Banco Davivienda S.A. and Subsidiaries

Consolidated Financial Statements for the year ended on December 31st, 2024

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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Davivienda S.A.:

Opinion

I have audited the consolidated financial statements of Banco Davivienda S.A. and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2024 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other informative explanation.

In my opinion, the accompanying consolidated financial statements, mentioned above, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding year.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities in accordance with those standards are described in the section "Statutory Auditor's Responsibilities for the Audit of the consolidated Financial Statements" of my report. I am independent with respect to the Group, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia and I have complied with my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned above. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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Assessment of Impairment of Loan Portfolio under IFRS 9 (See notes 6, 10.3.1.4, 12.5.1 and 12.5.4 to the consolidated financial statements)	
Key Audit Matter	**How it was addressed in the audit**
The Group periodically reviews the credit risk exposure of its loan portfolio. Such 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 models to determine impairment based on an expected loss approach required by IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2024 is $145,458,267 and $5,528,154 million, respectively. I considered the assessment of loan portfolio impairment as a key audit matter because it involves significant measurement complexity that required judgment, knowledge and experience in the industry particularly in relation to (1) the evaluation of the methodologies used, including the methodology for estimating loss given default; (2) the probability of loss given default and its key factors and assumptions; (3) the loan grading and qualitative factors that are incorporated within the internal model variables established by the Group; and (4) the estimated credit risk impairment calculations for the entire loan portfolio.	My audit procedures for assessing the adequacy of credit risk impairment included, among others, the following: • Engagement of professionals with experience and expertise in credit risk assessment and information technology to evaluate certain internal controls related to the Group's process for determining loan portfolio impairment. This included controls related to (1) validation of the models that determine the probability of loss, severity (LGD) and exposure at default, (2) the Group's monitoring of the determination of portfolio impairment (3) information technology controls over the input data to the models that determine credit impairment, as well as related calculations; (4) the assessment to identify whether there was a significant change in credit risk; (5) the evaluation of macroeconomic variables and weighted scenarios used in the models for the determination of credit portfolio impairment; and (6) the verification of controls related to the evaluation of individually analyzed trade receivables and write-offs. • Professionals with expertise in credit risk assessment and information technology assisted me in (1) evaluating the methodologies and key data used to determine the probability of loss, loss severity and exposure at default and the parameters produced by the models; (2) evaluating the macroeconomic variables and weighted probability scenarios used in the internal models including consideration

	of alternative data for certain variables; (3) recalculating the expected loss model and its related data; and (4) evaluating the qualitative adjustments applied to the model.

Other Matters

The consolidated financial statements as of and for the year ended December 31, 2023 are presented solely for comparative purposes, were audited by me and in my report dated February 26, 2024, I expressed an unqualified opinion thereon.

Other Information

Management is responsible for the other information. The other information comprises the contents of the annual report, related to: "Message from the president, Our Strategy and Sustainable Management, but does not include the consolidated financial statements and my audit report thereon, nor the management report on which I express an opinion in the Other legal and regulatory requirements section, in accordance with the provisions of Article 38 of Law 222 of 1995.

My opinion on the consolidated financial statements does not address the other information, and I do not express any form of assurance conclusion on this information.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the consolidated financial statements, or my knowledge obtained in the audit, or otherwise appears to be a material misstatement.

If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibility of the Group's Management and those Charged with Corporate 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 Bank's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements taken are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance means 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 due to 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 based on these consolidated financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism during the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one arising from error, because 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 assumption and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may indicate significant doubt about the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure that describes this situation in the consolidated financial statements or, if this disclosure is inadequate, I have to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to operate 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 consolidated financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate to those charged with governance of the Group, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with confirmation that I have complied with relevant ethical independence requirements and that I have disclosed to them all relationships and other matters that might reasonably be thought to bear on my independence and, where appropriate, related safeguards.

From the matters communicated with those charged with governance, I determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and, accordingly, are the key audit matters. I describe these matters in my Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

(Original signed in Spanish)
Gustavo Adolfo Roa Camargo
Statutory Auditor of Banco Davivienda S.A.
Registration No. 90879 – T
Member of KPMG S.A.S

February 26, 2025

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITY FOR FINANCIAL INFORMATION

The undersigned, the Legal Representative and Chief Accountant of Banco Davivienda S.A., in compliance with the provisions set forth in Articles 46 and 47 of Law 964 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Consolidated Financial Statements for the period from January 1 to December 31, 2024, do not contain any misstatements, inaccuracies, or errors that would prevent a true and fair view of the financial position or the operations of Banco Davivienda S.A. and its subsidiaries, in accordance with Article 46 of Law 964 of 2005.

In compliance with the provisions of the Accounting and Financial Reporting Standards accepted in Colombia and considering the Conceptual Framework, the information and assertions presented in the Consolidated Financial Statements have been duly verified and obtained from the accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. and its subsidiaries maintain adequate disclosure and financial information control systems, supported by specifically designed procedures to ensure that such information is properly presented. The operation of these systems is verified by the Audit Department and the Accounting Directorate.

Furthermore, we confirm that there have been no significant deficiencies in the design and operation of internal controls that would have prevented the Bank and its subsidiaries from properly recording, processing, summarizing, or presenting their consolidated financial information. Management has conducted control activities to prevent fraud risks in processes affecting the quality of consolidated financial information and to monitor changes in the evaluation methodology.

The Consolidated Financial Statements reflect the existing assets, liabilities, and equity as of the reporting date, which represent probable future rights and obligations, respectively. The transactions recorded during the period, related to the Bank and its subsidiaries, have been recognized for the appropriate amounts, properly classified, described, and disclosed, in accordance with the Conceptual

Framework and in compliance with the Accounting and Financial Reporting Standards accepted in Colombia.

The assertions contained in the Financial Statements have been previously verified to ensure compliance with regulatory provisions and that they have been faithfully derived from the accounting books, in accordance with Article 37 of Law 222 of 1995. The Bank and its subsidiaries have adequate procedures for the control and disclosure of financial information, and their operation has been verified in accordance with the provisions of Article 46 of Law 964 of 2005.

Bogota, February 26, 2025

Juan Carlos Hernández Núñez	**Tatiana Saldarriaga Jiménez**
Legal Representative	CPA 136928 -T

Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of Financial Position
(Millions of Colombian Pesos (COP))

	Note	December 31, 2024	December 31, 2023
Assets			
Cash	12.1.	16,297,182	15,003,097
Interbank and overnight funds	12.2.	1,656,071	2,935,926
Investments measured at fair value	12.3.	16,032,483	13,343,570
Derivatives	12.4.	798,584	1,580,630
Loan portfolio and financial leases operations, net	12.5.	139,930,113	129,899,052
Accounts receivable, net	12.6.	2,549,228	2,590,566
Current tax assets		2,414,847	1,468,930
Assets held for sale, net	12.7.	183,145	233,836
Investments measured at amortized cost, net	12.3.	4,797,417	5,131,412
Investments in associates and joint arrangements	12.8.	217,266	221,976
Investments in other companies	12.9.	659,433	637,102
Property and equipment, net	12.11.	1,678,883	1,669,796
Investment properties, net	12.12.	505,593	399,589
Goodwill	12.14.	1,600,356	1,551,888
Intangibles, net	12.15.	485,779	410,525
Other assets, net	12.16.	1,520,906	1,140,547
Total Assets		**191,327,286**	**178,218,442**
Liabilities			
Deposits	12.18.	137,583,697	124,736,738
Savings accounts and electronic deposits		49,312,183	47,308,308
Checking accounts		16,200,215	15,936,584
Time deposits		70,796,890	60,180,191
Other deposits		1,274,409	1,311,655
Interbank and overnight operations	12.19.	3,744,564	1,926,320
Derivatives	12.4.	772,893	1,975,177
Credits with banks and other obligations	12.20.	16,028,005	16,320,457
Debt instruments issued	12.21.	11,399,140	12,836,332
Accounts payable	12.22.	2,473,614	3,112,142
Employee benefits	12.23.	404,690	361,407
Current tax liabilities		776,940	109,811
Deferred tax liabilities, net		50,015	103,838
Technical reserves	12.24.	419,622	324,366
Other non-financial and estimated liabilities	12.25.	1,513,288	1,659,078
Total Liabilities		**175,166,468**	**163,465,666**
Equity			
Capital		87,781	81,301
Share Premium		5,530,807	4,817,287
Reserves		5,644,286	6,546,635
First-time adoption adjustments		104,696	107,023
Other comprehensive income		4,686,716	3,409,360
Results attributable to owners of the controlling company		(115,975)	(395,700)
Total equity of owners of the controlling company		**15,938,311**	**14,565,906**
Non-controlling interests		**222,507**	**186,870**
Total Equity		**16,160,818**	**14,752,776**
TOTAL LIABILITIES AND EQUITY		**191,327,286**	**178,218,442**

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

TATIANA SALDARRIAGA JIMENEZ
Accountant
Professional License No. 136928-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated february 26, 2025)

Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of Income
(Millions of Colombian Pesos (COP))

Years ended December 31:	**Note**	**2024**	**2023**
Interest and investment income		20,089,899	22,331,028
Interest income on loan portfolio		17,811,631	19,782,270
Investments and valuation, net	13.1.	1,758,272	2,065,273
Interbank and overnight funds, repos, simultaneous transactions		519,996	483,485
Interest expense		11,414,506	13,039,471
Deposits		8,654,799	9,534,573
Checking accounts		71,752	115,537
Savings accounts		1,980,891	2,720,457
Time deposits		6,602,156	6,698,579
Borrowings from banks and other financial obligations		1,248,398	1,660,842
Debt instruments issued		1,053,535	1,421,222
Other interest		457,774	422,834
Gross Financial Margin		**8,675,393**	**9,291,557**
Impairment of financial assets, net		5,195,503	5,917,197
Impairment of financial assets		7,613,464	9,893,631
Recovery of financial assets		(2,417,961)	(3,976,434)
Net Financial Margin		**3,479,890**	**3,374,360**
Insurance transactions income, net	13.2.	193,441	195,457
Fees and service income, net	13.2.	1,975,776	1,893,571
Result of investments in associates and joint operations, net		(50,459)	(139,063)
Operating expenses	13.3.	6,216,998	5,940,304
Personnel expenses		2,496,776	2,312,497
Overhead		3,272,836	3,250,485
Amortizations and depreciation		447,386	377,322
Profit (Loss) on exchanges		(16,235)	733,432
Derivatives, net		265,505	(1,345,986)
Dividends received		27,702	30,800
Other income and expenses, net	13.4.	277,858	203,930
Results Before Income Tax		**(63,520)**	**(993,803)**
Income tax	13.5.	26,135	(621,471)
Current income tax		188,505	217,734
Deferred income tax		(162,370)	(839,205)
Net Result for the Year		**(89,655)**	**(372,332)**
Results attributable to the owners of the controlling company		(115,975)	(395,700)
Results attributable to non-controlling interest		26,320	23,368
Earnings per share in COP (1)		**(241)**	**(876)**

(1) Calculated as: Net income attributable to owners of the parent company / Weighted average number of shares outstanding.

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

TATIANA SALDARRIAGA JIMENEZ
Accountant
Professional License No. 136928-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated february 26, 2025)

Banco Davivienda S. A. and Subsidiaries
Consolidated Statements of Other Comprehensive Income
(Millions of Colombian Pesos (COP))

Years ended December 31:	**2024**	**2023**
Result attributable to the owners of the controlling interest	(115,975)	(395,700)
Result attributable to non-controlling interest	26,320	23,368
Net Income for the year	**(89,655)**	**(372,332)**
Components of other comprehensive income that will not be reclassified to profit or loss, net of taxes		
Valuation of financial instruments	(45,074)	236,533
Realization to retained earnings from non-controlling equity instruments	-	11,703
Long-term employee benefits	1,881	(7,636)
Loan portfolio impairment for consolidated financial statements (1)	487,891	584,621
Total other comprehensive income that will not be reclassified to profit or loss, net of taxes	**444,698**	**825,221**
Components of other comprehensive income that will be reclassified to profit or loss, net of taxes:		
Share of profit (loss) of investments accounted for using the equity method	(2,917)	(4,050)
Foreign exchange differences from foreign subsidiaries (note 2)	829,366	(952,920)
Cash flow hedge with derivatives	29,563	-
Total other comprehensive income that will be reclassified to profit or loss, net of taxes	**856,012**	**(956,970)**
Total other comprehensive income, net of taxes	**1,300,710**	**(131,749)**
Total comprehensive income for the year	**1,211,055**	**(504,081)**
Comprehensive income attributable to owners of the parent company	1,161,381	(495,019)
Comprehensive income attributable to non-controlling interests	49,674	(9,062)
Total comprehensive income for the year	**1,211,055**	**(504,081)**

(1) Required by the Colombian Financial Superintendency.

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

TATIANA SALDARRIAGA JIMENEZ
Accountant
Professional License No. 136928-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated february 26, 2025)

Banco Davivienda S.A. and its Subsidiaries
Consolidated Statement of Changes in Equity
(Millions of Colombian Pesos (COP))

					OTHER COMPREHENSIVE INCOME						RETAINED EARNINGS				
Years Ended December 31, 2024, and 2023	**Capital**	**Share Premium**	**Reserves**	**First-Time IFRS Adoption**	**Valuation of Financial Instruments**	**Long-Term Eployee Benefits**	**Equity Interest in Investments Accounted for Using the Equity Method**	**Impairment of Loan Portfolio for Consolidated Financial Statements**	**Exchange Difference on Translation - Foreign Subsidiaries**	**Hedges with Derivatives**	**Retained Earnings from Prior Years**	**Net Profit (Loss) for the Year**	**Total Equity Attributable to Owners of the Parent Company**	**Non-Controlling Interest**	**Total Equity**
Balance as of December 31, 2022	81.301	4.817.287	5.979.513	109.767	77.914	(1.850)	(12.872)	1.566.313	1.879.174	-	-	1.593.142	16.089.689	203.689	16.293.378
Transfer of Retained Earnings											1.593.142	(1.593.142)	-	(15.852)	(15.852)
Dividend Distribution															
Dividends declared in cash, at a rate of $1,010 per share on 451,670,413 subscribed and paid shares. Payment dates: April 12 and September 13, 2023. (Note 2)											(456.187)		(456.187)	(9)	(456.196)
Movement in Reserves:															
Occasional Reserve			551.733								(551.733)		-	7.722	7.722
Statutory Reserve			15.389								(15.389)		-	404	404
Realization of First-Time IFRS Adoption				(2.744)							2.744		-	(22)	(22)
Other Comprehensive Income, Net of Income Tax					246.694	(7.636)	(4.074)	584.621	(918.924)		(572.577)		(671.896)	(32.430)	(704.326)
Net Profit (Loss) for the Year												(395.700)	(395.700)	23.368	(372.332)
Balance as of December 31, 2023	**81.301**	**4.817.287**	**6.546.635**	**107.023**	**324.608**	**(9.486)**	**(16.946)**	**2.150.934**	**960.250**	**-**	**-**	**(395.700)**	**14.565.906**	**186.870**	**14.752.776**
Issuance of Shares:															
Increase in capital issued through the issuance of 27,392,472 common shares and 8,607,528 preferred shares.	6.480	713.520											720.000		720.000
Transfer of Retained Earnings											(395.700)	395.700	-	(24.373)	(24.373)
Movement in Reserves:															
Occasional Reserve			(902.739)								902.739		-	9.842	9.842
Statutory Reserve			390								(390)		-	570	570
Realization of First-Time IFRS Adoption				(2.327)							2.327		-	(76)	(76)
Other Comprehensive Income, Net of Income Tax					(44.175)	1.873	(1.888)	487.891	804.092	29.563	(508.976)		768.380	23.354	791.734
Net Profit (Loss) for the Year												(115.975)	(115.975)	26.320	(89.655)
Balance as of December 31, 2024	**87.781**	**5.530.807**	**5.644.286**	**104.696**	**280.433**	**(7.613)**	**(18.834)**	**2.638.825**	**1.764.342**	**29.563**	**-**	**(115.975)**	**15.938.311**	**222.507**	**16.160.818**

