Banco Davivienda S.A. BVC: PFDAVVNDA, BCS: DAVIVIENCL

Fourth Quarter Results 2022 / 4Q22

Bogotá, Colombia. February 24th, 2023 – Banco Davivienda S.A. (BVC: PFDAVVNDA, BCS: DAVIVIENCL) announces its Fourth Quarter 2022 Consolidated Results. Financial Statements have been prepared according to International Financial Reporting Standards (IFRS) in Colombian Pesos (COP).

HIGHLIGHTS

- Accumulated profits reached $1.62 trillion, increasing by 28.1% compared to the previous year, mainly reflecting higher loan income, lower relative cost of risk over the year, and increased non-financial income. Quarterly profits reached $48.2 billion, decreasing 87.9% over the quarter, mainly due to higher provision and operational expenses and lower exchange and derivatives income.

- For the last 12 months ROAE was 10.74%. NIM including foreign exchange and derivatives closed at 6.23%, and Cost of Risk was 2.38%.

- Gross loans closed at $144.8 trillion COP, growing by 3.3% over the quarter and 22.1% over the year, with the FX impact accounting for around 750 bps of the annual increase. Growths by segment reached: 20.1% in the commercial book, 28.2% in the consumer portfolio, and 18.5% in mortgages.

- The Total Capital Adequacy Ratio closed at 16.29%. The CET1 Ratio was 11.07%.

- Our sustainable loan portfolio reached 14.8 trillion COP, increasing 26.5% annually, accounting for 10.2% of our consolidated gross loan portfolio.

- Davivienda is within the top 15% of companies in the banking sector worldwide with the best sustainable business practices.

- We were verified by Icontec as a carbon neutral organization, and became the first company in Latin America to be verified in renewable energy use.

- Around 90% of our consolidated customers are considered digital, and close to 80% of new deposits over the quarter were opened digitally. DaviPlata reached 15.6 million customers, adding around 1.8 million throughout the year.

- Current risk ratings: Fitch BB+/ S&P BB+/ Moody's Baa3. All ratings with stable outlook.

- As of December 2022, Davivienda served 21.8 million customers across 6 countries, employing around 18,000 people and operating 669 branches and nearly 2,700 ATMs.

ECONOMIC ENVIRONMENT COLOMBIA

The global economy did not grow as expected in 2022. Early in 2022, the World Bank forecasted the global economy to grow at a 4.1% annual rate. However, a year later, its growth estimate was reduced to 2.9%. Nevertheless, despite this downward adjustment for the global economy, growth estimates for Latin America increased from 2.6% at the beginning of the year to 3.6%. Global growth projections deteriorated as inflation rose more than expected, causing tighter monetary policies in most countries around the world. The adverse effect of the Russian invasion of Ukraine and the resulting sanctions also played a significant role.

Oil prices in 2022 continued to recover, keeping up with the trend experienced in 2021, mainly due to a less accommodating policy by OPEC countries, the scarcity of crude oil caused by the war in Ukraine and economic growth around the world. At the beginning of the year, the price of Brent crude oil was USD 76.08 per barrel, but jumped to its highest level of the year of USD 123.70 a few days after the war started. Oil prices closed 2022 at USD 80.26, with an average of USD 92.44 per barrel for the year, compared to USD 68.03 in 2021 and USD 41.9 in 2020.

Regarding domestic economic activity, during the fourth quarter of 2022 Colombia's economy grew by 2.9% compared to the same period of 2021, showing signs of deceleration when compared to the 7.8% registered during the third quarter of the year. Taking this into account, the country achieved a growth rate of 7.5% in 2022. If we analyze the full year, agriculture presented an annual decline of 1.9%, being the only sector with a negative variation. Among the economic sectors with positive growths we highlight: commerce, information and communications, and artistic activities which registered growths of 10.7%, 14.2% and 37.9% respectively.

Despite good economic performance, the annual inflation rate for 2022 was 13.12%, the highest in the last 23 years and well above the Central Bank's target range (2% - 4%). Inflationary pressures on household consumer products were severe and widespread throughout 2022. Food and non-alcoholic beverages accounted for more than one third of total annual inflation; the strong La Niña weather phenomenon, and the rise in the price of agricultural inputs coupled with increased demand, led to a 27.8% annual inflation for this sector. Consequently, restaurants and hotels reacted quickly to the high cost of their primary input, food and non-alcoholic beverages, driving restaurants and hotels to be the third largest contributor to inflation in 2022.

As a result of inflation, the Central Bank accelerated the monetary normalization cycle that had begun in September 2021, increasing the monetary policy rate eight times throughout the year, peaking at 12.00% following its December session, 900 basis points higher than at year-end 2021. Thus, the intervention rate reached levels unseen since December 1999. During its last meeting held on January 27, the Central Bank further increased the monetary policy rate, bringing it to 12.75%.

The latest official figures estimate that in 2022 the Central National Government's fiscal deficit amounted to -5.5% of the GDP, below the -7.1% figure recorded in 2021. Revenues totaled COP 238.6 trillion, increasing by 24.2% compared to the previous year. According to the Colombian Tax and Customs Authority (DIAN), gross tax collections reached COP 228.6 trillion, a 31.5% annual increase, meeting the target by 106%.

The Colombian peso depreciated sharply in 2022, 20.8%, going from $3,981.16 at the beginning of the year to $4,810.20 on the last day of the year. This is attributable to several factors, including the strong appreciation of the U.S. dollar worldwide, driven by higher interest rates in the United States, combined with a higher risk outlook for Colombia.

ECONOMIC ENVIRONMENT CENTRAL AMERICA

The region experienced an economic slowdown in 2022, which intensified in some countries where growth was even below their potential economic growth. External conditions played a significant role in this performance due to world trade remaining affected, increased fuel and agricultural input prices, and the slowdown in the region's main trading partners.

In Costa Rica, the GDP grew by 4.3%. Meanwhile, average annual growth for the first three quarters of 2022 was 2.7% in El Salvador, 4.4% in Honduras and 11% in Panama.

Economic activity measured through the monthly Economic Activity Indicators show that the average annual growth for October and November was 5.1% in El Salvador and 1.2% in Honduras. This indicates accelerated growth for El Salvador and a continued slowdown in Honduras.

Inflation peaked in the region around mid-year. In El Salvador, Honduras and Panama, price controls and tax reductions were implemented to mitigate price increases. At year-end 2022, annual inflation rates were 9.8% in Honduras, 7.9% in Costa Rica, 7.3% in El Salvador and 2.1% in Panama.

In Costa Rica, the Central Bank raised the interest rate seven times, increasing the MPR from 1.25% to 9%. The Honduran MPR remained at the 3% level throughout the year.

