interest rates between 0.01% and 3.40% and term deposits with interest rates between 1.80% and 6.31%. With other shareholders: savings accounts with a 1.5% interest rate held by shareholders with an equity interest of less than 10% and equal or greater than 5% of the Bank's capital and checking accounts with a 0% interest rate and savings accounts with an interest rate of 2.50% held by shareholders with an equity interest equal to or greater than 10% of the Bank's capital.

December 31, 2020

	Controller	Group companies Subsidiaries	Others	Associated companies	Key personnel (1)	Others	Total
Asset (2)	-	228,306	184,164	52,105	4,771	37,562	506,908
Cash	-	82,083	-	-	-	-	82,083
Money market funds	-	139,608	-	-	-	-	139,608
Loans and financial leasing operations	-	-	152,820	15,605	4,771	-	173,196
Accounts receivable	-	5,666	20,339	36,290	-	37,562	99,857
Other assets	-	949	11,005	210	-	-	12,164
Liabilities (3)	69,462	62,238	192,510	54,974	1,765	308,759	689,708
Financial liabilities	69,462	61,739	175,412	23,989	1,702	286,228	618,532
Accounts payable	-	499	17,093	30,985	63	22,531	71,171
Others	-	-	5	-	-	-	5
Income	4	58,083	175,491	116,452	432	101,656	452,118
Commissions	4	34	168,028	113,860	9	85,953	367,888
Interests	-	2,486	1,625	1,215	419	-	5,745
Dividends	-	-	-	-	-	15,305	15,305
Others	-	55,563	5,838	1,377	4	398	63,180
Expenses	3,368	3,919	117,360	101,272	76	41,433	267,428
Commissions	-	1,388	-	95,984	-	38,142	135,514
Others	3,368	2,531	117,360	5,288	76	3,291	131,914

(1) Under IAS 24 key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly: Members of the Strategic Committee and Members of the Board of Directors of the Bank.

Encompasses all transactions with key management personnel, except for employee benefits detailed below.

(2) Assets: The most significant transactions with related parties included housing loans with labor benefit, placement rate at UVR or UVR+2.0% approved by the Board of Directors with a 15-year term with admissible guarantees and consumer loans at maximum market rates 28.32%.

Working capital loans, construction loans, corporate loans and credit cards to Group companies with rates between 0.01% and 28.02%.

(3) Liabilities: The most significant liability transactions were: with Group companies, checking accounts with interest rates between 0.01% and 4.50%, savings accounts with interest rates between 0.0% and 3.50% and term deposits with interest rates between 4.00% and 6.05%. With other shareholders: savings accounts with a 4.05% interest rate held by shareholders with an equity interestof less than 10% and greater than or equal to 5% of the Bank's capital and checking accounts with a 0.0% interest rate and savings accounts with an interest rate of 4.0% held by shareholders with an equity interest equal to or greater than 10% of the Bank'scapital.

The following are transactions with key management personnel:

	December 31, 2021		December 31, 2020	
	Maximum balance	Closing balance	Maximum balance	Closing balance
Mortgages and other secure loans	495	1,748	557	2,127
Credit Card	55	386	65	210
Other loans	2,018	3,379	1,904	2,434
		5,513		4,771

Remuneration of key management personnel is shown below:

	December 31, 2021	December 31, 2020
Short-term benefits		
Salaries	7,458	7,349
Other short-term benefits	1,961	2,112
	9,419	9,461

There were no significant decisions made or not made by Banco Davivienda due to influence or in the interest of Grupo Bolívar S.A. Similarly, there were no decisions made or not made by Grupo Bolívar S.A. in the interest of Davivienda.

15. Subsequent events or facts

There are no subsequent facts to be disclosed.

16. Approval of financial statements

The consolidated financial statements were approved by the Board of Directors and the Legal Representative on February 22, 2022, to be submitted to the Annual General Meeting to be approved or amended.