See the Notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Representante Legal

TATIANA SALDARRIAGA JIMÉNEZ
Contador
TP. No. 136928-T

GUSTAVO ADOLFO ROA CAMARGO
Revisor Fiscal de Banco Davivienda S.A.
TP. No. 90879-T
Miembro de KPMG S.A.S.
(Véase mi informe del 26 de febrero de 2025)

Banco Davivienda S. A. and Subsidiaries
Consolidated Statements of Cash Flows
(Millions of Colombian Pesos (COP))

Years ended December 31:	**Note**	**2024**	**2023**
Cash flows from operating activities:			
Net income for the year		**(89,655)**	**(372,332)**
Reconciliation of net income to net cash provided by operating activities:			
Impairment of investments, net	12.3.6.	14,483	(4,802)
Impairment of loan portfolio and financial leasing, net	12.5.4.	5,868,524	6,551,420
(Recoveries of) impairment of other assets, net		(108,745)	67,033
Impairment (recovery) of intangible assets		121	-
Provision for severance payments		81,677	75,935
Provision for other non-financial liabilities and estimated liabilities, net	12.25.	100,056	51,593
Net interest income		(6,916,824)	(7,224,217)
Depreciation and amortization	13.3.	447,386	377,322
Foreign exchange difference, net		(1,094,365)	(1,519,717)
Profit (loss) on sale of investments, net		(50,285)	(86,597)
Loss from equity method investments, net		50,459	139,063
Net result from investments		(1,708,284)	(1,980,743)
Fair value adjustments on derivatives and spot transactions, net		(430,887)	1,346,009
Profit (loss) on sale of loan portfolio and leasing assets, net		(7,677)	-
Profit (loss) on sale of property and equipment, net	12.11.2.	(1,770)	954
Loss on sale of assets held for sale	12.7.	20,908	(4,560)
Profit on sale of investment properties	12.11.3.	(60)	(2,402)
Income tax	13.5.	26,135	(621,471)
Changes in operating assets and liabilities:			
Money market assets and related transactions		23,102	59,771
Derivative financial instruments		38,868	(1,109,635)
Investments recorded at fair value through profit or loss		745,978	381,714
Loan portfolio and financial leasing operations		(14,872,753)	(1,609,474)
Accounts receivable		(801,381)	(1,003,058)
Other assets		(208,321)	(11,560)
Deposits and demand liabilities		11,964,017	4,978,135
Money market liabilities and related transactions		1,818,243	803,871
Accounts payable		955,931	486,208
Employee benefits		51,254	(35,158)
Technical reserves		95,256	(60,205)
Estimated liabilities		(35,881)	(38,815)
Other liabilities		(167,905)	(182,441)
Proceeds from sale of loan portfolio		699,883	353,871
Proceeds from sale of assets held for sale		64,686	50,142
Proceeds from sale of other assets		62,377	5,924
Income tax paid		(1,126,680)	(530,843)
Interest received		19,138,033	19,579,239
Interest paid		(10,660,802)	(11,807,304)
Severance payments		(86,712)	(77,004)
Net cash provided by operating activities		**3,898,390**	**7,025,866**

(Millions of Colombian Pesos (COP))

Years ended December 31:	Note	2024	2023
Cash flows from investing activities:			
Dividends received		27,702	30,800
Acquisition of investments recorded at amortized cost		(3,400,737)	(3,587,913)
Acquisition of investments recorded at fair value through Other Comprehensive Income (OCI)		(11,000,554)	(11,069,036)
Increase in investments in associates and other companies		23,599	(35,715)
Increase in non-controlling interest		9,316	(40,187)
Additions to property and equipment		(194,633)	(175,232)
Proceeds from sale of investments		14,196,165	14,471,527
Proceeds from sale of property and equipment		10,734	5,182
Proceeds from sale of investment properties		17,499	11,221
Increase in intangible assets, net		(218,229)	(105,762)
Net cash used in investing activities		**(529,138)**	**(495,115)**
Cash flows from financing activities:			
Issuance of shares		720,000	-
Proceeds from new borrowings of financial obligations	12.20.	6,221,751	5,652,736
Repayments of financial obligations	12.20.	(8,557,257)	(7,895,786)
Issuance of debt instruments	12.21.	255,628	694,891
Redemptions of issued debt instruments	12.21.	(2,584,220)	(1,847,947)
Lease liability payments		(172,581)	(150,823)
Cash dividend payments		(134)	(456,464)
Net cash used in financing activities		**(4,116,813)**	**(4,003,393)**
Net (decrease) increase in cash and cash equivalents		(747,561)	2,527,358
Effect of foreign exchange differences on cash and cash equivalents		761,791	(870,555)
Cash and cash equivalents at the beginning of the year		17,939,023	16,282,220
Cash and cash equivalents at the end of the year (*)		**17,953,253**	**17,939,023**

(*) Includes cash equivalents with maturities of less than 90 days from money market placements and related transactions amounting to $1,656,071 as of December 2024 and $2,935,926 as of December 2023.

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

TATIANA SALDARRIAGA JIMENEZ
Accountant
Professional License No. 136928-T

GUSTAVO ADOLFO ROA CAMARGO
Banco Davivienda S.A. Fiscal Auditor
Professional License No. 90879-T
Member of KPMG S.A.S.
(See my report dated february 26, 2025)

1. Reporting Entity

Banco Davivienda S.A. (hereinafter, "the Bank") is a private entity with its principal domicile in Bogota, D.C., located at Avenida El Dorado 68C-61. It was incorporated through Public Deed No. 3892 on October 16, 1972, issued by Notary Fourteen of the Bogota Notarial Circuit. By means of Resolution No. 562 dated June 10, 1997, the Bank was granted authorization to operate. The Bank's duration, as established in Public Deed No. 7811 of April 27, 2018, extends until December 30, 2065; however, it may be dissolved or extended prior to that date. Banco Davivienda S.A. and its subsidiaries (the "Group") are part of Grupo Bolívar, headquartered in Bogota, D.C., at Avenida El Dorado 68B-31, 10th Floor. The Group's corporate purpose is to conduct and execute all operations and contracts legally permitted for commercial banking institutions, in compliance with the requirements and limitations set forth under Colombian law.

2. Significant Events

During the year ended December 31, 2024, the following significant events were recorded in the Consolidated Financial Statements of the entity:

<u>Issuance of Shares</u>

On March 11, 2024, the Bank completed the issuance of 36,000,000 shares, amounting to $720,000, distributed as follows: 27,392,472 common shares for $547,849; 8,607,528 preferred dividend-bearing shares without voting rights for $172,151. The par value per share was $180, generating a share premium of $713,520.

<u>Exchange Rate Impact</u>

As of December 31, 2024, the Representative Market Exchange Rate (TRM) stood at $4,409.15, reflecting a devaluation of $587.10 compared to the closing rate as of December 31, 2023 $3,822.05. This fluctuation resulted in a net loss of $16,235 recognized in profit or loss.

Additionally, the foreign currency translation effect from investments in Central America generated a $829,366 increase in equity as of December 31, 2024.

3. Basis of Preparation

a) Statement of Compliance with the Accounting and Financial Reporting Standards Accepted in Colombia

The Consolidated Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia for entities classified under Group 1 (NCIF Grupo 1), as established by Law 1314 of 2009 and regulated by Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021, and 1611 of 2022, as well as the guidelines issued by the Colombian Financial Superintendency, in accordance with Decrees 1851 of 2013 and 2267 of 2014, and External Circulars 034 and 036 of 2014. The NCIF Grupo 1 standards are based on the full International Financial Reporting Standards (IFRS), as issued and officially translated into Spanish by the International Accounting Standards Board (IASB). The items exempted from NCIF Grupo 1 are detailed below:

(Millions of Colombian Pesos (COP))

Item	Regulation	Exemption
Treatment of the loan portfolio and Its impairment	Decree 1851 of 2013 External Circular 036 of 2014, issued by the Colombian Financial Superintendency	In the Consolidated Financial Statements, loan portfolio impairment is presented in accordance with NCIF standards. The difference between the impairment amount recognized under NCIF and the provisions calculated based on the regulations established by the Colombian Financial Superintendency, using the expected loss methodology, is reflected in Other Comprehensive Income, as defined in External Circular 036 of December 2014 and External Circular 037 of October 2015.
Alternative recognition and presentation of deferred tax	Decree 1311 of 2021	This decree allows, solely for the year 2021, the accounting recognition of the variation in deferred income tax, resulting from the increase in the income tax rate, to be charged to retained earnings within equity, in accordance with the provisions of Social Investment Law 2155.
Alternative recognition and presentation of deferred tax due to changes in the income tax rate and occasional gains tax rate	Decree 2617 of 2022	The deferred tax amount arising from the change in the income tax rate and the occasional gains tax rate for the 2022 tax period may be recognized within the entity's equity, in retained earnings from prior periods.

In accordance with Colombian legislation, the Bank is required to prepare both Annual Consolidated and Separate Financial Statements, which are submitted by the Board of Directors to the Annual General Meeting of Shareholders for approval or rejection. The Consolidated Financial Statements present the assets, liabilities, equity, income, expenses, and cash flows of the Bank and its subsidiaries as if they were a single economic entity. These statements are submitted to the highest governing body to provide information on the management of the parent company and its subsidiaries. On the other hand, the Separate Financial Statements account for investments in subsidiaries using the equity method. These statements are presented to the Annual General Meeting of Shareholders, which, upon their approval or rejection, determines dividend distribution and appropriations.

For legal purposes in Colombia, the primary financial statements are the Bank's Separate Financial Statements.

b) Going Concern

The Bank's financial statements have been prepared under the going concern assumption. Although economic recovery is expected, uncertainties persist in the economic environment, primarily due to geopolitical factors. These uncertainties create an environment of indeterminacy regarding their potential impact on macroeconomic outlooks, and consequently, on the operating environment of the Bank. The Group will closely monitor these conditions and analyze potential scenarios to assess their impact on the Bank's operating environment. Despite these uncertainties, the Bank has been structured as a long-term, sustainable going concern. In determining the Bank's status as a going concern, its current financial position, strategic intentions, operating results, and access to financial resources in the market have been evaluated. The potential impact of these factors on future operations has been considered, and no conditions have been identified that would impair the Bank's ability to continue as a going concern.

c) Accrual Basis of Accounting

The Bank prepares its financial statements using the accrual basis of accounting, except for information related to cash flows. Under this approach, the Bank recognizes assets, liabilities, equity, income, and expenses when they meet the definitions and recognition criteria established in the Conceptual Framework for International Financial Reporting Standards (IFRS) as adopted in Colombia.

d) Materiality

The Bank's management has determined the materiality of the figures presented in the Consolidated Financial Statements based on their function or nature. In other words, if a specific item is deemed immaterial, it may be aggregated with other items. Accordingly, the Bank is not required to provide a specific disclosure mandated by an NCIF if the information is deemed immaterial.

e) Consistency of Presentation

The Bank's management will maintain the presentation and classification of the items disclosed in the Consolidated Financial Statements from one period to another, unless a review of significant activities affecting the presentation of the Consolidated Financial Statements is conducted, or if it becomes evident that a different presentation or classification would be more appropriate, taking into account the criteria established in the Bank's prevailing policies.

Disclosures regarding the criteria and estimates used for recognizing the Bank's assets and liabilities will be provided in the note related to accounting policies. Where necessary for clarity, the importance of these estimates and assumptions, which may impact the amounts presented in the Consolidated Financial Statements, will be specified in the explanatory notes. These notes will provide segregated descriptions of significant judgments used in the presentation of the Consolidated Financial Statements where required.

f) Presentation of the Consolidated Financial Statements

I. Statement of Financial Position

The Statement of Financial Position is presented with assets and liabilities classified by liquidity, as this format provides more relevant and reliable information for a financial institution. Consequently, the notes related to financial assets and liabilities disclose the expected amounts to be recovered or settled within twelve months and beyond twelve months.

II. Statement of Income and Statement of Other Comprehensive Income

These statements are presented separately, as permitted by IAS 1 – Presentation of Financial Statements. Additionally, the Statement of Income is structured based on the nature of income and expenses, as this classification provides more reliable and relevant information for financial institutions. The Statement of Other Comprehensive Income presents items of income and expenses that are not recognized in profit or loss, as required or permitted by other IFRS standards.

III. Statement of Changes in Equity

The Statement of Changes in Equity presents the total comprehensive income for the period, along with a reconciliation of amounts at the beginning and end of the period for each equity component, as well as transactions with owners.

IV. Statement of Cash Flows

The Statement of Cash Flows is prepared and presented using the indirect method. Under this approach, the statement begins with net profit or loss, which is subsequently adjusted for the effects of non-monetary transactions, all types of deferred payment items and accruals, which are the basis for past or future cash inflows and outflows, as well as gains or losses related to cash flows from activities classified as investing or financing activities.

Interest income and expenses are presented within operating activities.

4. Main Accounting Policies

4.1. Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items, which are measured as described in the accounting policies outlined below:

Item	**Measurement Basis**
Derivative financial instruments	Fair value
Financial instruments at fair value through profit or loss and fair value through other comprehensive income	Fair value
Long-term employee benefits	Actuarial calculation

I. Historical Cost

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

II. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is observable or estimated using an alternative valuation technique. When estimating the fair value of an asset or liability, the Bank considers the characteristics of the asset or liability if market participants would take those characteristics into account when determining the price at the measurement date. For measurement and/or disclosure purposes in these Consolidated Financial Statements, fair value is determined accordingly, except for: Lease transactions, which fall within the scope of IFRS 16; Valuations that have similarities to fair value but do not qualify as fair value, such as value in use under IAS 36. See Note 8 – Fair Value Measurement for further details.

4.2. Functional and Presentation Currency

The Consolidated Financial Statements have been prepared and presented in Colombian pesos, as it is the Bank's functional currency and in compliance with the instructions of the Colombian Financial Superintendency, as set forth in External Circular 038 of 2013.

The items included in the Bank's Consolidated Financial Statements are expressed in the currency of the primary economic environment in which the Bank operates (Colombian pesos). The financial statements are presented in Colombian pesos, which is both the functional currency and the presentation currency of the Bank. All amounts are presented in millions of pesos and have been rounded to the nearest unit.

4.3. Foreign Currency Transactions

When preparing the financial statements of each individual entity included in the Bank's Consolidated Financial Statements, transactions denominated in a currency other than the Bank's functional currency (foreign currency) are recognized using the exchange rates in effect on the transaction dates. At the end of each period, monetary items denominated in foreign currency are retranslated using the exchange rates in effect at that date. Non-monetary items measured at historical cost in foreign currency are not retranslated.

Foreign exchange differences on monetary items are recognized in profit or loss for the period, except when they arise from:

- Foreign exchange differences from transactions related to exchange rate risk hedges (see Note 4.8 – Accounting Policies for Hedge Accounting).

For the purposes of presenting the Consolidated Financial Statements, the Bank's foreign currency assets and liabilities are expressed in Colombian pesos using the exchange rates in effect at the end of the period. Income and expense items are translated using the average exchange rates for the period, unless the average rate is inappropriate, in which case the exchange rates at the transaction dates are used, while equity remains at historical cost. Foreign exchange differences arising, when applicable, are recognized in Other Comprehensive Income and accumulated in equity (attributed to non-controlling interests when appropriate). The Bank conducts a foreign exchange sensitivity analysis to assess significant fluctuations (see Note 10 – Comprehensive Risk Management).