Currencies behaved unevenly throughout the region in 2022. The Costa Rican Colon appreciated by 7.1% compared to December 2021, while the Honduran lempira depreciated by 0.84% over the same period. The Costa Rican Colon behaved differently than most Latin American currencies, as the nation experienced the recovery of the tourism industry, higher foreign direct investment, and an improved risk outlook.

As for credit ratings, Moody's gave Panama a negative outlook due to the country’s rigid public spending structure and the financial deterioration of its social security system.

MAIN CONSOLIDATED FIGURES:

Statement of Financial Condition (COP Billion)				% Chg.	
Assets	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**
Cash and Interbank Funds	15,461	13,626	16,330	19.8	5.6
Net Investments	16,001	18,084	18,775	3.8	17.3
Gross Loan Portfolio	118,620	140,156	144,787	3.3	22.1
Loan Loss Reserves	-5,374	-5,944	-6,319	6.3	17.6
Other Assets	7,973	11,227	10,554	-6.0	32.4
Total Assets	**152,680**	**177,150**	**184,128**	**3.9**	**20.6**
Liabilities					
Repos and Interbank Liabilities	835	3,915	1,122	-71.3	34.4
Demand Deposits	69,655	71,017	74,205	4.5	6.5
Term Deposits	29,929	42,790	45,612	6.6	52.4
Bonds	16,911	15,770	14,976	-5.0	-11.4
Credits	14,139	18,507	21,639	16.9	53.0
Other Liabilities	6,932	9,268	10,281	10.9	48.3
Total Liabilities	**138,401**	**161,268**	**167,835**	**4.1**	**21.3**
Equity					
Non-controlling Interest	144	170	181	6.2	25.8
Equity	14,136	15,712	16,112	2.6	14.0
Total Equity	14,280	15,882	16,293	2.6	14.1
Total Liabilities and Equity	**152,680**	**177,150**	**184,128**	**3.9**	**20.6**

Income Statement	**Quarterly Figures**			**% Chg.**		**Accumulated Figures**		**% Chg.**
(COP Billion)	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**	**4Q21**	**4Q22**	**Y/Y**
Interest Income	2,787	4,199	5,000	19.1	79.4	10,587	15,862	49.8
Loans	2,661	4,000	4,641	16.0	74.4	10,172	15,162	49.1
Investments	109	149	286	92.4	163.0	358	525	46.8
Other Income	17	51	72	43.3	324.4	58	175	203.0
Financial Expenses	844	1,972	2,637	33.7	212.5	3,106	7,010	125.7
Gross Financial Margin	1,943	2,227	2,363	6.1	21.6	7,482	8,851	18.3
Net Provision Expenses	825	760	1,324	74.1	60.5	3,301	3,446	4.4
Net Interest Margin	1,118	1,467	1,039	-29.2	-7.1	4,181	5,406	29.3
Exchange and Derivatives	131	30	-22	-172.9	-116.5	498	279	-44.0
Non Financial Income	400	454	462	1.7	15.5	1,595	1,882	18.0
Operating Expenses	1,247	1,335	1,463	9.6	17.3	4,500	5,247	16.6
Income Before Taxes	402	616	16	-97.3	-95.9	1,773	2,320	30.8
Income Tax	69	216	-32	-114.7	-146.2	512	704	37.5
Net Profit	**333**	**399**	**48**	**-87.9**	**-85.5**	**1,261**	**1,616**	**28.1**
Non Controlling Interest	10	3	7	128.8	-25.5	22	23	3.8

MAIN RATIOS

12 Months	4Q21	3Q22	4Q22	Bps. Chg Q/Q	Bps. Chg Y/Y
NIM	5.94%	6.03%	6.04%	1	10
NIM FX+D	6.33%	6.34%	6.23%	-11	-10
Cost of Risk	2.78%	2.10%	2.38%	28	-40
Cost-to-Income	47.1%	47.2%	47.8%	55	64
ROAE	9.35%	13.03%	10.74%	-229	139
ROAA	0.89%	1.19%	0.96%	-23	7

Annualized Quarter	4Q21	3Q22	4Q22	Bps. Chg Q/Q	Bps. Chg Y/Y
NIM	5.95%	5.91%	5.95%	4	0
NIM FX+D	6.35%	5.99%	5.90%	-9	-45
Cost of Risk	2.78%	2.17%	3.66%	149	88
Cost-to-Income	50.4%	49.2%	52.2%	300	180
ROAE	9.42%	10.39%	1.20%	-919	-822
ROAA	0.89%	0.93%	0.11%	-82	-78

Stock Information	4Q21	3Q22	4Q22	% Chg. Q/Q	% Chg. Y/Y
Total Shares	451,670,413	451,670,413	451,670,413	-	-
Total Common Shares	343,676,929	343,676,929	343,676,929	-	-
Total Preferred Shares	107,993,484	107,993,484	107,993,484	-	-
Preferred Share Closing Price COP	31,800	29,990	27,560	-8.1%	-13.3%
Preferred Share Closing Price USD	6.6	6.2	5.7	-8.1%	-13.3%
Market Capitalization (Bn COP)	14,363	13,546	12,448	-8.1%	-13.3%
Market Capitalization (Bn USD)	3.0	2.8	2.6	-8.1%	-13.3%
Earnings Per Share (EPS) COP	2,792	4,208	3,578	-15.0%	28.1%
Earnings Per Share (EPS) USD	0.58	0.87	0.74	-15.0%	28.1%
Price to Earnings Ratio (P/E) (x)	11.4	7.1	7.7	8.1%	-32.4%
Dividends Per Share COP[1]	321	1,072	1,072	0.0%	234.0%
Book Value Per Share COP	31,297	34,786	35,673	2.6%	14.0%
Price to Book Value (P/BV) (x)	1.02	0.86	0.77	-10.4%	-24.0%

[1] This dividend did not represent a cash payment or an increase in the number of issued shares. $321 per share: Increase in share's nominal value of $10, and a $311 premium for placement of shares.

ESG RESULTS

Our sustainable loan portfolio closed at COP 14.8 trillion, growing by 8.8% over the previous quarter and 26.5% over the year. Our social portfolio accounted for 69.3% (COP 10.2 trillion) and our green portfolio represented the remaining 30.7% (COP 4.5 trillion) of the total sustainable book.

Our green loans increased compared to the previous year, mainly due to higher green mortgages and eco vehicles. Similarly, our social loan portfolio expanded over the year, reflecting positive growth in women-owned SMEs and low-income housing.

Sustainable funding closed at COP 8.8 trillion, growing by 22.2% over the quarter and by 39.7% over the year, due to resources acquired during the year aimed towards SMEs, women SMEs, low-income housing for women, green and agricultural projects.

Davivienda was listed for the ninth year in a row in the Dow Jones Sustainability Index (DJSI) and the Dow Jones Sustainability Index MILA Pacific Alliance, in recognition of results corporate social responsibility and governance, particularly in the fields of anti-crime policies, information security, sustainable finances, human rights and corporate citizenship.

On the environmental front, we have been working to measure emissions of our loan and investment portfolios, and have adhered to the Partnership of Carbon Accounting Financials for this process.

In terms of eco-efficiency, we obtained the Carbon Neutral Offset status verified by the Colombian Institute of Technical Standards and Certification - ICONTEC, following an evaluation of our 2021 Greenhouse Gas Inventory for Colombia, El Salvador, Honduras, Costa Rica, and Panama, under the guidelines of the GHG Protocol, enabling us to ensure that our carbon footprint measurement methodology adheres to transparency, relevance, accuracy, and pertinence principles.

Furthermore, we were recognized in the Sustainable Finance Awards 2022 as the Most Sustainable Bank in Colombia and Leader in Sustainable Bonds for Latin America, and were awarded by Acción Climática for Energy and Water efficiency.

DIGITAL TRANSFORMATION

Regarding the Bank's digital transformation process, as of 4Q22, 90% of our consolidated customers were considered digital. In the Colombian operation, this figure stands at 91%, and in Central America at 69%.

In Colombia, the outstanding amount of digital loan products[2] increased 45% over the previous year, reaching $13.2 trillion. On the other hand, digital deposits[3] amounted to $4.3 trillion, growing by 29% over the year. Finally, digital investment products[4] increased by 8.5% compared to the previous year, totaling $554 billion.

60% of product sales during the quarter were performed through digital channels. This figure represents a 50 bps increase compared to the previous year. As for transactions, 57% of monetary transactions were

[2] Digital Loans include: Consumer, Mortgage Mobile Credits and DaviPlata Nanocredit.
[3] Digital Deposits include: Mobile Savings Account, Term Deposits, and DaviPlata.
[4] Digital Investments includes:Voluntary Pension Funds and Mutual Funds.

made through digital channels, compared to 54% in 4Q21. In line with this trend, transactions made through physical channels decreased from 12% in 4Q21 to 10% in 4Q22.

Our digital native bank, Daviplata, reached 15.6 million customers at the end of the fourth quarter of 2022. Among these customers, 6.4 million hold other financial products, while 4.1 million count on DaviPlata as their only active financial product, and 5.2 million are common Davivienda customers. The balance in low amount deposits increased by 4.7% compared to the previous year, reaching 922 billion.

Transactional income excluding subsidies increased by 10.2% on a quarterly basis and 32.4% on an accumulated basis over the year.

STATEMENT OF FINANCIAL CONDITION

Assets

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Assets	**Dec. 21**	**Sep. 22**	**Dec.22**	**Q/Q**	**Y/Y**	**Dec.22**	**Q/Q**	**Y/Y**	**Dec.22**	**Q/Q**	**Y/Y**
Cash and Interbank Funds	15,461	13,626	16,330	19.8	5.6	6,344	21.0	-25.2	2,076	13.7	18.3
Investments	16,001	18,084	18,775	3.8	17.3	12,667	2.1	11.7	1,445	1.7	0.1
Gross Loans Portfolio	118,620	140,156	144,787	3.3	22.1	110,733	1.9	18.4	7,080	3.2	12.4
Loan Loss Reserves	-5,374	-5,944	-6,319	6.3	17.6	-5,386	8.1	17.8	-194	-7.6	-4.0
Other Assets	7,973	11,227	10,554	-6.0	32.4	7,867	-9.3	36.1	459	1.4	6.6
Total Assets	152,680	177,150	184,128	3.9	20.6	132,224	1.7	15.4	10,866	5.0	11.7

Q/Q Performance:

Assets amounted to COP 184.1 trillion, growing by 3.9% over the quarter. Excluding the effect of the COP depreciation over the quarter (+4.8%), assets increased by 2.6%.

Cash and interbank funds totaled COP 16.3 trillion, growing by 19.8% over the previous quarter. This is mainly attributable to cash available in foreign entities. Our investment portfolio totaled COP 18.8 trillion, growing by 3.8% over the quarter, mainly as a result of the increase in Central America's investment portfolio and the exchange rate effect. Another important factor is the increase in our structural investment portfolio which grows aligned with overall balance sheet behavior in order to comply with our liquidity policies.

Gross loans totaled COP 144.8 trillion, growing by 3.3% over the previous quarter. Loan loss provisions increased by 6.3% from the previous quarter, closing at COP 6.3 trillion, aligned with our risk profile and portfolio growth. Loan loss provisions as a percentage of gross loans was 4.4%, similar to pre-pandemic figures recorded in 2018 and 2019.

Finally, other assets contracted by 6.0% over the quarter, mainly due to lower balances of derivative contracts and accounts receivable.

Y/Y Performance:

Total assets increased by 20.6% over the year. Excluding the effect of the COP depreciation over the year (+20.8%), assets increased by 12.9%.

Cash and interbank funds increased by 5.6%. This is mainly attributable to the exchange rate effect in Central America, which resulted in a COP 3.0 trillion increase. Our investment portfolio expanded by 17.3%, mainly driven by the increase in the debt investments portfolio in Colombia aligned with our liquidity policies mentioned above, and the FX effect in Central America.

Gross loans grew by 22.1%, mainly driven by our commercial and consumer portfolios. Loan loss provisions increased by 17.6%, consistent with portfolio growth and write-offs over the past year.

Finally, other assets grew by 32.4%, mainly driven by an increase in derivatives and in accounts receivable throughout the year.

Gross Loans

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Gross Loans	Dec. 21	Sep. 22	Dec.22	Q/Q	Y/Y	Dec.22	Q/Q	Y/Y	Dec.22	Q/Q	Y/Y
Commercial	53,607	62,356	64,384	3.3	20.1	46,565	1.9	14.0	3,704	2.2	15.5
Consumer	34,595	43,253	44,367	2.6	28.2	35,135	0.3	25.7	1,919	7.0	14.8
Mortgage	30,418	34,547	36,036	4.3	18.5	29,032	3.9	17.2	1,456	1.1	2.6
Total	118,620	140,156	144,787	3.3	22.1	110,733	1.9	18.4	7,080	3.2	12.4

Q/Q Performance:

Gross loans closed at COP 144.8 trillion, growing by 3.3% over the quarter. Excluding the effect of the COP depreciation over the quarter (+4.8%), gross loans increased by 2.2%.

This performance shows that despite the economic slowdown, high interest rates and adjusted origination policies, demand remained strong throughout 2022.