When a foreign operation is sold—meaning the Bank fully disposes of its interest in a foreign operation, or a transaction results in a loss of control over a subsidiary that includes a foreign operation, a partial loss of joint control over a jointly controlled entity that includes a foreign operation, or a partial disposal in which the retained interest becomes a financial instrument—all foreign exchange differences accumulated in equity related to that operation and attributable to the Bank are reclassified to profit or loss.

The exchange rates applied at the close of December 31, 2024, and 2023, were $4,409.15 and $3,822.05 per USD 1, respectively.

4.4. Basis of Consolidation of Financial Statements

The Consolidated Financial Statements include the assets, liabilities, results, and cash flows of the Bank and its subsidiaries and are prepared using consistent accounting policies for transactions or events occurring under similar circumstances. Intercompany balances and transactions, as well as any unrealized income or expenses, are eliminated during the consolidation process. Unrealized gains arising from transactions with entities in which investments are accounted for using the equity method are eliminated in proportion to the Bank's ownership interest in the investment. Unrealized losses are eliminated in the same manner as unrealized gains.

The Bank is deemed to control an entity when: It has existing rights that provide the current ability to direct the investee's significant activities, which significantly affect its returns; It has rights to, and/or is exposed to, variable returns from the investee; It has the power to use its control over the investee to influence its returns.

Subsidiaries

The Bank exercises indirect control over companies in which its subsidiaries consolidate other entities. All consolidated entities are classified as subsidiaries.

Subsidiaries are entities controlled by the Bank. An entity is considered to be under the Bank's control when the Bank: Has power over the investee; Is exposed to, or has rights to, variable returns from its involvement in the investee; Has the ability to influence those returns through its power over the investee. Generally, the exercise of control is aligned with the risks or returns absorbed from the subsidiaries. Subsidiaries are consolidated from the date control is obtained until the date control ceases.

The Bank evaluates its investments where it holds an interest of less than 50% each reporting period to determine whether it exercises control and, consequently, whether it must consolidate those entities. This assessment is based on the following factors: a) Significant changes in ownership of the evaluated entity, considering purchases or sales of shares during the period b) Contractual changes in governance c) Additional activities carried out during the period, such as providing liquidity or engaging in transactions not originally contemplated d) Changes in the evaluated entity's financing structure.

All intercompany balances, transactions, and cash flows have been eliminated during consolidation.

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 ii) The previous carrying amount of the subsidiary's assets (including goodwill), liabilities, and any non-controlling interests.

Amounts previously recognized in Other Comprehensive Income (OCI) related to the subsidiary are treated according to the applicable IFRS standard governing the disposal of relevant assets or liabilities. This means they are either reclassified to profit or loss or transferred directly to other equity components, as specified/permitted by the relevant IFRS. The fair value of any retained investment in the subsidiary at the date control is lost is considered as the fair value for initial recognition under IFRS 9 or, if applicable, as the cost for initial recognition of an investment in an associate or a joint venture.

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

The Bank's Consolidated Financial Statements include the following subsidiaries:

Subsidiaries in Colombia

Fiduciaria Davivienda S.A.

Fiduciaria Davivienda S.A. is a privately held company, incorporated through Public Deed No. 7940, issued on December 14, 1992, by Notary 18 of Bogota, D.C. It was authorized by the Colombian Financial Superintendency through Resolution No. 5413 of December 30, 1992, with an active operating license and a duration set until December 14, 2043. Its principal domicile is in Bogota, D.C.

Fiduciaria Davivienda S.A. ranks among the leading companies in the fiduciary sector. The company enhances its value proposition by offering clients a comprehensive portfolio of investment funds and structured trust services, supported by the expertise and experience of its professionals.

Corredores Davivienda S.A. – Brokerage Firm

Corredores Asociados S.A. – Brokerage Firm is a privately held entity, incorporated on December 5, 1980, through Public Deed No. 6710, issued by Notary 1 of Bogota, D.C. Its principal domicile is Bogota, D.C., and it was authorized by the Colombian Financial Superintendency through Resolution No. 061 of March 9, 1981. The company's duration is set until December 31, 2030.

On February 24, 2011, the subsidiary Corredores Asociados Panama S.A. was established as a corporation under the laws of the Republic of Panama. It is registered under File No. 719028, Document No. 1880528, in the Mercantile Section of the Public Registry, and was granted a Securities Brokerage License under Resolution No. 235-11 of July 5, 2011, issued by the National Securities Commission.

On February 28, 2013, a share purchase agreement was executed for 100% of the shares of Corredores Asociados, for a total consideration of $120,000, between Banco Davivienda S.A., Fiduciaria Davivienda S.A., and Sociedades Bolívar S.A. As part of this transaction, the Bank acquired a 94.89% stake. The acquisition was authorized by the Colombian Financial Superintendency on May 16, 2013, and was formally completed on December 25, 2013.

On March 2, 2022, the subsidiary Davivienda Investment Advisor USA – LLC was established, with the approval of the Board of Directors of Corredores Davivienda. This limited liability company, organized under the laws of the State of Florida, was authorized by the Colombian Financial Superintendency, which approved its incorporation with an initial capital of USD 2.1 million, with Corredores Davivienda as the sole shareholder.

Cobranzas Sigma S.A.

Cobranzas Sigma S.A. is a private entity incorporated through a Sole Shareholder Private Document on December 3, 2010, and registered on December 9, 2010, under number 01412815 of Book IX. Its principal domicile is in Bogotá, D.C. The company has an indefinite duration but may be dissolved or extended before that term. On October 31, 2018, the transformation from a Simplified Joint Stock Company (S.A.S.) to a Corporation (S.A.) was approved.

The Board of Directors of Leasing Bolívar S.A., through Minutes No. 435 of August 27, 2015, unanimously authorized the Company's President and granted them broad and sufficient powers to execute the purchase agreement for the shares of SIGMA S.A.S.. The company's corporate purpose is the judicial and/or extrajudicial collection of leasing-related receivables, based on the valuation conducted by Estructuras Financieras S.A.S. Additionally, the Board of Directors unanimously requested that management convene an Extraordinary General Shareholders' Meeting on December 23, 2015, to submit for approval the merger agreement and the exchange ratio between Banco Davivienda S.A. and Leasing Bolívar S.A.

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

As of January 4, 2016, following the approval of the merger by the Colombian Financial Superintendency, through Resolution 1667 of December 2, 2015, Sigma became a subsidiary of Banco Davivienda S.A.

Corporación Financiera Davivienda S.A.

Corporación Financiera Davivienda S.A. is a privately held entity, incorporated through Public Deed No. 16904, issued on September 9, 2019, by Notary 29 of Bogota, D.C. It was authorized by the Colombian Financial Superintendency through Resolution No. 1168 of September 2, 2019, and granted an operating license through Resolution No. 1631 of December 3, 2019. The company was registered with the Chamber of Commerce with an initial capital of $55,000, with Banco Davivienda S.A. acquiring a 90% stake, Banco Davivienda International Panama holding 9.99%, and other Grupo Bolívar companies holding minority interests.

Corporación Financiera Davivienda S.A. is the sole shareholder of the following privately held entities: VC Investments S.A.S., incorporated on September 6, 2019, through a private document, registered with the Bogota Chamber of Commerce under entry No. 02505176 in Book IX. Inversiones CFD S.A.S., incorporated on March 31, 2021, through a Single Shareholder Private Document, registered with the Bogota Chamber of Commerce under entry No. 02684292 in Book IX. Datio Inversiones S.A.S., incorporated on December 15, 2022, through a private document, registered with the Bogota Chamber of Commerce under entry No. 02916614 in Book IX.

(Millions of Colombian Pesos (COP))

Inversiones CFD S.A.S. is the sole shareholder of Epayco.com S.A.S. and the majority shareholder of Promociones y Cobranzas Beta S.A., and it also holds an indirect interest in Ediciones Gamma S.A. and Delta International Holdings, LLC.

Subsidiaries Abroad

Holding Davivienda International S.A.

Holding Davivienda International S.A. ("Davivienda International") was incorporated as a corporation on November 17, 2023, under the laws of the Republic of Panama. The primary business activity of Holding Davivienda International is the ownership of shares or equity interests in domestic or foreign entities engaged in providing financial services of all kinds, including capital markets, insurance, and reinsurance. Additionally, it may hold equity interests in domestic or foreign entities whose exclusive corporate purpose is to hold shares in such types of entities. The company may also engage in any related, complementary, or incidental activities necessary to fulfill this purpose.

On November 17, 2023, Banco Davivienda S.A. made a capital contribution in kind, represented by the fair value of the shares it held in its subsidiaries Banco Davivienda (Panama) S.A. and Banco Davivienda International (Panama) S.A., amounting to $1,584,888.

On March 12, 2024, Banco Davivienda S.A. made a capital contribution in kind, at fair value, of its investments in Grupo del Istmo (Costa Rica) S.A., for a total amount of $2,111,826.

In August 2024, Banco Davivienda S.A. made a capital contribution in kind, at fair value, of the shares it held in Seguros Honduras S.A., for a total amount of $228,153. Between July and September 2024, Banco Davivienda S.A. made a capital contribution in kind, at fair value, of the shares it held in Banco Honduras S.A., for a total amount of $1,162,634.

On November 1, 2024, Banco Davivienda S.A. made a capital contribution in kind, at fair value, of the shares it held in Inversiones Financieras Davivienda S.A. (El Salvador), representing 100% of its investment, for a total amount of $1,984,585, as consideration for the subscription made, along with an additional $2,051 in cash. The transaction resulted in an impact on profit or loss in the Separate Financial Statements of $621,834, net of taxes.

As a result of these capital contributions, Holding Davivienda International is now the direct parent of these entities and their subsidiaries, requiring their consolidation. These transactions have no economic impact on the Consolidated Financial Statements.

Below is the financial position of the Bank and the companies included in the consolidation, presented in terms of assets, liabilities, equity, and profit, without the effect of standardization, eliminations, or adjustments to NCIF (Accounting and Financial Reporting Standards).

	December 31, 2024			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S.A. (Parent Company) Excluded	144,328,337	129,684,307	14,644,030	852,725
Holding Davivienda International S.A. (*)	7,750,549	335	7,750,214	175,722
Corredores Davivienda S.A.	497,554	329,213	168,341	15,333
Cobranzas Sigma S.A.	2,860	605	2,255	1,134
Fiduciaria Davivienda S.A.	342,743	52,510	290,233	77,895
Corporación Financiera Davivienda S.A.	425,447	47,584	377,863	(48,486)
Total	153,347,490	130,114,554	23,232,936	1,074,323

(Millions of Colombian Pesos (COP))

	December 31, 2023			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S,A, (Parent Company) Excluded	138,671,294	125,633,975	13,037,319	105,939
Grupo del Istmo Costa Rica S.A. (*)	1,991,357	244,858	1,746,499	17,513
Inversiones Financiera Davivienda S.A. (*)	1,440,160	109,610	1,330,550	154,570
Banco Davivienda Honduras S.A.	8,252,559	7,428,361	824,198	120,728
Seguros Bolívar Honduras S.A.	423,407	262,770	160,637	29,547
Holding Davivienda International S.A. (*)	1,047,807	-	1,047,807	6,619
Corredores Davivienda S.A.	402,522	232,202	170,320	20,958
Cobranzas Sigma S.A.	2,695	773	1,922	1,135
Fiduciaria Davivienda S.A.	333,537	49,306	284,231	70,748
Corporación Financiera Davivienda S.A.	431,368	6,101	425,267	(105,722)
Total	160,119,484	139,982,063	20,137,421	464,987

(*) Subconsolidated.

As of this date, there are no contractual restrictions on the use of the Bank's assets or the settlement of its liabilities, except for the mandatory reserve requirement for deposit protection.

4.5. Cash and Cash Equivalents

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

Cash equivalents are measured at fair value or amortized cost, depending on whether the financial instruments meet the conditions for such valuation. (See Note 12.1 – Cash).

4.6. Money Market Operations and Related Transactions

This category includes interbank fund purchase and sale transactions, repurchase agreements (repos), simultaneous transactions, and temporary securities transfers.

Repo transactions, simultaneous transactions, and temporary securities transfers are recorded in the Statement of Financial Position as either a liability or an asset, depending on the corresponding position. These transactions are treated as secured financing and are initially recognized at fair value, which corresponds to the amount of cash disbursed or received, respectively. The entity providing the cash takes possession of the collateral securities, which must have a market value equal to or greater than the principal amount loaned.

For repo transactions, the initial amount may be calculated with a discount on the market price of the underlying securities. Additionally: The securities initially delivered may be replaced with others during the term of the transaction. Restrictions on the transferability of the securities may be imposed during the transaction.

For simultaneous transactions, the initial amount cannot include a discount on the market price of the underlying securities. Furthermore: Substitutions of initially delivered securities are not permitted during the transaction. No restrictions may be placed on the transferability of the securities involved in the transaction.

Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not derecognized from the Statement of Financial Position, as the risks and rewards of the financial asset are not transferred.

The returns from repo transactions, simultaneous transactions, and interest from interbank operations are recognized in profit or loss.

Interbank transactions with a maturity of 90 days or less are classified as cash equivalents for the purpose of cash flow statement presentation.

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

4.7.1. Financial Assets

The Bank classifies its financial assets as measured at either amortized cost or fair value, based on: The business model defined to manage risks and returns; The characteristics of the contractual cash flows of the financial asset.

The nature of the cash flows determines whether the financial instrument is held to collect contractual cash flows, for sale, or for both purposes.

<u>Business Model Assessment</u>

The business model assessment involves evaluating the Bank's regular activities and the role of different financial assets in achieving its objectives. The analysis of financial instruments begins at an aggregate level, categorized by area and sub-area, before progressing to an individual analysis for portfolios, products, or business lines as needed. This approach allows for the creation of sub-portfolios, each aligned with a distinct business model.

<u>Assessment of Contractual Cash Flow Characteristics – SPPI Test</u>

A financial asset is evaluated to determine whether it meets the SPPI (Solely Payments of Principal and Interest) condition, with the objective of assessing the characteristics of its contractual cash flows.

The Bank has established two business models for managing its investment portfolio: i) Structural Management – Investments intended for financial intermediation, balance sheet market risk management, and maintaining liquid assets necessary for financial intermediation. Ii) Trading Management – Investments aimed at maximizing Treasury profits through the purchase and sale of financial instruments.

All regular purchases and sales of financial assets are recognized and derecognized based on the trade date. Regular purchases or sales refer to transactions that require the delivery of financial assets within the timeframe established by market regulations or customary practices.

4.7.1.1. Financial Assets at Amortized Cost

The Bank holds financial instruments that are measured at amortized cost when: The business objective is to hold them to collect contractual cash flows; The contractual terms of the asset give rise, on specific dates, to cash flows that consist solely of payments of principal and interest (SPPI) on the outstanding principal; The Bank has the ability to hold them until maturity.

Financial assets measured at amortized cost are presented net of impairment provisions. Interest income is recognized using the effective interest method and recorded in profit or loss under interest income.

Investments measured at amortized cost are assessed for impairment at each reporting period. Any losses due to impairment provisions are recognized in the Statement of Income.

Reclassifications of financial instruments are only made when there is a change in the Bank's business model.