Commercial loans grew by 3.3% over the quarter, fueled by demand in the corporate, business and construction segments, and by the exchange rate effect, which accounted for 1.3 pps of quarterly growth.

Consumer loans grew by 2.6%, largely on account of consumer demand in Central America for credit cards and payroll loans. It is important to highlight that the consumer portfolio in Colombia only grew 0.3%, as a result of tightened origination policies we have implemented throughout the year to face a more challenging macroeconomic environment.

Our mortgage loan portfolio increased by 4.3%, fueled by traditional housing and low-income housing segments, driven by subsidy programs in Colombia.

In our international subsidiaries, gross loans amounted to USD 7.1 billion, growing by 3.2%, mainly driven by consumer loans (7.0% growth), followed by commercial loans (2.2% growth).

Y/Y Performance:

Gross loans grew by 22.1% over the past year. Excluding the effect of the COP depreciation during the year (20.8%), gross loans grew by 14.6%.

Commercial loans grew by 20.1%, attributable to corporate demand, as mentioned above. It is worth mentioning that the exchange rate effect accounted for 7.2 pps of yearly growth.

Consumer loans increased by 28.2%, driven by the demand for unsecured personal consumer loans, credit cards, and payroll loans, a trend that was noticeable throughout the year. The exchange rate effect accounted for 8.3 pps of this portfolio's growth over the year.

Mortgage loans increased by 18.5%, driven by an increase in traditional mortgages, low-income housing, and residential leasing, particularly in Colombia, consistent with the sector's dynamics and subsidy programs in Colombia.

In our international subsidiaries, gross loans denominated in USD increased by 12.4%, mainly driven by the commercial portfolio, which increased by USD 496.1 million (+15.5%) over the year, followed by the consumer portfolio, increasing by USD 248.0 million (+14.8%), and mortgage loans, which expanded by USD 36.5 million (+2.6%).

Asset Quality and Coverage

	Consolidated			Colombia			International		
PDL	4Q21	3Q22	4Q22	4Q21	3Q22	4Q22	4Q21	3Q22	4Q22
Commercial	3.53%	2.71%	2.76%	4.21%	3.26%	3.25%	1.37%	1.19%	1.50%
Consumer	2.19%	2.68%	3.23%	2.10%	2.75%	3.47%	2.55%	2.37%	2.33%
Mortgage	4.35%	3.59%	3.65%	4.48%	3.64%	3.78%	3.76%	3.40%	3.12%
Total (90)[1]	3.35%	2.91%	3.13%	3.65%	3.19%	3.46%	2.22%	1.96%	2.06%
Mortgage (120)	3.56%	2.88%	2.97%	3.62%	2.91%	3.04%	3.30%	2.78%	2.67%
Total (120)[2]	3.15%	2.74%	2.96%	3.42%	3.00%	3.26%	2.12%	1.83%	1.96%

Portfolio	Stage 1	Stage 2	Stage 3	Total
Commercial	90.00%	6.24%	3.76%	64,384
Consumer	86.18%	10.66%	3.16%	44,367
Mortgage	93.41%	4.29%	2.30%	36,037
Total	**89.68%**	**7.11%**	**3.21%**	**144,787**

Write-offs (COP billion)	Quarterly Figures 4Q21	3Q22	4Q22	% Chg. Q/Q	Y/Y
Total write-offs	1,252	942	1,300	38.0	3.8

Write-offs (COP billion)	Accumulated Figures 4Q21	4Q22	% Chg. Y/Y
Total write-offs	5,065	3,701	-26.9

Q/Q Performance:

90-days PDLs closed at 3.13%, growing by 22 bps over the quarter mainly due to customers in Colombia being affected, mostly in the consumer portfolio, and the deterioration of the commercial book in Central America.

Non-performing consumer loans increased by 55 bps compared to the previous quarter. This performance is mainly explained by high interest rates and inflation levels, which negatively impact customer payment capacity and has generated a change in this portfolio's risk profile in Colombia.

Write-offs totaled COP 1.3 trillion in 4Q22, growing by 38.0% compared to the previous quarter, mainly concentrated in the consumer portfolio due to the increase in risk levels mentioned previously.

Y/Y Performance:

Consolidated 90-days PDLs decreased by 22 bps over the year, mainly due to portfolio growth, improved customer payment behavior in the commercial and mortgage books and write-offs throughout the year.

Write-offs in 4Q22 increased by 3.8% compared to 4Q21. This is mainly attributable to the dynamics of the consumer portfolio throughout the year.

Accumulated write-offs decreased by 26.9% over the year.

Coverage

Coverage	Coverage 4Q21	3Q22	4Q22
Commercial	135.8%	152.2%	126.7%
Consumer	302.4%	246.1%	253.5%
Mortgage	38.9%	42.6%	32.5%
Total	135.2%	145.5%	139.5%

Q/Q Performance:

The coverage ratio closed 4Q22 at 139.5%, a 602-bps reduction compared to 3Q22, explained mainly by:

- Improved payment behavior from commercial customers, which allowed for the release of provisions of some debtors.
- Provision optimization in the mortgage portfolio, better recognizing guarantee overcollateralization.
- And, the rise in 90-days PDLs, mostly in the consumer portfolio.

Y/Y Performance:

The coverage ratio increased by 424 bps year-over-year, nevertheless we observe a decrease in the individual coverage levels for each segment over the year aligned with provisioning dynamics during the quarter as previously mentioned. The increase in the total coverage ratio is mainly explained by a higher share of the consumer portfolio in the total book.

Funding Sources

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Funding Sources	**Dec. 21**	**Sep. 22**	**Dec.22**	**Q/Q**	**Y/Y**	**Dec.22**	**Q/Q**	**Y/Y**	**Dec.22**	**Q/Q**	**Y/Y**
Demand deposits	69,655	71,017	74,205	4.5	6.5	54,258	3.6	-0.7	4,147	2.0	10.0
Term deposits	29,929	42,790	45,612	6.6	52.4	31,871	5.7	61.7	2,857	3.7	11.3
Bonds	16,911	15,770	14,976	-5.0	-11.4	10,509	-11.1	-26.8	929	8.0	44.5
Credits	14,139	18,507	21,639	16.9	53.0	15,283	17.4	69.2	1,321	10.4	3.0
Total	130,634	148,085	156,432	5.6	19.7	111,921	4.3	14.5	9,254	4.2	12.0

Q/Q Performance:

Funding sources totaled COP 156.4 trillion, growing by 5.6% compared to the previous quarter, mainly driven by growth in demand deposits, credits with entities and term deposits. Excluding the effect of the COP depreciation (+4.8%), funding sources increased by 4.2%.

The balance of demand deposits reached COP 74.2 trillion, growing by 4.5% over the quarter.