Financial Assets at Fair Value Through Profit or Loss

Financial assets that are purchased with the intention of selling or repurchasing them in the short term are classified as held for trading. The Bank manages these investments and makes buy and sell decisions based on their fair values, in accordance with its risk management strategy or investment approach. These assets are recognized at fair value on the trade date, with changes in fair value and gains or losses on disposal recorded in profit or loss.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets designated at fair value through other comprehensive income (OCI) are recognized at fair value on the trade date, plus transaction costs directly attributable to the acquisition. Changes in fair value are recorded in Other Comprehensive Income (OCI); Interest income is recognized in profit or loss as it accrues; Gains or losses on disposal are calculated based on cost and recognized in net gains (losses) under other income.

Certain equity investments that complement the Bank's business are measured at fair value through OCI, based on an irrevocable election to classify them in this category. These investments are recognized at fair value, plus any transaction costs, on the trade date. Changes in fair value of these equity investments are recognized in Other Comprehensive Income (OCI).

Impairment of Financial Instruments at Amortized Cost or at Fair Value Through Other Comprehensive Income (OCI) – Investments

The impairment of these investments is measured as follows:

- If the credit risk of the investment has increased significantly since initial recognition, the expected credit loss (ECL) allowance is measured based on lifetime expected credit losses; or

- If the credit risk of the investment has not increased significantly since initial recognition, the ECL allowance is measured based on 12-month expected credit losses.

The Bank reviews these investments at least annually or semiannually, depending on the type of entity involved. Additionally, it may conduct individual or sector-wide reviews of situations that could impact the credit quality of counterparties.

For investments in debt securities, a credit rating downgrade is considered objective evidence of impairment. Other factors taken into account when assessing impairment include: The financial position of the issuer; Key financial indicators of the issuer; Significant and sustained losses by the issuer; Breach of contractual obligations, including non-payment of interest or violations of loan covenants. Note 12.3.3 discloses the credit risk by rating and the expected credit loss for these financial instruments.

4.7.1.2. Derecognition of Financial Assets

The accounting treatment for transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are passed on to third parties.

- The Bank derecognizes a financial asset only when the contractual rights to receive cash flows from the asset expire or when the substantial risks and rewards of ownership of the financial asset are transferred. Examples include the unconditional sale of financial assets, the sale of financial assets with a repurchase agreement at fair value on the repurchase date, the securitization of assets where the transferor does not retain subordinated financing or provide any form of credit enhancement to the new holders, and other similar cases.

- When a financial asset is fully derecognized, the difference between the carrying amount of the asset and the sum of the consideration received and to be received, along with the cumulative gain or loss previously recognized in other comprehensive income and retained earnings, is recognized in profit or loss.

- If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to retain control over the transferred asset, it recognizes its interest in the asset and the associated obligation for the amounts it would be required to repay. An example of this is the sale of financial assets with a repurchase agreement at a fixed price or at the sale price plus interest.

In this case, the following elements are recognized:

a) A financial liability is recognized for an amount equal to the consideration received and is subsequently measured at amortized cost, unless it meets the criteria for classification as other financial liabilities at fair value through profit or loss.

b) Both the income from the transferred financial asset that has not been derecognized and the expenses of the new financial liability are recognized separately, without offsetting.

If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a collateralized borrowing for the funds received. An example of this is the securitization of assets in which the transferor assumes a subordinated financing arrangement or other types of credit enhancements for a portion of the transferred asset.

4.7.1.3. Loan Portfolio

The loan portfolio consists of financial assets with fixed or determinable payments, which represent solely payments of principal and interest (SPPI), and which the Bank does not intend to sell and are not quoted in an active market. Loans are recorded at amortized cost, net of impairment provisions, write-offs, and accrued but unpaid interest. The balance includes paid interest, origination costs and fees, syndicated loan fees, and unamortized discounts or premiums, provided they meet the required conditions.

Interest income is recognized using the effective interest method. Origination costs and fees are considered in adjusting the loan's interest rate and are recognized as interest income over the loan term.

Fees are recognized using the effective interest rate method over the loan term when they meet the definition of a transaction cost, or as fee income when no disbursements are made as contractually agreed.

Through Decrees 1143 of 2009, 1190 of 2012, 0701 of 2013, 2480 of 2014, and 161 of 2014, issued by the government, the "conditional coverage" mechanism was created to facilitate home acquisition. The Bank implements the necessary procedures for applying this mechanism in the disbursement of mortgage loans and residential leasing contracts for the acquisition of new housing. Loans granted from July 2012 onward include an interest rate subsidy provided by the national government, subject to a predefined global limit. Additionally, the Bank offered its clients an extra incentive starting from installment 85 and for up to the following eight (8) years, committing to cover the amount previously subsidized by the government, provided that the client continues to meet the same conditions. As of June 23, 2018, the interest rate coverage benefit is only granted to clients who purchase housing in projects with sustainability certifications. To fulfill this obligation, the Bank has estimated a provision based on a model that considers the actual behavior of the loans. This provision must be adjusted as the Bank assumes the coverage.

Residential Leasing

The real estate properties involved in these transactions are owned by the Bank and are insured against fire and earthquakes.

Residential leasing corresponds to the financed value of residential real estate properties leased to the user for their use and enjoyment, in exchange for the payment of periodic installments over the agreed term. Upon expiration of the lease term, the property is either returned to the owner or transferred to the lessee, should they choose to exercise the purchase option and pay the agreed price.

Restructured Loans

A restructured loan is any loan for which the original terms have been modified through a legal agreement to allow the borrower to meet their obligation adequately. For these purposes, novation agreements and modifications to loans that do not result from payment difficulties are not considered restructurings. Before restructuring a loan, it must be reasonably determined that the loan will be recoverable under the new terms.

Loan Portfolio Purchases

These are initially recognized at acquisition cost, equivalent to fair value, considering any discount or premium adjustments applied at the time of purchase.

Insolvency Regime – Law 1116 of 2006

The judicial insolvency regime is designed to protect creditors and ensure the recovery and continuity of businesses as going concerns and sources of employment. This is achieved through reorganization and judicial liquidation proceedings, always under the principle of value preservation and maximization.

Impairment Provisions

The Group assesses the credit risk level of its loan portfolio at the end of each reporting period, determining the expected loss level arising from its lending activities.

Loans or groups of loans measured at amortized cost that exhibit a significant increase in credit risk impact the estimated future cash flows of the financial asset, provided such an impact can be reliably measured.

This means that the provisions generated must be consistent with the expected loss model established for the loan portfolio, that provisions are recognized as a result of significant increases in credit risk, and that the provision amounts are calculated based on the reduction in expected cash flows of the portfolio compared to its contractual cash flows.

Indicators of impairment may include, but are not limited to, one or more of the following events: a) Significant financial difficulty of the borrower or issuer, b) Defaults or past-due payments by the borrower, c) Restructuring of the loan, d) Indications that the borrower or issuer may enter liquidation, e) Disappearance of an active market for a financial instrument, f) Other observable data related to an asset pool, such as adverse changes in payment performance of borrowers or issuers within the pool, or economic conditions correlated with defaults on the Bank's assets.

Significant loans measured at amortized cost that exhibit impairment are evaluated individually, while those that are significant but not impaired are assessed collectively to identify any incurred but unrecognized impairment. Loans measured at amortized cost that are not individually significant are evaluated collectively for impairment, grouping them based on similar risk characteristics.

The individual impairment assessment model considers the expected cash flows of the loan, which are impacted by factors such as past-due payments, the aging of these delinquencies, loan exposure, associated collateral, and the costs incurred in enforcing the collateral.

The collective impairment assessment model considers the borrower's historical payment behavior as of the reporting date, along with events that may indicate a significant increase in credit risk, based on factors such as the age of the loan, product type, and the existence of restructurings, among others. The model incorporates relevant variables for each loan portfolio segment to develop the expected credit loss components, integrating the impact of macroeconomic variables across different probable scenarios.

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

- The risk of default as of the reporting date, based on the modified or renegotiated contractual terms; and
- The risk of default at initial recognition, based on the original, unmodified contractual terms.

Loan portfolio impairment represents the management's best estimate for financial instruments within the loan portfolio, including off-balance-sheet exposures, as of the reporting date. Impairment for financial instruments within the loan portfolio is presented as a deduction from loan balances in the presentation of assets in the Consolidated Financial Statements.

Loan portfolio impairment increases due to a higher risk of non-payment and decreases due to partial payments, cancellations, net write-offs after recoveries, and/or loan portfolio sales. The specific conditions of the expected loss model are detailed in Note 10.3.1.4 – Measurement of Impairment Reserves.

<u>Write-Offs</u>

A loan is derecognized when there is no probability of recovery and all reasonable collection efforts have been exhausted, or when legal proceedings have concluded. Unsecured consumer loans that are not backed by mortgages or pledges are written off once all reasonable collection efforts have been exhausted.

Specific write-offs below the parameters defined by the Bank may be applied if authorized by the Board of Directors.

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

4.7.1.4. Loan Portfolio Sales

A loan portfolio sale is the process by which the Bank transfers financial assets in their entirety, along with all rights and risks inherent to or derived from these assets, to a third party as an outright sale, with consideration received in the form of cash or other assets. The assets sold are derecognized from the Consolidated Financial Statements at their net book value as of the trade date, and the difference between the book value and the consideration received is recorded as a gain or loss for the period, based on valuation studies conducted by experts.

The Bank has servicing agreements for securitized loan portfolios, under which it operationally manages a third party's portfolio through its systems and applications. In return for this service, the Bank receives a predetermined percentage as a servicing fee.

Loans that have been previously written off and subsequently sold are recorded at fair value, and any gain or loss generated is recognized in profit or loss.

4.7.1.5. Accounts Payable

Accounts receivable, excluding loan portfolio and financial leasing operations, are classified and subsequently measured at amortized cost. Impairment losses are periodically assessed based on the simplified approach outlined in IFRS 9.

<u>Provision for Accounts Receivable</u>

The Bank measures impairment allowances for expected credit losses (ECL) over the lifetime of the receivable for accounts other than the loan portfolio, applying a simplified impairment model based on the behavior and aging of the balances. The calculation excludes accounts that, due to their term, function, purpose, or control, are not subject to impairment assessment.

4.7.1.6. Derivative Financial Instruments

Derivatives are financial instruments whose value is derived from changes in interest rates, exchange rates, credit spreads, commodity prices, stock prices, or other financial or non-financial metrics. The Bank's derivative portfolio consists of contracts linked to interest rates, exchange rates, and debt securities. The Bank uses derivatives for trading purposes and for risk management related to balance sheet structure, and they are recognized at fair value in the Statement of Financial Position. Additionally, the credit risk adjustment is recognized through the calculation of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) for each counterparty involved in these contracts. CVA represents the credit risk of the counterparty, resulting in a negative adjustment to fair value. DVA, on the other hand, represents the Bank's own credit risk from the counterparty's perspective, leading to a positive adjustment to the contract's fair value.

The notional amounts of derivatives are not recognized as assets or liabilities, as they represent the face value of the contract to which a rate or price is applied to determine the cash flow exchanges that will occur based on the contract terms. The notional amount does not represent a gain or loss associated with the risk factors affecting the derivative's value.

Derivatives held for balance sheet risk management purposes are recognized at fair value in the Statement of Financial Position, with changes in fair value recorded either in profit or loss or in Other Comprehensive Income (OCI). These changes are recognized together with the fair value changes of the hedged item that are attributable to the hedged risk, within the same line of the Statement of Comprehensive Income as the hedged item.

Derivatives Held for Trading Purposes

Trading activity can generate profits in three ways: (i) through distribution, which refers to the Treasury's intermediation between professional markets, offshore clients, institutional investors, and the real sector; (ii) through proprietary trading, where positions are taken for short periods to capitalize on appreciation or depreciation trends in financial assets and derivative instruments; and (iii) through arbitrage, which allows the combination of financial assets and derivative instruments to generate financial margins without incurring market risk.

Realized and unrealized gains or losses from trading derivatives are recognized in the Statement of Income as revenue associated with the trading business model.

Derivatives Held for Risk Management Purposes

Derivatives used for risk management purposes, which also meet the requirements for hedge accounting and would otherwise create significant accounting asymmetries, are accounted for in accordance with hedge accounting requirements. Derivatives designated for hedging purposes but that do not meet the qualifying criteria for hedge accounting are recognized as risk management derivatives, with changes in their fair value recognized in profit or loss.

Embedded Derivatives

Embedded derivatives within other financial instruments or contracts (host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract 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 is reported in the Consolidated Statement of Financial Position when a legally enforceable right to offset the recognized amounts exists, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Information related to the offsetting of financial assets and liabilities is disclosed in Note 11 – Offsetting of Financial Assets and Liabilities.

4.8. Hedge Accounting

Considering the changes introduced in IFRS 9 (2014 revised version), the Bank has elected to apply the hedge accounting requirements of this standard from the initial application date (January 1, 2018).

The Bank designates certain instruments as hedging instruments, which may include both derivative and non-derivative instruments, classified as fair value hedges, cash flow hedges, or hedges of a net investment in a foreign operation.

For the Consolidated Financial Statements, the requirements of Chapter 6 of IFRS 9 apply to hedges existing as of the transition date (January 1, 2018). After the transition date, all hedge accounting criteria under IFRS 9 (2014 version) apply to new hedge relationships. For the Consolidated Financial Statements as of December 31, 2017, the hedge accounting requirements of IAS 39—which was superseded by IFRS 9—were applied.

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

Furthermore, the Bank identifies the risk component(s) being hedged, provided that these can be separately identified and reliably measured, and specifies whether the hedge is applied in full or partially to a percentage of the notional amount of the hedged item or to individual cash flows. Additionally, based on its hedging strategy and the characteristics of both the hedged item and the hedging instrument, the Bank evaluates whether periodic rollovers are required to maintain the hedge relationship.

Fair Value Hedges

Changes in the fair value of derivatives designated and qualifying as fair value hedges are immediately recognized in profit or loss, along with any changes in the fair value of the hedged asset or liability that are 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 under the line item corresponding to the hedged item.

When the hedge no longer meets the criteria for hedge accounting or if the hedging instrument is sold, expires, is canceled, or exercised, hedge accounting is discontinued prospectively. The fair value adjustment to the carrying amount of the hedged item resulting from the hedged risk is amortized through profit or loss from that date onward.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognized in Other Comprehensive Income (OCI) and accumulated under the cash flow hedge reserve in equity. Gains and losses related to the ineffective portion of the hedging instrument are immediately recognized in profit or loss and included in "Other Income and Expenses."

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item is recognized in profit or loss, under the same line item as the hedged item. However, when a forecasted transaction covered by a cash flow hedge results in the recognition of a non-financial asset or liability, previously accumulated gains or losses in equity are transferred and included in the initial carrying amount of the non-financial asset or liability.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument matures, is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. Any cumulative gain or loss from the hedging instrument that has been recognized in equity remains in equity until the forecasted transaction is ultimately recognized in profit or loss. If the forecasted transaction is no longer expected to occur, the cumulative gain or loss in equity is immediately recognized in profit or loss.

Hedges of a Net Investment in a Foreign Operation

Hedges of a net investment in a foreign operation are accounted for in a manner similar to cash flow hedges. Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve. The gain or loss related to the ineffective portion is recognized in profit or loss.

Gains and losses on the hedging instrument related to the effective portion of the hedge, which have been accumulated in the foreign currency translation reserve, are reclassified to profit or loss upon the sale of the foreign operation.

4.9. Assets Held for Sale

Assets are classified as held for sale when their current conditions allow for their sale and when it is highly probable that the sale will occur within the following year. If the sale does not occur within that period, starting from the second year, they are classified as other assets. For the sale to be considered probable, the Bank's management must commit to a formal sale plan and initiate an active marketing program to ensure the asset's disposal.