Term deposits increased by 6.6%, as customer demand for these products increased due to higher interest rates.

Bonds closed 4Q22 at COP 15.0 trillion, a 5.0% reduction compared to 3Q22, primarily because some of our local issuances in Colombia reached their maturity.

The balance of credits with entities reached COP 21.6 trillion, growing by 16.9% over the quarter. This performance is mainly attributable to the credit acquired with the IFC amounting to USD 275 million in October.

Gross loans to funding sources ratio was 92.6%, 209 bps lower than the figure recorded in the previous quarter.

Y/Y Performance:

Funding sources grew by 19.7% over the year., mainly driven by growth in term deposits and credits with entities. Excluding the effect of COP depreciation (+20.8%) throughout the year, funding sources increased by 12.2%.

The increase of traditional deposits was mainly fueled by term deposits, which grew by 61.7% in Colombia and 11.3% in Central America, as high interest rates attracted customers to this type of product. Demand deposits grew by 6.5% over the year, mainly in Central America (+USD 378.5 million).

Bonds contracted by 11.4% compared to 4Q21 as some of our international and local issuances in Colombia reached maturity throughout the year.

Credits with entities grew by 53,0%, due to financial obligations acquired with foreign entities as previously mentioned.

Gross loans to funding sources ratio was 92.6%, 175 bps higher compared to 4Q21 (+90.8%), as gross loans have grown at a higher rate than funding sources.

Equity and Regulatory Capital

Total Regulatory Capital and Risk Weighted Assets (COP Billion)	Consolidated				
	New Regulation (Basel III)			% Chg.	
	4Q21	3Q22	4Q22	Q/Q	Y/Y
Equity	**14,280**	**15,882**	**16,293**	**2.6%**	**14.1%**
Common Equity Tier I Capital (CET1)	12,908	14,470	14,827	2.5%	14.9%
Additional Tier I Capital (AT1)	1,997	2,345	2,419	3.1%	21.1%
Tier II Capital	4,524	4,413	4,573	3.6%	1.1%
Total Regulatory Capital	**19,424**	**21,228**	**21,816**	**2.8%**	**12.3%**
Credit RWAs	97,590	116,920	119,158	1.9%	22.1%
Market Value at Risk * 100/9	4,156	4,664	4,813	3.2%	15.8%
Operational Value at Risk *100/9	6,158	9,635	9,963	3.4%	61.8%
Risk Weighted Assets	**107,904**	**131,219**	**133,934**	**2.1%**	**24.1%**
CET1 Ratio	11.96%	11.03%	11.07%	4 bps	-89 bps
Tier I Ratio	13.81%	12.81%	12.88%	7 bps	-93 bps
Total Capital Adequacy Ratio	18.00%	16.18%	16.29%	11 bps	-171 bps
Leverage Ratio	8.87%	8.63%	8.60%	-3 bps	-27 bps

Q/Q Performance:

Consolidated equity totaled $16.3 trillion as of December 2022, increasing by 2.59% over the quarter, due to profits and exchange rate.

The Common Equity Tier 1 ratio (CET1) closed at 11.07%, remaining stable during the quarter mainly due to the deceleration of risk weighted assets growth, primarily due to lower loan portfolio growth.

The Additional Tier 1 capital increased by 3.1% over the quarter, reflecting the exchange rate effect.

Tier II Capital increased by 3.6% over the quarter, mainly due to a higher value of debt in foreign currency as a consequence of exchange rate depreciation.

The Total Capital Adequacy Ratio increased by 11 bps, closing at 16.29% at the end of December 2022.

On the other hand, the leverage ratio reached 8.60%, 3 bps lower than the figure recorded in the previous quarter, mainly due to asset growth and higher exposition to money market operations.

Risk-Weighted Assets Density[5] was 72.7%, a 140 bps decrease compared to 3Q22 (74.1%), explained mainly by the reduced derivative weight.

Y/Y Performance:

Consolidated equity increased by 14.1% compared to the same period of the previous year, reflecting higher profits for the year, as mentioned above.

The Common Equity Tier 1 ratio (CET1) decreased by 89 bps over the year, as a result of the increase in risk-weighted assets, primarily driven by growth in consumer and commercial loans, a regulatory change in one of the parameters for the operational value at risk, and dividends distribution.

The Total Capital Adequacy Ratio decreased by 171 bps compared to the figure reported in 2021, mostly due to the same elements that affected the CET1 Ratio plus changes in the Tier II Capital including: a lower weighting of subordinated debt and the maturity of old-style Tier II bonds for 500 million USD

The leverage ratio decreased by 27 bps compared to 4Q21, mainly due to asset growth, even considering the growth seen in equity.

Risk-Weighted Assets Density increased by 200 bps compared to 4Q21 (70.7%). Mainly explained by total risk weighted asset growth, driven by the commercial and consumer portfolio, on top of the increase of operational value at risk mentioned previously.

In order to immunize our CET1 Ratio towards FX volatility, we have a strategy in which we record some of the exchange rate effects in the OCI instead of passing through the P&L. This year using this strategy, $1 trillion pesos were recognized in the OCI instead of being recognized as income in the P&L.

If we had recognized this amount in the P&L net of taxes, we would have reported approximately $2.3 trillion pesos in accumulated profits for 2022. In this sense, our return on average equity would have been 15.9% for 2022. On the other hand, our CET1 ratio would have been more volatile during the year and 20 to 30 bps lower at the end of December.

[5] Risk-Weighted Assets' Density: (RWAs by Credit, Market and Operational Risk) / Total Assets.