Assets classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Once classified under this category, they are no longer depreciated or amortized, and subsequent changes in fair value less costs to sell are recognized in profit or loss.

Sales Plan

The following sales plans are established for assets classified as held for sale:

- Available assets are assigned to the Bank's sales channels (real estate agencies, specialized individuals, and vehicle suppliers) to initiate the marketing process.

- Hard-to-sell assets—defined as real estate that has remained unsold for more than 12 months or vehicles that have remained unsold for more than 3 months without receiving any offers since their initial listing—are subject to specific sales plans, with a particular focus on those exceeding these timeframes. Each case is analyzed individually, and tailored strategies are developed to facilitate their sale.

- Pricing is generally determined based on a commercial appraisal, which must be no older than six months for real estate and three months for vehicles. The ease of sale, physical condition, and market conditions in the relevant real estate or vehicle market are also considered.

- Monthly business reviews are conducted to assess the actions taken by the sales channels and ensure compliance with the established sales timelines. These reviews generate commitments between the parties aimed at finding effective solutions for asset sales.

4.10. Joint Operations and Joint Ventures

Joint ventures are entities over which the Bank exercises joint control, as established by contractual agreements, requiring unanimous consent for decisions related to financial and operational policies. In joint operations, each joint operator recognizes its assets, liabilities, income, and expenses related to its share in the operation. In joint ventures, the Bank's participation is recognized as an investment using the equity method.

The Bank participates in joint operations related to the financial retail business through a business collaboration agreement, under which each party contributes assets that remain under their ownership within the agreement and receives a share of the profits based on their respective participation percentage.

4.11. Property and Equipment

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

The carrying amount of a property and equipment item is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal.

Costs incurred in replacing a component of property and equipment are capitalized if they meet the recognition criteria, while maintenance and refurbishment expenses that do not extend the useful life of the asset are recognized as expenses in the Statement of Income. Significant refurbishment expenses for leased offices are amortized over the lease term.

(Millions of Colombian Pesos (COP))

Transfers occur when there is a change in the use of property and equipment, provided the Bank retains control over the asset.

4.12. Investment Properties

Investment properties are real estate assets not used by the Bank, held to generate rental income and/or capital appreciation.

Investment properties are initially recognized at acquisition cost, including transaction costs incurred. After initial recognition, investment properties are measured using the cost model and are depreciated in accordance with the Bank's 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 its disposal. Any gain or loss arising from derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the property is derecognized.

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

Transfers between investment properties and property, plant, and equipment do not alter the carrying amount or cost of such properties for measurement or disclosure purposes.

Depreciation

Depreciation is calculated using the straight-line method, based on the cost of the assets, less their residual value. Land is not subject to depreciation. Depreciation is recognized in profit or loss and is determined based on the following useful lives:

Category	Useful Life (Years)	Residual Value
Buildings	30 – 100	10% of Acquisition Cost
Vehicles	3 – 5	20% of Acquisition Cost
Furniture and fixtures	3 – 10	Up to 5%
Computer equipment and other equipment	3 – 20	Up to 5%

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

4.13. Investments in Associates

Associates are entities in which the Bank has significant influence but does not exercise control or joint control over their financial and operational policies or where the Bank holds more than 20% but less than 50% of ownership interest. Investments in associates are initially recognized at cost, including transaction costs, and are subsequently adjusted using the equity method to reflect the Bank's share of the associate's profit or loss and changes in equity. Additionally, adjustments are made to reflect impairment provisions, if applicable. Changes in the investment are recognized in profit or loss and in equity through Other Comprehensive Income (OCI). The Bank assesses impairment indicators in accordance with IAS 36. Dividends from associates are recognized in profit or loss when the Bank has the right to receive them.

When the Bank's share of losses in an associate or joint venture exceeds its investment in that entity, including long-term interests that, in substance, form part of the Bank's net investment, the Bank ceases to recognize further losses. Additional losses are recognized only if the Bank has incurred legal or constructive obligations or has made payments on behalf of the associate or joint venture.

The equity method is applied based on financial statements standardized to align with the Bank's accounting policies.

Upon acquisition of an investment in an associate or joint venture, any excess of the acquisition cost over the Bank's share of the net fair value of identifiable assets and liabilities of the investee is recognized as goodwill, which is included in the carrying amount of the investment. Conversely, if the Bank's share of the net fair value of identifiable assets and liabilities exceeds the acquisition cost, the excess amount is immediately recognized in profit or loss in the period in which the investment was acquired, after reassessment.

When necessary, the Bank tests the total carrying amount of the investment in an associate or joint venture (including goodwill) for impairment in accordance with IAS 36 – Impairment of Assets, treating it as a single asset. The carrying amount is compared with its recoverable amount, which is the higher of its value in use or fair value less costs to sell.

Any impairment loss recognized is reflected as a reduction in the carrying amount of the investment. A subsequent reversal of the impairment loss is recognized in accordance with IAS 36, but only to the extent that the recoverable amount of the investment increases.

The Bank discontinues the use of the equity method from the date on which the investment ceases to qualify as an associate or joint venture, or when the investment is classified as held for sale. If the Bank retains an ownership interest in the former associate or joint venture, the remaining investment is measured at fair value as of that date, which is then treated as its initial fair value upon recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the time the equity method is discontinued and its fair value is included in the determination of the gain or loss on disposal. Additionally, any gain or loss previously recognized in Other Comprehensive Income (OCI) related to the associate or joint venture is reclassified to profit or loss.

The Bank continues to apply the equity method if an investment in an associate becomes an investment in a joint venture, or if an investment in a joint venture becomes an investment in an associate. No fair value remeasurement is applied to such changes in ownership.

When the Bank reduces its interest in an associate or joint venture but continues to apply the equity method, it reclassifies to profit or loss the portion of gains or losses previously recognized in Other Comprehensive Income that relate to the reduction in ownership, if those gains or losses would have been reclassified to profit or loss upon the disposal of the related assets or liabilities. (See Note 12.8 – Investments in Associates and Joint Arrangements).

When the Bank engages in transactions with its associate or joint venture, any resulting gain or loss from such transactions is recognized in the Bank's Consolidated Financial Statements only to the extent of the interest in the associate or joint venture that is not related to the Bank.

The Bank has determined that it exercises 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 y ACH de El Salvador S.A.
Indirect Investments in Honduras: Zip Amareteca y Bancajero BANET

Joint ventures are entities over which the Bank exercises joint control, as established by contractual agreements, requiring unanimous consent for decisions regarding financial and operational policies. In joint operations, each joint operator recognizes its assets, liabilities, income, and expenses related to its share in the operation. In joint ventures, the Bank's participation is recognized as an investment using the equity method.

The Bank participates in joint operations related to the financial retail business through a business collaboration agreement, under which each party contributes assets that remain under their ownership within the agreement and receives a share of the profits based on their respective participation percentage. Additionally, the Bank engages in other joint operations through its Colombian subsidiary, Fiduciaria Davivienda S.A., via consortium agreements. Under these agreements, each participating entity holds a percentage interest in structured trust consortia. These agreements are entered into with other trust entities for the purpose of participating in public tenders, enabling them to jointly execute and develop service-related activities.

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, less the liabilities incurred by the entity with the previous owners of the acquired business, and the equity interests issued by the entity in exchange for control over the business.

Transaction costs related to the acquisition are generally recognized in profit or loss as incurred.

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

- 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 share-based payment arrangements of the acquired company or share-based payment arrangements of the entity entered into to replace share-based payment arrangements of the acquired company, which are measured in accordance with IFRS 2 – Share-based Payments at the acquisition date.

- Assets (or a disposal group of assets) classified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, which are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the fair value of any previously held equity interest in the acquired entity (if applicable), over the net amount of identifiable assets acquired and liabilities assumed at the acquisition date. If, after reassessment, the net amount of identifiable assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the fair value of any previously held equity interest in the acquired entity (if applicable), the excess is immediately recognized in the consolidated statement of income as a gain from a bargain purchase.

Non-controlling interests that represent equity interests and grant their holders a proportional share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the proportional share of the non-controlling interest in the recognized amounts of the identifiable net assets of the acquired entity. The measurement basis is selected on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, where applicable, based on the specific guidance provided by another IFRS.

When the consideration transferred by the entity in a business combination includes assets or liabilities arising 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 the business combination. Changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments made against goodwill. Measurement period adjustments arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) regarding facts and circumstances that existed as of the acquisition date.

The accounting treatment for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on the classification of the contingent consideration. Contingent consideration classified as equity is not subsequently remeasured, and its eventual settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured at each reporting date in accordance with IAS 39 or IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, as appropriate, with the corresponding gain or loss recognized in the statement of income.

When a business combination is achieved in stages, the entity's previously held equity interest in the acquired entity is remeasured at fair value at the acquisition date, and any resulting gain or loss, if applicable, is recognized in the statement of income. Amounts previously recognized in Other Comprehensive Income (OCI) related to the investment in the acquired entity before the acquisition date are reclassified to the statement of income, where appropriate, if the interest is derecognized.

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

Business Combinations Under Common Control

Business combinations involving entities under common control are accounted for at book value, meaning that all identifiable acquired assets, liabilities, and contingent liabilities are recognized at the carrying amounts recorded in the consolidated financial statements.

However, while identifiable assets acquired and liabilities assumed must still be recognized and measured, the acquisition date is deemed to be the date of registration with the relevant authority. This date is generally considered to be when control of the subsidiary is obtained, typically marked by the registration of the merger deed with the Chamber of Commerce.

No intangible assets, such as goodwill, are recognized in these types of transactions, and transaction-related costs are expensed in the period in which they are incurred.

4.15. Investments in Other Companies

Certain equity investments are recognized at fair value through equity, with an irrevocable election to classify them in this category.

Banking regulations only allow investments in technical service companies that support banking operations, as well as in entities where the Bank does not have control, joint control, or significant influence. These investments are initially recognized at fair value, and subsequently measured at fair value, less any impairment identified at the end of each reporting period. Dividends received are recognized in profit or loss unless they originate from earnings generated before the acquisition of the investment, in which case they are deducted from the carrying amount of the permitted investment.

4.16. Intangible Assets

The Bank recognizes an intangible asset once it has been identified and meets all of the following criteria: the existence of control, the separability of the asset, and the expectation of future economic benefits. The initial measurement of intangible assets depends on how the Bank acquires the asset. An intangible asset may be obtained through separate acquisition, as part of a business combination, or internally generated by the Bank.

An intangible asset acquired in a separate transaction is measured as the sum of the purchase price, including import duties and non-refundable taxes related to the acquisition, after deducting discounts and rebates, along with directly attributable costs necessary to prepare the asset for its intended use. In business combinations, the cost is measured at its fair value at the acquisition date. For internally generated intangible assets, all expenditures incurred during the research phase are recognized as expenses, whereas development phase expenditures that are necessary to create, produce, and prepare the asset for its intended operation are capitalized.

Subsequent expenditures are capitalized only when they increase the future economic benefits embedded in the specific asset to which they relate. All other expenditures, including those related to internally generated goodwill and brands, are recognized in profit or loss when incurred.

The Bank assesses whether the useful life of an intangible asset is finite or indefinite. An intangible asset with a finite useful life is subject to amortization, while an intangible asset with an indefinite useful life is not amortized. After initial recognition, intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful life.

Separately acquired intangible assets, which generally include software licenses and computer programs, are amortized over an estimated useful life ranging from 1 to 11 years. Maintenance and support costs are recognized as expenses in profit or loss.

An intangible asset is derecognized upon disposal or when it is no longer expected to generate future economic benefits from its use or disposal.

4.16.1. Impairment of Tangible and Intangible Assets, Excluding Goodwill

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there are indications of impairment. If such indications exist, the recoverable amount of the asset is estimated to assess the extent of any impairment loss (if applicable). 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 (CGU) to which the asset belongs. If a reasonable and consistent allocation basis can be identified, corporate assets are also assigned to individual CGUs or, otherwise, to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or that are not yet available for use are subject to impairment testing at least annually and whenever there is an indication that the asset may have been impaired.

The recoverable amount is determined as the higher of fair value less costs to sell and value in use. When assessing value in use, the Bank discounts the estimated future cash flows to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset that have not been adjusted in the estimated future cash flows.

If the recoverable amount of an asset (or CGU) is estimated to be lower than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are immediately recognized in profit or loss.

Subsequently, if an impairment loss is reversed, the carrying amount of the asset (or CGU) is increased to its revised estimated recoverable amount, ensuring that the adjusted carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversal of an impairment loss is immediately recognized in profit or loss.

4.16.2. Goodwill

Goodwill represents the excess of the purchase price over the fair value of the assets and liabilities acquired in a business combination. It is initially recorded at fair value and subsequently adjusted by reducing its value for impairment losses.

Goodwill represents the future economic benefits arising from the business combination that are not individually identifiable and cannot be recognized separately. It is assigned to a cash-generating unit (CGU) or a group of CGUs if economic benefits from business combination synergies are expected.

A CGU to which goodwill has been allocated is subject to an annual impairment test and also tested when there are indications of potential impairment, by comparing the carrying amount of the CGU, including goodwill, with its recoverable amount.

If the carrying amount of the CGU exceeds its recoverable amount, the Bank immediately recognizes an impairment loss in profit or loss. An impairment loss recognized on goodwill cannot be reversed in subsequent periods.

Impairment losses are allocated to reduce the carrying amount of assets within the CGU in the following order: first, the carrying amount of any goodwill allocated to the CGU is reduced. Then, the impairment loss is allocated proportionally to the other assets within the CGU, based on their carrying amounts.

4.17. Other Non-Financial Assets

There are assets for which no similar recognition and measurement criteria can be identified that would allow them to be classified within the available categories or groups of financial assets. These assets are classified under other non-financial assets and include, among others, art and cultural assets, prepaid expenses, and assets received as payment in kind that are subject to sale restrictions. Subsequent measurement is recognized in accordance with the nature of each asset.

4.18. Leases

The accounting treatment for leases in which the Bank acts as a lessee must be recognized under a single accounting model, while in its role as a lessor, lease contracts are classified as finance leases or operating leases.

<u>The Bank as Lessor</u>

Lease contracts in which the Bank acts as a lessor are classified as either finance leases or operating leases:

Finance leases are recognized in the Statement of Financial Position and presented as a receivable for an amount equal to the net investment in the lease. This amount corresponds to the sum of minimum lease payments to be received under the finance lease and any unguaranteed residual value, discounted at the implicit interest rate of the lease. The recognition of finance income is based on a pattern that reflects, in each period, a constant rate of return on the net investment made in the finance lease.

Operating leases are presented in the Statement of Financial Position according to the nature of the leased assets. Costs incurred to generate lease income, including the depreciation of the asset, are recognized as expenses. Lease income is recognized on a straight-line basis over the lease term. Depreciation and impairment of leased assets are carried out consistently with the policies applied to similar assets.

The Bank as Lessee

A single accounting model is applied, which requires recognizing all leases of significant value and with a term exceeding 12 months in the Statement of Financial Position, provided that a contract meets the following conditions: it includes an explicitly or implicitly identified asset; the Bank has the substantive right to use the identified asset without restrictions imposed by the lessor; the Bank has the right to direct how and for what purpose the asset is used; and the Bank has the right to obtain substantially all economic benefits derived from the asset's use throughout the lease term.

Only leases of tangible assets or components of a contract that are tangible assets are recognized. Contracts involving the use of intangible assets are accounted for in accordance with the policy applicable to such assets.

At the lease commencement date, the Bank recognizes a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments not yet paid at that date, using the implicit interest rate of the lease, if it can be readily determined. If the implicit interest rate cannot be easily determined, the lessee's incremental borrowing rate is used, considering similar terms to those in the existing lease contracts.

The lease payment projection includes the following in the Lease Liability:

- Fixed payments, less any lease incentives receivable.
- Variable payments that depend on an index or rate from the lease commencement date.
- Future payments for residual value guarantees.
- Payments for purchase options, only if it is reasonably certain that they will be exercised.
- Penalties for lease termination, only if it is reasonably certain that they will be incurred.

The right-of-use asset is measured at cost and includes:

- The initial measurement of the lease liability.
- Payments made before or at the lease commencement date (prepaid amounts), less any lease incentives received.
- Initial direct costs incurred.
- Dismantling and restoration costs.

When selecting the incremental borrowing rate, it must be equivalent to the rate that would be incurred if financing the acquisition of a similar asset under comparable conditions, for a term equivalent to the lease agreement, and with similar security (risk profile).

The lease term assessment is performed individually for each contract and type of underlying asset, including reasonably certain future renewal periods.

The estimated dismantling costs for leased properties are updated annually in accordance with the contractual restitution clauses.

In subsequent measurement, the lease liability is adjusted for interest accrued on the liability, lease payments made, lease contract modifications, or reassessments. Meanwhile, the right-of-use asset is affected by accumulated depreciation, impairment losses, lease contract modifications, or reassessments of the liability. The straight-line depreciation method is applied, using a period equivalent to the lease term, unless a purchase option exists.

Short-term leases or leases of low-value assets are excluded from the defined accounting model and are instead recognized on a straight-line basis directly in profit or loss for the period.

4.19. Financial Liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or other financial assets, or when it is expected to be or may be settled through a variable number of the entity's own equity instruments.

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

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities are classified at fair value through profit or loss when they are either: (i) Held for trading, or (ii) Designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It is acquired primarily with the intention of repurchasing it in the near future; or
- It is part of a portfolio of identified financial instruments that are managed together, with evidence of a recent pattern of short-term profit-taking; or
- It is a derivative that has not been designated as a hedging instrument and meets the conditions for effectiveness.

Financial liabilities at fair value through profit or loss are measured at fair value, with any gain or loss from remeasurement recognized in the Statement of Profit or Loss. The net gain or loss recognized in profit or loss includes any interest accrued on the financial liability and is reported under other income and expenses in the consolidated statement of profit or loss. The fair value is determined as described in Note 8 – Fair Value Measurement.

Other Financial Liabilities

Other financial liabilities, including loans, issued bonds, and accounts payable, are subsequently measured at amortized cost using the effective interest rate method.

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

Financial liabilities, including deposits, issued debt instruments, and borrowings, are recognized on the trade date and recorded at amortized cost, adjusted for the accumulated amortization calculated using the effective interest rate method.

Subordinated debt and bonds are recorded at transaction value and subsequently measured at amortized cost. Interest payments are recognized using the effective interest rate method, and issuance costs are accounted for and recognized in interest expense.

This category also includes rediscount operations, which refer to credit programs established by the Colombian Government to promote the development of specific economic sectors, including foreign trade, agriculture, tourism, housing construction, and other industries.

Derecognition of Financial Liabilities

The Bank derecognizes financial liabilities only when its obligations are fulfilled, canceled, or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

4.20. Employee Benefits

Short-Term Benefits

Short-term employee benefits are those that the Bank expects to fully settle within twelve months after the end of the annual reporting period. These include wages and salaries, annual leave, sick leave, severance payments, and interest on severance payments, among others. When an employee has rendered services to the Bank during the reporting period, the undiscounted amount of the short-term benefits payable for those services is recognized as a liability (accrued expense) and as an expense in the statement of profit or loss.

The Bank's contractual or implicit obligation is limited to recognizing the agreed amount with the employee. This obligation is measured based on a reliable estimate of the amounts payable, and the expense is recognized only when the corresponding service has been provided, as employee services do not increase the amount of benefits payable.

Long-Term Benefits

Long-term employee benefits include all benefits that are not classified as short-term benefits, post-employment benefits, or termination benefits. These benefits include extra-legal seniority bonuses and preferential interest rates on mortgage loans.

Post-Employment Benefits

These are benefits other than severance payments and short-term benefits that are paid after the employee has completed their employment period.

Defined contribution plans are those in which the Bank makes predetermined contributions to a separate entity (a fund) and has no legal or implicit obligation to make additional contributions. This classification includes supplemental pension plan benefits.

4.21. Insurance

Premiums for single-premium policies are recognized as income upon receipt, at which point the policy becomes effective. For regular-premium contracts, accounts receivable are recognized on the date the payments become due. Premiums are presented before deducting commissions. If policies lapse due to non-payment of premiums, any earned but uncollected premiums from that date are considered expired, net of expenses, and are offset against premiums.

Claims for insured events are recognized as an expense when incurred, reflecting 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 proportional investment income. For long-term contracts, if actual experience regarding investment returns, mortality, morbidity, policy terminations, or expenses indicates that existing contract liabilities, along with the present value of future gross premiums, will be insufficient to cover the present value of future benefits and recover deferred policy acquisition costs, a premium deficiency is recognized.

Directly attributable costs related to incremental insurance acquisition and business investment are deferred to the extent that they are expected to be recoverable from future income margins under these contracts.

These deferred costs are amortized systematically over a period not exceeding the expected recovery period from future income margins.

The unexpired risk reserve (URR) represents the portion of written premiums from in-force policies and policies with a future effective date, net of issuance costs, corresponding to the unexpired risk period. These premiums are recognized as income, and a reserve is established as a liability.

This reserve is recorded on the policy issuance date and is calculated by multiplying the issued premium, net of issuance costs. Regardless of the insurance payment method, the reserve calculation is based on the policy's term.

For individual life insurance, a mathematical reserve must be established, calculated as the difference between the actuarial present value of future obligations assumed by the insurer and the actuarial present value of future payments to be made by the policyholder as of the calculation date.

The reported claims reserve corresponds to the amount of resources that the entity must allocate to cover payments for reported claims, as well as the associated expenses. The incurred but not reported (IBNR) claims reserve represents an estimate of the amount of resources required to cover future claim payments for claims that have already occurred but have not yet been reported or for which there is insufficient information at the time of the reserve calculation.

Catastrophic reserves are not recognized in the Consolidated Financial Statements, as there is no definitive event that can predict their occurrence with certainty.

4.22. Income Tax

4.22.1. Tax Strategy and Policies

The Bank and its subsidiaries ensure timely and proper compliance with both the spirit and letter of the various tax regulations in the jurisdictions where they operate. Ongoing regulatory updates are continuously analyzed to enable strategic tax planning, effective implementation, and sound risk control in tax matters.

4.22.1.1. Transparency

The Bank and its subsidiaries, in accordance with their policies and principles, provide clear, timely, and transparent disclosures as required. In alignment with international compliance recommendations, the Bank and its subsidiaries implement controls to prevent operations in non-cooperative jurisdictions, low or zero-tax jurisdictions, and secrecy or tax haven jurisdictions. Similarly, the Bank maintains a firm stance against aggressive tax planning practices or the use of harmful tax structures.

4.22.1.2. Income Tax

The income tax expense includes both current and deferred tax. It is recognized in the income statement, except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

4.22.1.2.1. Current Taxes

Current tax is the amount payable or recoverable for income tax, calculated based on the tax laws enacted as of the Statement of Financial Position date. Management periodically assesses the positions taken in tax filings, particularly in situations where tax laws are subject to interpretation, and, if necessary, estimates the amounts expected to be paid to tax authorities.

4.22.1.2.2. Deferred Taxes

Deferred tax liabilities represent amounts payable in the future related to taxable temporary differences, while deferred tax assets are amounts recoverable due to deductible temporary differences, carryforward tax losses, or unused tax credits. A temporary difference arises when there is a discrepancy between the carrying amount of assets and liabilities and their tax base.

For assets classified as property, plant, and equipment, the applicable tax rate for deferred tax calculations is determined based on the intended use of the assets.

For investments in associates, deferred tax is determined by considering the projected dividends expected to be received and taxable under applicable regulations.

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases, except when they relate to differences associated with investments in subsidiaries, associates, and joint ventures, where the timing of reversal is controlled, and it is not probable that the difference will reverse in the foreseeable future.

Deferred tax assets are recognized only when it is probable that taxable income will be available in the future to utilize the temporary differences.

Tax planning opportunities are considered in assessing the recoverability of deferred tax assets only if the intention to implement them exists or if their adoption is likely.

4.22.1.2.3. Recognition, Measurement, and Disclosure

Deferred tax is recognized based on the settlement of liabilities or realization of assets, considering the temporary differences they may generate.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the periods when the assets are realized or the liabilities are settled, based on the enacted regulations and taking into account the tax consequences arising from the manner in which the assets are expected to be recovered or the liabilities settled.

At each reporting date, the carrying amount of deferred tax assets is reviewed, and it is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilize all or part of the deferred tax asset.

The financial statement disclosures include the determination of temporary differences, calculation of tax on these differences, reconciliation of current tax, reconciliation of income tax expense, and adjustments for tax rate differences. The current and deferred tax recognized in Other Comprehensive Income and the determination and analysis of the effective tax rate are also disclosed.

Considering the increase in the corporate income tax rate from 31% in 2021 to 35% effective from 2022, as established by Law 2155 of 2021 (Social Investment Law), the Company performed a remeasurement of deferred tax in 2021, in accordance with paragraphs 46, 47, and 80 of IAS 12. The corresponding effect was recorded in retained earnings in equity, as per Decree 1311 of 2021.

Additionally, Decree 2617 of December 29, 2022, established an option for 2022 to recognize the variation in deferred income tax—resulting from the change in the capital gains tax rate and the corporate income tax rate change introduced by Law 2277 of 2022—against retained earnings in equity.

4.22.1.2.4. Offsetting and Classification

In accordance with deferred tax accounting standards, the Bank offsets deferred tax assets and liabilities only when it has a legal right to offset them against the tax authorities and when both the deferred tax assets and liabilities pertain to the same tax authority and the same taxable entity.

4.22.1.3. Compliance

The Bank fulfills its formal and substantive tax obligations, including tax payments, tax returns, issuance of certifications, and reporting to local and international tax authorities in accordance with applicable regulations and established deadlines. Likewise, the Bank safeguards client information and maintains tax compliance records within its internal systems.

Additionally, the Bank provides tax-related information to clients in a timely and continuous manner, ensuring the ongoing update of documentation to reflect applicable regulatory changes. This guarantees compliance with the requirements for deductions and tax benefits.

4.22.1.4. Transfer Pricing

Under the Arm's Length Principle and regulatory provisions, transactions between related entities must not be distorted by the special relationship that connects the two parties. When Banco Davivienda S.A. conducts one or more commercial or financial transactions with an associated entity not established in Colombia, the taxable profits are determined in accordance with the arm's length principle.

Transactions carried out with third parties or related entities within the national territory are governed by Article 90 of the Colombian Tax Code, ensuring that they are executed at the average market value of goods and/or services of the same nature at the time of their transfer.

In compliance with Article 260-5 of the Colombian Tax Code, as required by the tax administration, the Bank prepares and submits the local report, the informative return, and the master file. Additionally, in coordination with the Group's parent company, the Bank prepares the country-by-country report and provides support for its submission.

4.22.1.5. Related Parties

The Bank may enter into transactions, agreements, or contracts with related parties, provided that any such transactions are carried out at reasonable and market-based values, adhering to criteria such as the existing market conditions and rates in the sector where the transaction takes place, the activities of the companies involved, and the growth outlook of the respective business.

Transactions between related parties are divided into four categories:

- Market Securities: Transactions between related companies involving investments, capitalizations, derivatives, and other stock market operations.

- Ordinary Business Operations: Transactions related to the entity's core business, utilizing banking products or its commercial network, as well as representation through the parent company (granting loans, buying/selling loan portfolios, using savings/checking accounts).

- Support: Acquisition of goods/services from third parties on behalf of a related entity and/or business service transactions between related entities.

- Direction and Control from the Parent Company: Cross-functional operations related to management and control as the parent company.

For transactions in the categories of market securities and ordinary business operations, the methodology established in the tax code known as the "uncontrolled comparable price" method will be applied as a first approach. In cases where no internal or external comparables can be established, one of the other methods permitted under current regulations will be used, giving priority to the one that best aligns with the needs and nature of the transaction under evaluation. For support operations, only those conducted between related entities will be subject to the transfer pricing regime, with the initial evaluation methodology being the cost-plus method.

Regarding direction and control operations from the parent company, and in accordance with Action 8 of BEPS (OECD guidelines), these transactions are not subject to charges.

4.23. Provisions

Provisions are recognized when the Bank has a present obligation (either legal or constructive) as a result of a past event, and it is probable that the Bank will be required to settle the obligation, making it necessary to reliably estimate the amount of the obligation.

The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the reporting period's end, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using 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.

Litigation

The litigation cases analyzed are those with a probability of an unfavorable ruling against the Bank, which must be recognized at fair value, reflecting the probable amount of the ruling and the estimated resolution date. The estimated cash flows are discounted at the Bank's funding rate.

When the probability of occurrence indicates that the litigation is likely, a provision is recorded at 100%. Possible litigation cases are disclosed.

The Bank has provisions backed by guarantee contracts established in the acquisitions of other companies, which are disclosed in Note 12.25. Other Liabilities and Estimated Liabilities.

4.24. Bank Guarantees

These correspond to documents issued by the Bank to ensure full or partial compliance with one or more obligations undertaken by the client in favor of third parties. In the event of the client's default, the Bank will be liable to the third party, paying the agreed-upon amount specified in the document, thereby creating a credit obligation in the client's name for the amount disbursed, with a repayment term agreed upon with the client. They are initially recognized at the guaranteed amount and subsequently measured at the higher of the expected credit loss allowance and the initially recognized amount, less revenue within the scope of IFRS 15.

4.25. Equity

Capital

The Bank classifies equity instruments based on their substance and characteristics. An equity instrument is any contract that represents a residual interest in the Bank's assets after deducting all its liabilities. Equity instruments issued by the Bank are recognized at the amount of funds received, net of direct issuance costs and any related tax effects.

Common Shares

Common shares are classified as equity when they do not entail any contractual obligation to transfer cash or another financial asset. Dividend payments are recognized as a deduction from equity.

Preferred Shares with a Minimum Dividend

Preferred shares with a minimum dividend are classified as equity when they do not involve a contractual obligation to transfer cash or another financial asset. The Minimum Preferred Dividend is paid at the frequency and in the manner determined by the Annual General Meeting of Shareholders. The minimum preferred dividend is non-cumulative.

Share Premium

The share premium corresponds to the difference between the par value and the price paid per share.

Reserves

I. Statutory Reserve – Banks in Colombia must establish a statutory reserve of 10% of net income for each fiscal year until it reaches 50% of subscribed capital. The reserve may be reduced below 50% of subscribed capital only to cover losses exceeding retained earnings. The statutory reserve may not be used for dividend payments or to cover expenses or losses as long as the Bank has retained earnings. Banco Davivienda S.A. has established a statutory reserve exceeding regulatory requirements, surpassing the required amount by eight times the subscribed and paid-in capital.

II. Bylaws and Voluntary Reserves – This category includes reserves that must be approved by the Annual General Meeting:

- Reserve available to the Annual General Meeting for future profit distributions.
- Occasional reserves with an irrevocable commitment to capitalization, pursuant to Decree 2555 of 2010, taking advantage of the capital adequacy margin computation benefit.
- Other reserves.

To comply with capital adequacy regulations, the Bank may commit to capitalizing reserves available to the Annual General Meeting.

Other Comprehensive Income

Includes income and expense items that are not recognized in profit or loss for the period, such as unrealized gains on debt securities measured through equity, the effective portion of gains and losses on hedging instruments of the net investment in a foreign operation, and the deferred tax effect of items recognized in Other Comprehensive Income.