INCOME STATEMENT

Income Statement	Quarterly Figures			% Chg.		Accumulated Figures		% Chg.
(COP billion)	4Q21	3Q22	4Q22	Q/Q	Y/Y	4Q21	4Q22	Y/Y
Interest Income	2,787	4,199	5,000	19.1	79.4	10,587	15,862	49.8
Loan Income	**2,661**	**4,000**	**4,641**	**16.0**	**74.4**	**10,172**	**15,162**	**49.1**
Commercial	816	1,395	1,761	26.2	115.8	3,190	5,124	60.6
Consumer	1,146	1,677	1,853	10.5	61.7	4,164	6,296	51.2
Mortgage	699	927	1,027	10.7	47.0	2,818	3,742	32.8
Investment Income	**109**	**149**	**286**	**92.4**	**163.0**	**358**	**525**	**46.8**
Other Income	**17**	**51**	**72**	**43.3**	**324.4**	**58**	**175**	**203.0**
Financial Expenses	844	1,972	2,637	33.7	212.5	3,106	7,010	125.7
Demand Deposits	171	628	755	20.2	341.8	594	2,018	239.8
Term Deposits	267	706	1,078	52.7	303.9	1,069	2,543	137.8
Credits	93	217	336	54.6	259.6	374	794	112.2
Bonds	278	343	362	5.6	30.0	937	1,348	43.8
Other Expenses	34	78	106	36.5	211.0	131	308	134.7
Gross Financial Margin	1,943	2,227	2,363	6.1	21.6	7,482	8,851	18.3
Net Provision Expenses	825	760	1,324	74.1	60.5	3,301	3,446	4.4
Net Interest Margin	1,118	1,467	1,039	-29.2	-7.1	4,181	5,406	29.3
Exchange and Derivatives	131	30	-22	-172.9	-116.5	498	279	-44.0
Non Financial Income	**400**	**454**	**462**	**1.7**	**15.5**	**1,595**	**1,882**	**18.0**
Fee Income	418	414	441	6.6	5.5	1,501	1,679	11.8
Other Net Income and Expenses	-19	40	20	-48.9	N/A	94	204	117.9
Operating Expenses	**1,247**	**1,335**	**1,463**	**9.6**	**17.3**	**4,500**	**5,247**	**16.6**
Personnel Expenses	459	530	550	3.8	19.9	1,794	2,046	14.1
Operation Expenses	573	550	644	17.2	12.4	1,878	2,223	18.3
Other Expenses	215	254	268	5.4	24.9	828	978	18.2
Income before Taxes	402	616	16	-97.3	-95.9	1,773	2,320	30.8
Income Tax	69	216	-32	-114.7	-146.2	512	704	37.5
Net Profit	**333**	**399**	**48**	**-87.9**	**-85.5**	**1,261**	**1,616**	**28.1**

Net Profit

Quarterly figures

Q/Q Performance:

Net profits totaled COP 48.2 billion in 4Q22, decreasing by 87.9% over the quarter due to higher provision and operational expenses, together with lower exchange and derivative incomes. Consequently, the annualized quarterly return on average equity (ROAE) decreased by 919 bps, going from 10.39% to 1.20%.

Net profits in Colombia amounted to COP – 107.6 billion, decreasing by 131.4% from the previous quarter, mainly explained by higher provision expenses (+88.8%) and financial expenses (+33.2%) over the quarter.

Profits derived from the operation in Central America totaled USD 32.9 million, growing by 195.6% over the quarter, due to higher loan income (+10.5%) and investment income (+102.3%), mainly seen in El Salvador where we had some portfolio deterioration reinstatements and lower loan loss provisions (-97.0%) for the region.

Y/Y Performance:

Consolidated profits experienced an annual COP 284.8 billion contraction, reflecting higher provision and operational expenses, together with lower exchange and derivatives income.

Net profits in Colombia decreased by COP 278.3 billion, largely due to a 64.7% increase in provision expenses, an 11.2% growth in operational expenses, and a 73.6% reduction of exchange and derivative income.

In our international operation, net profits in USD decreased by USD 9.6 million compared to the figure recorded in 4Q21. This performance is explained by higher operating expenses (+11.0%) and lower exchange and derivatives income (-222.4%).

Accumulated figures

Y/Y Performance:

Consolidated profits closed at COP 1.62 trillion, growing by 28.1% compared to the accumulated figure recorded in December 2021. This behavior is mainly attributable to higher loan income, lower cost of risk compared to the previous year, and increased non-financial income.

The 12-month return on average equity (ROAE) closed 2Q22 at 10.74%, 139 bps above the figure recorded in 4Q21.

In our Colombian operation, net profits closed at COP 1.12 trillion, growing by 29.2% compared to December 2021, in line with the behavior seen in the consolidated figures.

In our international operations, accumulated profits in USD closed at USD 117.2 million, growing by 10.6%, mainly due to increased loan income and reduced provision expenses.

Gross Financial Margin

Gross Financial Margin	Quarterly Figures			% Chg.		Accumulated Figures		% Chg.
(COP billion)	4Q21	3Q22	4Q22	Q/Q	Y/Y	4Q21	4Q22	Y/Y
Loan Income	2,661	4,000	4,641	16.0	74.4	10,172	15,162	49.1
Investments and Interbank Income	126	199	359	79.9	184.9	415	699	68.5
Financial Income	2,787	4,199	5,000	19.1	79.4	10,587	15,862	49.8
Financial Expenses	844	1,972	2,637	33.7	212.5	3,106	7,010	125.7
Gross Financial Margin	1,943	2,227	2,363	6.1	21.6	7,482	8,851	18.3

NIM				Bps. Chg	
Annualized Quarter	4Q21	3Q22	4Q22	Q/Q	Y/Y
Total NIM	5.95%	5.91%	5.95%	4	0
Total NIM FX+D	6.35%	5.99%	5.90%	-9	-45

Quarterly figures

Q/Q Performance:

The consolidated gross financial margin for the quarter totaled COP 2.4 trillion, increasing by 6.1%, which is mainly attributable to a COP 641.9 billion (+16.0%) increase in loan income and a COP 137.4 billion (+92.4%) increase in investment income.

Loan income increased aligned with asset repricing amid monetary policy rate hikes, portfolio growth, and changes in our portfolio mix towards more profitable segments. This behavior is mainly explained by income from the commercial portfolio (+26.2%), due to its growth and higher interest rates.

Investment income increased consistently with the valorization of the yield curves of our sovereign debt investments during the quarter.

Financial expenses increased by 33.7% over the quarter, reflecting liability repricing.

The quarterly NIM closed at 5.95%, growing by 4 bps compared to the previous quarter, as a result of higher gross financial margin growth compared to the increase seen in assets over the quarter.

When including foreign exchange and derivatives income to reflect the result of our hedging strategy, the quarterly NIM closed at 5.90%, decreasing 9 bps over the quarter, mainly due to lower exchange and derivatives income as a result of the the exchange rate impact in Central America, as the Costa Rican colon has appreciated against the USD throughout the quarter.

Y/Y Performance:

The gross financial margin for 4Q22 increased by 21.6% compared to the figure recorded in 4Q21. This result is mainly explained by an increase in loan income (+74.4%), as previously mentioned.

In Colombia, the gross financial margin closed at 18.7%. This behavior is mainly explained by higher income from the consumer and commercial portfolios. On the other hand, financial expenses rose 257.7% over the year due to higher interest rates, impacting the cost of liabilities.

In our international operation, the gross financial margin in USD increased by 7.7% over the year, in line with higher loan income. On the other hand, investment income decreased by 6.0%. Financial expenses grew by 44.3%, largely due to the behavior seen in Costa Rica and Panama, mainly attributable to the increase in term deposit and bond balances.