In accordance with External Circular 036 of 2014 issued by the Colombian Financial Superintendency, the difference between the incurred loss models for the loan portfolio under IFRS and the expected loss models recognized in the individual or separate financial statements of domestic and foreign subsidiaries must be recorded in Other Comprehensive Income.

Earnings per Share

Basic earnings per share are calculated by dividing the controlling interest by the weighted average number of common shares outstanding during the period. (See Note 12.26. Equity).

4.26. Income and Expense Recognition

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

The most significant criteria used by the Bank for the recognition of its income and expenses are summarized below:

Interest Income and Interest Expense and Similar Items

Interest income and expenses, along with related items, are recognized as they accrue using the effective interest method.

Non-interest income under the scope of IFRS 9 is recognized when the performance obligations committed to with the customer are fulfilled, in exchange for an amount that reflects the consideration agreed upon in the contracts and to which the Bank is entitled. In this regard, operating income is recognized when the following five steps are met:

- Stage 1 - Identifying the Contract(s) with the Customer: A contract is an agreement between two or more parties that creates enforceable rights and obligations.

- Stage 2 - Identifying the Performance Obligations under the Contract: Performance obligations are commitments arising from contracts with customers to transfer an asset or provide a service (or a group of goods and services).

- Stage 3 - Determining the Transaction Price: The transaction price is the amount of consideration in a contract that the Bank expects to be entitled to in exchange for transferring the committed goods or services (the performance obligations).

- Stage 4 - Allocating the Transaction Price to the Performance Obligations in the Contract: The transaction price or contract value (Step 3) must be allocated to the performance obligations identified in Step 2.

- Stage 5 - Recognizing Income from Ordinary Activities When (or As) a Performance Obligation is Satisfied: Income is recognized when the performance obligations committed to with the customers are effectively fulfilled.

Banking service fees are recognized when performance obligations are satisfied.

Fees and income related to credit cards, including interchange fees for credit and debit cards as well as quarterly or annual management fees, are recognized when the performance obligations associated with the contract with the customer are fulfilled. Quarterly fees are deferred and recognized on a monthly basis. Interchange fees are recorded net of the estimated points paid when purchases are made.

Credit-related fees, whether for credit line availability, financial structuring, or syndicated loans, are recognized when collected, once the performance obligations are fulfilled, and do not form part of the credit interest rate.

Investment management service fees include asset management fees, investment banking fees, custody fees, and securities trading fees. These are recognized in each period when the performance obligations associated with the service are satisfied.

Dividends are recognized as income when the right to receive them is established. In the case of dividends from subsidiaries, they are recorded as a reduction in the investment value. For non-controlled entities and associates, dividends are recognized in income when the right to collect them arises.

Income from gains on the sale of assets is recognized when the five steps for recognizing operating income are met, meaning when the performance obligations related to the transfer of assets are satisfied.

4.27. Operating Segment

An operating segment is a component of the Bank that engages in business activities from which it may earn income and incur expenses, and whose operating results are regularly reviewed by the Strategic Committee, led by the Bank's President (MITDO – Highest Instance in Operational Decision-Making). This body determines the resources to be allocated to the segment, evaluates its performance, and ensures the availability of distinct financial information for the segment.

5. Changes in Significant Accounting Policies

As of January 1, 2024, the amendments established in Decree 1611 of 2022 were incorporated. These modifications were applied by the Bank and had no impact on the Consolidated Financial Statements and disclosures.

Additionally, as of March 31, 2024, the Bank defined the following accounting policy for fair value hedge operations related to interest rate exposure on a portfolio of financial assets or financial liabilities:

In accordance with IFRS 9 Financial Instruments, for a fair value hedge of a portfolio covering interest rate risk, and only for this type of hedge, the Bank will apply the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 Financial Instruments, given that IAS 39 Financial Instruments: Recognition and Measurement incorporates the specific guidelines originally designed for this purpose.

For this type of hedge, the following is required:

1. Identifying a portfolio of financial assets or financial liabilities whose interest rate risk is to be hedged.

2. Breaking down the portfolio into interest rate reset periods based on expected rather than contractual reset dates, considering the distribution of cash flows among the periods in which they are expected to occur, or the distribution of notional principal amounts across all periods until the expected reset date.

3. Based on the aforementioned breakdown, determining the amount and the interest rate risk to be hedged.

4. Finally, measuring both the hedging instrument and the hedged instrument at their fair value and adjusting the profit or loss of the hedged item attributable to the hedged risk against the carrying amount of the hedged item in the income statement.

6. Use of Estimates and Judgments

The following are critical judgments, apart from those involving estimates made by management during the application of the Bank's accounting policies, which have a significant impact on the Consolidated Financial Statements.

<u>Credit Portfolio Impairment</u>

The Bank regularly reviews its credit portfolio to assess impairment, determine the amount of such impairment, analyze its reasonableness, and record it as an expense in the period's results.

The credit portfolio must be classified into three stages, and the impairment measurement is applied accordingly: Stage 1 is considered to have normal risk, Stage 2 reflects a significant increase in credit risk since origination, and Stage 3 consists of defaulted loans. The criteria for defining the classification within these three stages, as well as the impairment determination for each credit segment at each stage, are disclosed in Note 10.3.1. Credit Risk.

<u>Assessment of Significant Influence</u>

The Bank has determined that it holds significant influence over the entities disclosed in Note 12.8. Investments in Associates and Joint Arrangements and accounts for its investment using the equity method. Additionally, the Bank verifies whether there are purchases, sales, or increases in ownership percentages that impact its shareholding above 20% but below 50%.

Key Assumptions of Estimation Uncertainty

Below are the key assumptions regarding the future and other major sources of estimation uncertainty at the end of the reporting period, which carry a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the following year:

<u>Fair Value Measurements and Valuation Processes</u>

Financial assets and liabilities traded in active markets are recognized in the statement of financial position at fair value and are measured at market prices.

An active market is one where transactions for assets or liabilities take place with sufficient frequency and volume to provide consistent pricing information.

In Colombia, the Colombian Financial Superintendency has authorized official price providers, and the Bank relies on the daily pricing information published by PCPIO to value its investment portfolio and derivatives. This complies with the provisions of External Circular 034 of 2014, which mandates the use of information provided by price vendors in accordance with the instructions outlined in the Basic Legal Circular, Part 3, Title IV, Chapter IV – Price Providers.

Derivative financial instruments are recognized in the Consolidated Statement of Financial Position at their fair value at each reporting date. Additionally, the fair value of certain financial instruments, primarily loans and long-term debt, is disclosed, even though it does not entail a risk of adjustment to their carrying amounts. This is detailed in Note 12.4. Derivative Financial Instruments.

The described fair values are estimated using valuation techniques that incorporate both observable and unobservable market data. The key assumptions used in the valuation process are detailed in the relevant notes. Management considers the selected valuation techniques and assumptions to be appropriate for determining fair values.

The measurement of the fair value of financial instruments generally involves a high degree of complexity and requires the application of judgment, particularly when models use unobservable inputs (Level 3) based on assumptions that market participants would use to determine the price of the asset or liability. The key assumptions used in the valuation process are detailed in the relevant notes. Management considers the selected valuation techniques and assumptions to be appropriate for determining fair values.

<u>Impairment of Goodwill</u>

Determining whether goodwill has suffered impairment requires calculating the value in use of the cash-generating units (CGUs) to which it has been allocated. This calculation involves the Bank estimating the future cash flows expected from the CGUs and applying an appropriate discount rate to determine their present value. Further details are provided in Note 12.13. Leases.

Banco Davivienda S.A. conducts this valuation through an external, specialized, and independent consultant approved by the Colombian Financial Superintendency.

<u>Impairment of Fixed Assets</u>

After verifying indications of impairment, the Bank calculates the recoverable amount of fixed assets to determine whether they have suffered any impairment loss.

<u>Provisions and Contingencies</u>

A contingency must be classified based on a reliable estimate of the likelihood of an event occurring. Unless the possibility of an outflow of resources for settlement is remote, the Bank must disclose, for each class of contingent liabilities at the end of the reporting period, a brief description of the nature of the contingent liability. When there is a probability of an inflow of economic benefits, the Bank must disclose a brief description of the nature of the contingent assets at the end of the reporting period and, where feasible, an estimate of their financial effect. The estimation of contingencies is based on the criteria adopted under NCIF, as follows:

The classification of a contingency determines how provisions should be recognized. The Bank's provisions are determined based on the probability assigned by the legal department to each event, fact, or legal proceeding.

Probability of Outcome	Provision/Contingent Liability Treatment
Probable	Recognize and disclose
Possible	Disclose
Remote	Neither recognize nor disclose

Impairment of Investments

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

Customer Loyalty Program

The Bank operates a loyalty program in which customers accumulate points for purchases made using their credit cards. These points grant them the right to redeem rewards based on the policies and reward plan in effect at the redemption date. Reward points are recognized as a separately identifiable component of the initial sales transaction, allocating the fair value of the consideration received between the reward points and other components of the sale. As a result, loyalty points are initially recognized as deferred income at their fair value. The effect on the income statement is recorded as customers redeem their points.

Long-Term Employee Benefits

The recognition of the seniority bonus benefit is carried out using an actuarial method to estimate the amount to be recorded. Changes in the carrying amount of liabilities for long-term benefits are recognized in the income statement for the period.

Post-Employment Employee Benefits

For defined benefit plans, the Bank provides a health insurance benefit for retirees, which is determined based on the present value of estimated future payments to be made to employees. This is supported by actuarial studies using the projected unit credit method, which allocates benefits over the periods in which the payment obligation arises as employees render their services. Changes in the liability related to service costs and net interest (finance cost) are recognized in the income statement, while changes due to new actuarial measurements are recorded in Other Comprehensive Income.

Interest Rate Relief Benefit

In compliance with the interest rate relief benefit applicable to mortgage loans under the Bank's defined policies, a provision was calculated based on the relief granted.

Dismantling Costs

Each year, the Bank estimates the costs of dismantling, removal, and restoration of leased real estate properties, arising from obligations incurred as a result of the installation of components for the use of leased assets.

7. New Standards and Interpretations Issued but Not Yet Effective

The following accounting pronouncements are applicable to annual periods beginning after January 1, 2027, and have not been applied in the preparation of these Consolidated Financial Statements. The Bank plans to adopt the applicable accounting pronouncements on their respective effective dates and will not adopt them early.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also sets out similar principles for reinsurance contracts held and investment contracts issued with discretionary participation features. The objective of the standard is to ensure that entities provide relevant information that faithfully represents these contracts, enabling users to assess their impact on an entity's financial position, financial performance, and cash flows.

IFRS 17 replaces IFRS 4 Insurance Contracts, which was an interim standard that allowed entities to apply a wide range of accounting practices for insurance contracts, reflecting national accounting requirements and variations of those requirements. Some prior insurance accounting practices permitted under IFRS 4 did not adequately reflect the true underlying financial position or financial performance of insurance contracts.

The IFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. Contracts are measured using the following components:

- Probability-weighted discounted cash flows
- An explicit risk adjustment
- A contractual service margin (CSM), which represents the unearned profit of the contract and is recognized as income over the coverage period.

New regulations issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accounting framework accepted in Colombia.

IFRS 18 "Presentation and Disclosure in Financial Statements"

This is the new standard on financial statement presentation and disclosure, replacing IAS 1, with fundamental changes primarily affecting the Statement of Profit or Loss.

The key new concepts introduced in IFRS 18 relate to:

- The structure of the Statement of Profit or Loss with predefined subtotals.
- Requirement to determine the most useful summarized structure for presenting expenses in the income statement.
- Required disclosures in a single note within the financial statements for certain performance measures of profit or loss that are reported outside an entity's financial statements (i.e., management-defined performance measures).
- Enhanced principles on aggregation and disaggregation that apply to both the primary financial statements and the accompanying notes.

The new standard is set to take effect for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

8. Fair Value Measurement

In accordance with IFRS 13, fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This transaction is expected to take place in the principal market, or in its absence, the most advantageous market. Consequently, the Bank conducts its valuations considering the market in which the transaction would typically occur, utilizing the most relevant available information.

The Group values financial assets and liabilities traded in an active market where sufficient and available information exists at the valuation date, such as derivatives and debt and equity securities, based on the official pricing provider (PIP S.A.). PIP S.A.'s methodologies are approved by the Colombian Financial Superintendency and centralize market information. Accordingly, the Bank employs the prices and curves published by the pricing provider, assigning them according to the instrument being valued.

(Millions of Colombian Pesos (COP))

For instruments that lack an active market, the Bank develops methodologies that incorporate market-based data, peer bank pricing, and, in certain cases, unobservable inputs. These methodologies are designed to maximize the use of observable data to derive the most reliable approximation of an exit price for assets and liabilities that do not trade in deep or liquid markets.

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

In the context of high global inflation and the widespread implementation of contractionary monetary policies to control it, combined with the prevailing uncertainty due to the conflict in Europe and the economic performance of the United States, the financial markets have experienced significant volatility, leading to high variability in market prices. The valuation methodologies employed by Davivienda have remained consistent, accurately and promptly reflecting adjustments in interest rates and prevailing market expectations. This is particularly relevant given that the portfolio primarily consists of debt instruments and conventional derivatives.

Recurring Fair Value Measurements

Recurring measurements are those required or permitted by IFRS in the Statement of Financial Position at the end of each reporting period. If they are required under specific circumstances, they are classified as non-recurring.