Accumulated figures

Y/Y Performance:

Accumulated gross financial margin reached nearly COP 8.9 trillion in December 2022, growing by 18.3% compared to the figure recorded during the same period of the previous year, due to the COP 5.3 trillion increase in financial income, compared to the COP 3.9 trillion growth in financial expenses.

In Colombia, the accumulated gross financial margin closed at COP 7.0 trillion, growing by 17.8% as a result of higher loan income, due to a higher central bank interest rate in Colombia, which went from 3.00% in December 2021 to 12.00% in December 2022. Additionally, investment income increased compared to the previous year, as a result of the performance of our debt instruments portfolio, given the behavior of our sovereign debt investments during the year.

In our Central American operation, the accumulated gross financial margin reached USD 428.5 million, growing by 5.7%, as a result of higher loan income (+8.3%) and interbanks income (+199.5%).

The 12-month NIM closed at 6.04%, increasing by 10 bps compared to the figure recorded the previous year, as the growth of the gross financial margin has outpaced productive asset growth over the year. Furthermore, when including income from exchanges and derivatives to reflect the result of our hedging strategy, our NIM closed at 6.23%, 10 bps lower compared to 4Q21.

NIM				**Bps. Chg**	
12 Months	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**
Total NIM	5.94%	6.03%	6.04%	1	10
Total NIM FX+D	6.33%	6.34%	6.23%	-11	-10

Provision Expenses

Provision Expenses	**Quarterly Figures**			**% Chg.**		**Accumulated Figures**		**% Chg.**
(COP billion)	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**	**4Q21**	**4Q22**	**Y/Y**
Provision for credit losses	1,085	1,138	1,707	50.0	57.3	4,330	4,685	8.2
Loan recoveries	255	379	383	1.2	50.0	1,028	1,240	20.7
Net loan sales	5	-1	0	N/A	-100.0	1	-1	-193.7
Net Provision Expenses	**825**	**760**	**1,324**	**74.1**	**60.5**	**3,301**	**3,446**	**4.4**

Cost of Risk				**Bps. Chg**	
Annualized Quarter	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**
CoR	2.78%	2.17%	3.66%	149	88

Quarterly figures

Q/Q Performance:

Provision expenses (net of recoveries) totaled COP 1.3 trillion, a 74.1% increase compared to the previous quarter. This performance reflects the materialization of a challenging economic scenario during the last quarter of 2022 and an expectation of this trend continuing into 2023, which is recognized through the update of macroeconomic parameters in our provisioning models.

As a consequence, the annualized quarterly cost of risk closed at 3.66%, a 149 bps increase compared to the previous quarter.

Y/Y Performance:

In our consolidated operation, provision expenses (net of recoveries) increased by 60.5% over the year, which is consistent with the credit risk scenario mentioned above that led to an increased need for loan loss provisions.

Accumulated figures

Y/Y Performance:

Provision expenses (net of recoveries) totaled COP 3.4 trillion in December 2022, growing by 4.4% compared to the accumulated figure recorded in 4Q21. This is explained by a higher need for provisions in the last quarter of 2022, as previously mentioned.

The 12-month cost of risk closed at 2.38%, a 40 bps decrease compared to the figure recorded in 2021.

Cost of Risk				Bps. Chg	
12 months	4Q21	3Q22	4Q22	Q/Q	Y/Y
CoR	2.78%	2.10%	2.38%	28	-40

Non Financial Income

Non Financial Income	Quarterly Figures			% Var.		Accumulated Figures		% Var.
(Billion COP)	4Q21	3Q22	4Q22	Q/Q	Y/Y	4Q21	4Q22	Y/Y
Fee income	418	414	441	6.6	5.5	1,501	1,679	11.8
Other Net Income and Expenses	-19	40	20	-48.9	-209.0	94	204	117.9
Non-Financial Income	**400**	**454**	**462**	**1.7**	**15.5**	**1,595**	**1,882**	**18.0**

Quarterly figures

Q/Q Performance:

Non-financial income totaled COP 461.8 billion at the end of the fourth quarter of 2022, representing an increase of 1.7% compared to the previous quarter.

Fee income grew by 6.6% during the quarter, mainly explained by the increase in fees from credit cards and other transactions.

On the other hand, other net income and expenses decreased by 48.9% over the quarter, mainly explained by the current results of our investments in other companies.

Y/Y Performance:

Non-financial income grew by 15.5% compared to the figure recorded in 4Q21, due to higher net income from fees and services.

Accumulated figures

Y/Y Performance:

Accumulated non-financial income as of December 2022 increased by 18.0% compared to the previous year, mainly due to an increase in income from credit and debit card fees and insurance placement fees.

Other income increased by 117.9% compared to the figure recorded in December 2021, mainly explained by a base effect due to the goodwill impairment in El Salvador by the end of last year.

Operating Expenses

Operating Expenses	**Quarterly Figures**			**% Chg.**		**Accumulated Figures**		**% Chg.**
(COP billion)	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**	**4Q21**	**4Q22**	**Y/Y**
Personnel Expenses	459	530	550	3.8	19.9	1,794	2,046	14.1
Operating Expenses and Others	788	804	913	13.5	15.8	2,706	3,201	18.3
Total Expenses	**1,247**	**1,335**	**1,463**	**9.6**	**17.3**	**4,500**	**5,247**	**16.6**

Cost-to-Income				**Bps. Chg**	
Annualized Quarter	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**
Cost-to-Income	50.4%	49.2%	52.2%	300	180

Quarterly figures

Q/Q Performance:

Operating expenses increased by 9.6% in 4Q22 compared to the previous period, reflecting an increase in personnel expenses associated with incentives to the sales force for product placement, coupled with higher operating and other expenses related to advertising, professional fees related to technological infrastructure and maintenance and remodeling.

It is important to mention that expenses remain affected by the depreciation in the average exchange rate, which accounted for 120 bps of the increase in operating expenses throughout the quarter.

The efficiency ratio for the quarter was 52.20%, increasing 300 bps compared to the previous quarter.

Y/Y Performance:

Operating expenses in 4Q22 increased by 17.3% compared to 4Q21, negatively impacted by a 13.7% depreciation in the average exchange rate, as well as inflation levels and an increase in the minimum wage in Colombia.

Additionally, this performance is attributable to operating and other expenses (15.8%), following an increase in expenses related to industry and commerce tax, professional fees, insurance, cloud services, and advertising.

In addition, personnel expenses increased by 19.9%, following the salary increase in 2022 and higher incentives to the sales force for product placement.

Accumulated figures

Y/Y Performance:

Accumulated operating expenses amounted to COP 5.2 in December 2022, increasing by 16.6% compared to December 2021, impacted by the exchange rate, inflation and salary increases in Colombia.

The depreciation of the average exchange rate accounts for approximately 340 bps of this increase in accumulated operating expenses.

Operating and other expenses were driven by expenses related to industry and commerce tax, insurance, cloud services, professional fees, and advertising.

Personnel expenses increased, mainly due to higher sales force incentives for product placement.

The 12-month Efficiency ratio stood at 47.8% at the end of the fourth quarter of the year, increasing by 64 bps compared to the previous year, reflecting increased expenditures recorded throughout the past 12 months.

Cost-to-Income				**Bps. Chg**	
12 months	**4Q21**	**3Q22**	**4Q22**	**Q/Q**	**Y/Y**
Cost-to-Income	47.1%	47.2%	47.8%	55	64

Taxes

Quarterly figures

Income Tax Quarter	4Q21	3Q22	4Q22	% Chg Q/Q	Y/Y
Tax	69	216	-32	-114.7	-146.2

Tax Rate Quarter	4Q21	3Q22	4Q22	Bps. Chg Q/Q	Y/Y
Effective Tax Rate	17.1%	35.1%	0%	N/A	N/A

Q/Q and Y/Y Performance:

Income tax for the quarter presented a reinstatement of COP 31.8 billion, due to tax discounts and tax exempt income over low profits before taxes.

Accumulated figures

Y/Y Performance:

Income Tax Accumulated	4Q21	4Q22	% Chg Y/Y
Tax	512	704	37.5

Tax Rate Accumulated	4Q21	4Q22	Bps. Chg Y/Y
Effective Tax Rate	28.9%	30.3%	146.5

The accumulated income tax as of December 2022 was COP 703.6 billion, increasing by 37.5% compared to the amount recorded in the same period of the previous year, as the income tax rate increased from 34% in 2021 to 38% for 2022.

The cumulative effective tax rate increased 146 bps compared to December 2021, going from 28.9% to 30.3% in December 2022, mainly as a result of the increase in the income tax rate.

Glossary

1. **PDL > 90 =** Past due Loans > 90 days / Gross Loan Portfolio
2. **Mortgage PDL > 120 =** Past due Mortgage Loans > 120 days / Gross Loan Portfolio
3. **Total PDL > 120 =** (Mortgage > 120 days + Commercial > 90 days + Consumer > 90 days) / Gross Loan Portfolio
4. **Coverage:** Loan Loss Provisions / Past due Loans > 90 days

5. **Gross Loans / Funding Sources =** Gross Loan Portfolio / (Demand Deposits + Term Deposits + Credits with Entities + Bonds)
6. **ROAE (12 months) =** Net Profits (12 months) / Average Equity (5 Quarters).
7. **ROAE (Annualized Quarter) =** (Net Profits (Quarter) x 4)/ Average Equity (2 Quarters)
8. **ROAA (12 months)) =** Net Profits (12 months) / Average Assets (5 Quarters).
9. **ROAA (Annualized Quarter) =** (Net Profits (Quarter) x 4) / Average Assets (2 Quarters)
10. **NIM (12 months) =** Gross Financial Margin (12 months) / Average Interest Earning Assets (5 quarters)
11. **NIM (Annualized Quarter)=** Gross Financial Margin (Quarter) x 4/ Average Interest Earning Assets (2 Quarters)
12. **NIM (FX&D)(12 months) =**(Accumulated Gross Financial Margin (12 months) + Accumulated Exchanges and Derivatives (12 months)) / Average Interest Earning Assets (5 Quarters)
13. **NIM (FX&D) (Annualized Quarter) =** (Gross Financial Margin (Quarter) + Exchanges and Derivatives (Quarter) x 4) / Interest Earning Assets (2 Quarters)
14. **Loan NIM (12 months) =**(Loan Income (12 months) - (Savings Accounts Expenses (12 months) + Checking Accounts Expenses (12 months) + Term Deposit Expenses (12 months) + Credits with Entities Expenses (12 months) + Bond Expenses (12 months)) / Average Interest Earning Loans (5 Quarters)
15. **Investment NIM (12 months) =**(Fixed Income Securities Income (Accum. 12 months) + Interbank Income (Accum. 12 months) - Financial Expenses due to Monetary Market Operations (Accum. 12 months)) / (Average Fixed Income Securities (5 Quarters) + Average Interbank Funds (5 Quarters))
16. **Investment NIM (FX&D) (12 months) =**(Fixed Income Securities Income (Accum. 12 months) + Interbank Income (Accum. 12 months) - Financial Expenses due to Monetary Market Operations (Accum. 12 months) + (Exchanges and Derivatives (Accum. 12 months)) / (Fixed Income Securities (5 Quarters) + Interbank Funds (5 Quarters))
17. **Cost of Risk (12 months) =** Provision Expenses (12 Months) / Gross Loans
18. **Cost of Risk (Annualized Quarter) =** Provision Expenses (Quarter) x 4 / Gross Loans
19. **Non Financial Income Ratio =** Total Non Financial Income /(Gross Financial Income + Non Financial Income + Exchange and Derivative Income)
20. **Earnings per Share (EPS) COP =** (Accumulated Net Profits (12 months)) / Total Shares
21. **Earnings per Share (EPS) USD =** (Accumulated Net Profits (12 months) / Exchange Rate as of the close of the Current Reported Quarter) / Total Shares
22. **Price / Earnings per Share (P/E) =** Preferred Share Closing Price / Earnings per Share (EPS) COP
23. **Book Value per Share (BV) COP =** (Consolidated Equity - Non-controlling Interest) / Total Shares
24. **Price to Book Value (P/BV) (x) =** Preferred Share Closing Price / Book Value per Share (BV) COP
25. **Market Capitalization (Bn COP) =** Total Shares * Preferred Share Closing Price
26. **Market Capitalization (Bn USD) =** (Total Shares * Preferred Share Closing Price) / Exchange Rate as of the close of the Current Reported Quarter
27. **Preferred Share Closing Price USD =** Preferred Share Closing Price COP / Exchange Rate as of the close of the Current Reported Quarter

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and liquidity, and the effect of legal proceedings and new accounting standards on our financial condition and results of operations. All statements that are not clearly historical in nature are forward-looking.

These forward-looking statements involve certain risks, uncertainties, estimates and assumptions by management. Various factors, some of which are beyond our control, could cause actual results to differ materially from those contemplated by such forward-looking statements.

All forward-looking statements included in this presentation are based on information and calculations carried out internally by Davivienda as of the date of this conference and, therefore, Davivienda assumes no obligation to update or revise any of those forward-looking statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future.

If one or more of these risks or uncertainties should occur, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

These financial statements have been prepared in accordance with International Financial Reporting Standards and are presented in nominal terms. The resulting statement for the closed quarter on December 31st, 2022 shall not be necessarily indicative of results expected for any other period.

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