The following table presents the assets and liabilities measured at fair value on a recurring basis, categorized by type of instrument and corresponding hierarchy level, as of December 31, 2024, and December 31, 2023:

	Fair Value December 31, 2024	Hierarchy 1	2	3
Assets				
Investments in Debt Securities Issued and Guaranteed	15,952,098	10,594,642	4,769,283	588,173
COP	10,396,878	7,510,595	2,792,411	93,872
Colombian Government	7,335,819	7,329,353	6,466	-
Financial Institutions	896,440	125,119	760,650	10,671
Real Sector Entities	1,938,968	30	1,938,938	-
Other	225,651	56,093	86,357	83,201
In Foreign Currency:	5,555,220	3,084,047	1,976,872	494,301
Colombian Government	28,070	19,068	-	9,002
Foreign Governments	4,155,360	2,425,521	1,526,600	203,239
Financial Institutions	961,748	250,360	429,328	282,060
Real Sector Entities	410,042	389,098	20,944	-
Investments in Equity Instruments (1)	739,818	109,552	563,356	66,910
Through Profit or Loss	75,728	68,608	-	7,120
Through Other Comprehensive Income	664,090	40,944	563,356	59,790
Trading Derivatives (2)	857,579	-	857,579	-
Currency Forwards	273,905	-	273,905	-
Security Forwards	9,936	-	9,936	-
Interest Rate Swaps	484,757	-	484,757	-
Currency Swaps	62,752	-	62,752	-

(Millions of Colombian Pesos (COP))

	Fair Value December 31, 2024	Hierarchy 1	2	3
Other	26,229	-	26,229	-
Hedging Derivatives	105,168	-	105,168	-
Currency Swaps	104,286	-	104,286	-
Interest Rate Swaps	882	-	882	-
Subtotal Derivatives	962,747	-	962,747	-
Fair Value Changes from Portfolio Hedge Accounting	(165,382)	(165,382)	-	-
Total Assets	**17,489,281**	**10,538,812**	**6,295,386**	**655,083**
Liabilities				
Trading Derivatives (2)	771,716	-	771,716	-
Currency Forwards	219,595	-	219,595	-
Interest Rate Swaps	497,024	-	497,024	-
Currency Swaps	37,865	-	37,865	-
Other	17,232	-	17,232	-
Total Liabilities	**771,716**	**-**	**771,716**	**-**

(1) Includes investments in other companies
(2) Excludes spot operations

	Fair Value December 31, 2023	Hierarchy 1	2	3
Assets				
Investments in Debt Securities Issued and Guaranteed	13,272,131	8,284,278	4,547,978	439,875
COP	8,127,942	5,711,769	2,319,285	96,888
Colombian Government	5,631,229	5,623,889	7,340	-
Financial Institutions	791,960	48,075	717,205	26,680
Real Sector Entities	1,510,781	20	1,510,761	-
Other	193,972	39,785	83,979	70,208
In Foreign Currency:	5,144,189	2,572,509	2,228,693	342,987
Colombian Government	540,326	540,326	-	-
Foreign Governments	3,087,164	1,515,068	1,423,696	148,400
Financial Institutions	1,137,289	184,614	758,088	194,587
Real Sector Entities	379,410	332,501	46,909	-
Investments in Equity Instruments (1)	703,986	76,183	525,668	102,135
Through Profit or Loss	67,432	14,114	-	53,318
Through Other Comprehensive Income	636,554	62,069	525,668	48,817
Financial Rights	4,555	-	-	4,555
In Foreign Currency:	4,555	-	-	4,555
Trading Derivatives (2)	1,580,597	-	1,580,597	-
Currency Forwards	681,744	-	681,744	-
Interest Rate Swaps	721,504	-	721,504	-
Other	177,349	-	177,349	-
Total Assets	**15,561,269**	**8,360,461**	**6,654,243**	**546,565**
Liabilities				

Trading Derivatives (2)	1,975,111	-	1,975,111	-
Currency Forwards	1,166,561	-	1,166,561	-
Security Forwards	2,496	-	2,496	-
Rate Swap	780,019	-	780,019	-
Other	26,035	-	26,035	-
Total Liabilities	**1,975,111**	-	**1,975,111**	-

(1) Includes investments in other companies
(2) Excludes spot operations

For the determination of fair value hierarchy levels, an evaluation is conducted on the methodologies used by the official price provider, combined with the expert judgment of the treasury areas, which possess in-depth knowledge of the markets, inputs, and approaches used to estimate fair values.

Applicable Methodologies for the Valuation of Investments in Debt Securities and Equity Securities:

- Market Prices: This methodology is applied to assets and liabilities that have sufficiently broad markets, where the volume and number of transactions are adequate to establish an exit price for each traded reference. This methodology, classified as Level 1 in the fair value hierarchy, is generally used for investments in sovereign debt securities, financial institution securities, and corporate debt in both local and international markets.

- Reference Margins and Curves: This methodology is applied to assets and liabilities for which market variables such as reference curves and spreads or margins are used in relation to recent quotes of the asset or liability in question or similar instruments. This methodology, classified as Level 2 in the fair value hierarchy, is generally used for investments in debt securities issued by financial institutions and corporate debt in the local market from less frequent issuers with lower outstanding amounts. Additionally, credit-linked securities and senior mortgage-backed securitizations fall under this methodology.

- Other Methods: For assets where the official price provider does not report prices based on the previously described methodologies, the Bank uses alternative approaches to estimate a fair value while maximizing the use of observable data. These methods, classified as Level 3 in the fair value hierarchy, generally rely on the internal rate of return obtained from the primary market for the instrument, the most recent observable quotes, and the use of reference curves. Investments in residual rights from mortgage-backed securitizations and debt instruments in illiquid markets fall under this Level 3 classification. For these assets, there is no active secondary market to provide indications of a fair exchange price, making the transaction price at issuance the best available reference. The valuation of these instruments is based on a discounted cash flow approach, with the internal rate of return implicit in the purchase price being the key variable.

  Similarly, this level includes investments in short-term government debt securities held by the investment portfolios of the Central American subsidiaries. Specifically, these are securities issued in the local market of Honduras, typically with maturities of around one year, which lack secondary markets, making the transaction price at issuance the best available reference for an exit price. As with the previously described securitizations, valuation is based on the discounted cash flow method, with the internal rate of return implicit in the purchase price being the key variable.

  For equity instruments that are not traded in an active market and for which no market reference data is available, standardized models and techniques commonly used in the financial sector are applied. Other equity investments where the Bank has neither control nor significant influence are recognized at acquisition cost due to the absence of market prices and because they are required investments for financial institutions in Colombia to operate under local regulations.

(Millions of Colombian Pesos (COP))

Methodologies for the Valuation of Financial Derivative Instruments

- OTC Financial Derivative Instruments: These instruments are valued using the discounted cash flow approach, where future cash flows for each contract are projected and discounted based on the underlying asset, using inputs published by the official pricing provider, such as domestic, foreign, and implied interest rate curves and exchange rates. The portfolio of these instruments, classified at Level 2 of fair value, includes interest rate and currency swaps, foreign exchange and bond forwards, and European-style currency options.

- Standardized Financial Derivative Instruments: These instruments are valued using prices published by the designated official pricing provider. Some of these contracts have sufficient market depth to establish a price under the market-based approach, while others follow a discounted cash flow approach, using prices of underlying assets and market interest rate curves. This portfolio includes futures contracts on foreign exchange, debt securities, and interest rates. Since these instruments incorporate both Level 1 and Level 2 inputs, the Bank classifies their fair value at the lower level, which is Level 2.

During the period from January 1 to December 31, 2024, there were no significant transfers of financial instruments between the different levels of the valuation hierarchy. The changes in fair value were solely driven by fluctuations in the inputs used for the valuation of financial instruments throughout the period.

Below is the movement of financial instruments measured at fair value on a recurring basis and classified within Level 3 of the hierarchy:

	December 31, 2023	Total Profit (Loss) in Income Statement	In Other Comprehensive Income	Reclassifications	Purchases	Issuances	Settlements	Transfers Out of Level 3	December 31, 2024
Assets									
Investments in Debt Securities Issued and Guaranteed	439,875	17,965	7,927	9,002	420,377	-	(306,051)	(922)	588,173
COP	96,888	17,376	(77)	-	7,266	-	(26,659)	(922)	93,872
Financial Institutions	26,680	1,505	-	-	7,266	-	(24,780)	-	10,671
Other	70,208	15,871	(77)	-	-	-	(1,879)	(922)	83,201
In Foreign Currency:	342,987	589	8,004	9,002	413,111	-	(279,392)	-	494,301
Colombian Government	-	-	-	9,002	-	-	-	-	9,002
Foreign Governments	148,400	-	-	-	203,240	-	(148,401)	-	203,239
Financial Institutions	194,587	589	8,004	-	209,871	-	(130,991)	-	282,060
Investments in Equity Instruments	102,135	669	(7,588)	-	18,561	(168)	(46,699)	-	66,910
Through Profit or Loss	53,318	669	-	-	-	(168)	(46,699)	-	7,120
Through Other Comprehensive Income	48,817	-	(7,588)	-	18,561	-	-	-	59,790
Financial Rights	4,555	-	(2,559)	(1,996)	-	-	-	-	-
In Foreign Currency:	4,555	-	(2,559)	(1,996)	-	-	-	-	-
Total Assets	546,565	18,634	(2,220)	7,006	438,938	(168)	(352,750)	(922)	655,083

(Millions of Colombian Pesos (COP))

	December 31, 2022	Total Profit (Loss) in Income Statement	In Other Comprehensive Income	Reclassifications	Purchases	Settlements	December 31, 2023
Assets							
Investments in Debt Securities Issued and Guaranteed	444,531	22,560	(2,558)	-	352,900	(377,558)	439,875
COP	48,738	23,563	255	-	24,332	-	96,888
Financial Institutions	1,364	1,898	-	-	23,418	-	26,680
Other	47,374	21,665	255	-	914	-	70,208
In Foreign Currency:	395,793	(1,003)	(2,813)	-	328,568	(377,558)	342,987
Foreign Governments	204,546	-	-	-	148,400	(204,546)	148,400
Financial Institutions	191,247	(1,003)	(2,813)	-	180,168	(173,012)	194,587
Investments in Equity Instruments	147,777	6,052	(6,974)	1,135	3,129	(48,984)	102,135
Through Profit or Loss	87,567	6,052	-	1,135	1,466	(42,902)	53,318
Through Other Comprehensive Income	60,210	-	(6,974)	-	1,663	(6,082)	48,817
Financial Rights	3,821	734	-	-	-	-	4,555
In Foreign Currency:	3,821	734	-	-	-	-	4,555
Total Assets	**596,129**	**29,346**	**(9,532)**	**1,135**	**356,029**	**(426,542)**	**546,565**

Fair Value Measurements of Instruments Measured at Amortized Cost

Below are the Group's assets and liabilities at fair value and their carrying amount:

	December 31, 2024				
		Hierarchy			Carrying Amount
	Fair Value	1	2	3	
Assets					
Loan Portfolio, Net	139,029,550	-	-	139,029,550	139,930,113
Investments at Amortized Cost, Net	4,802,851	995,777	3,801,625	5,449	4,797,417
Total Financial Assets	**143,832,401**	**995,777**	**3,801,625**	**139,034,999**	**144,727,530**
Liabilities					
Certificates of Deposit	68,907,699	-	68,907,699	-	70,796,890
Debt Instruments Issued	10,916,249	7,825,331	-	3,090,918	11,399,140
Loans from Banks and Other Obligations	15,801,471	-	-	15,801,471	16,028,005
Total Liabilities	**95,625,419**	**7,825,331**	**68,907,699**	**18,892,389**	**98,224,035**

(Millions of Colombian Pesos (COP))

	December 31, 2023				
			Hierarchy		Carrying Amount
	Fair Value	1	2	3	
Assets					
Loan Portfolio, Net	122,878,316	-	-	122,878,316	129,899,052
Investments at Amortized Cost, Net	5,119,922	896,057	4,223,864	1	5,131,412
Total Financial Assets	**127,998,238**	**896,057**	**4,223,864**	**122,878,317**	**135,030,464**
Liabilities					
Certificates of Deposit	59,001,741	-	59,001,741	-	60,180,191
Debt Instruments Issued	12,084,259	8,570,839	-	3,513,420	12,836,332
Loans from Banks and Other Obligations	16,149,516	-	-	16,149,516	16,320,457
Total Liabilities	**87,235,516**	**8,570,839**	**59,001,741**	**19,662,936**	**89,336,980**

Valuation Methodologies for Instruments Measured at Amortized Cost:

Loan Portfolio (Net)

Fair value is determined using discounted cash flow models, considering interest rates for each credit line from reference banks as published on the Colombian Financial Superintendency's website and their maturity period. This valuation process is classified under Level 3.

Investments at Amortized Cost (Net)

The fair value of fixed-income investments held to maturity is determined using the "dirty price" provided by the price vendor. Securities with an active market and an observable market price on the valuation date are classified as Level 1, while securities without an active market and/or those whose price provided by the vendor is an estimated price (present value of the security's cash flows discounted at the reference rate and the corresponding margin) are classified as Level 2 and Level 3.

Term Deposit Certificates

The fair value of term deposits maturing in less than one year is equal to their carrying value. For term deposits with maturities of one year or more, fair value is estimated using the zero-coupon curve model, considering the interest rate types provided by the price vendor PIP. These are classified under Level 2 in the valuation process.

Debt Instruments Issued

Fair value is estimated using the nominal value multiplied by the dirty price of the bonds provided by the price vendor PIP. These are classified under Level 1 in the valuation process.

Financial Obligations

The fair value of financial obligations maturing in less than one year is equal to their carrying value. For financial obligations with maturities of one year or more, fair value is determined using discounted cash flow models based on market SOFR rates plus additional basis points from reference banks. These are classified under Level 3 in the valuation process.

9. Operating Segments

The Bank determines the presentation of its operating business segments based on how information is organized and received. These segments comprise components of the Bank dedicated to financial and banking activities, generating income and incurring expenses, ensuring effective accountability for optimal measurement of results, assets, and liabilities. These segments are regularly assessed and verified by the Strategic Committee, led by the President of Banco Davivienda S.A. (MITDO - Highest Instance for Operational Decision-Making), to facilitate sound decision-making, appropriate resource allocation, and performance evaluation. Based on this structure, the Bank's operating segments are determined by considering:

a) Activities related to individuals and businesses, which are reported separately in terms of assets, liabilities, income, and expenses.

b) Results are periodically reviewed by MITDO.

c) The availability of differentiated financial information.

The operating segments are components of the Parent Company and include the results from the different countries where Davivienda operates, ensuring that their performance is classified and presented within the segments established by the Bank.

1. Retail

This segment includes all products and services offered to individual customers. Davivienda provides a wide range of products and services designed to meet customer needs, including investment, financing, and savings products.

2. Corporate

This segment comprises the offering of products and services aimed at legal entities. It provides financial and transactional solutions in both local and foreign currency, as well as financing, savings, and investment products, to meet the needs of clients across various economic sectors.

3. Asset and Liability Management (ALM)

Asset and Liability Management (ALM) corresponds to treasury-related assets, liabilities, income, and expenses that account for 10% or more of total assets, presented in an aggregated manner. It also encompasses the management of mismatches and liabilities, as well as any foreign exchange restatement effects, whether from treasury positions or the banking book. As a result, the outcome of this segment does not solely reflect the performance of a business line but also corporate decisions regarding the Bank's issuances and funding management. However, since it involves managing the Bank's liquidity resources, it is subject to management oversight, just like the other segments. Considering this, we present the key dynamics within the segment.

4. International

This segment corresponds to the Bank's international operations and includes the financial information of its foreign subsidiaries, which are located in Panama, Costa Rica, El Salvador, and Honduras. These subsidiaries generate income from a variety of financial products and services offered in each country, based on an effective, comprehensive value proposition for their multi-Latin clients, with a strong focus on quality and service.

The components and operating segments established by the Group remain consistent with those disclosed in the annual notes. The segment results are presented below.

(Millions of Colombian Pesos (COP))

Results by Segment
December 31, 2024

Income Statement	Retail	Corporate	Assets and Liabilities Management(1)	International	Total Consolidated Bank
Interest Income and Investment Results	8,411,614	5,887,287	1,980,670	3,810,328	20,089,899
Interest Expenses	(2,108,355)	(5,097,672)	(2,409,345)	(1,799,134)	(11,414,506)
Net FTP (*)	(2,167,962)	2,097,331	70,631	-	-
Net Impairment of Financial Assets	(3,817,600)	(1,033,887)	207,901	(551,917)	(5,195,503)
Net Financial Margin	**317,697**	**1,853,059**	**(150,143)**	**1,459,277**	**3,479,890**
Net Commission, Services, and Insurance Income	947,892	186,724	542,631	491,970	2,169,217
Result from Investments in Associates	-	-	(52,833)	2,374	(50,459)
Dividends Received	-	-	26,534	1,168	27,702
Operating Expenses	(2,616,172)	(1,478,519)	(521,654)	(1,600,653)	(6,216,998)
Foreign Exchange and Derivatives, Net	47,537	-	170,197	31,536	249,270
Other Income and Expenses, Net	62,122	107,538	42,056	66,142	277,858
Profit (Loss) Before Income Tax	**(1,240,924)**	**668,802**	**56,788**	**451,814**	**(63,520)**
Income Tax	623,559	(251,199)	(298,940)	(99,555)	(26,135)
Net Income for the Period	**(617,365)**	**417,603**	**(242,152)**	**352,259**	**(89,655)**

December 31, 2024					
Assets	**58,459,860**	**43,232,709**	**36,683,553**	**52,951,164**	**191,327,286**
Liabilities	**33,992,136**	**61,094,258**	**33,136,902**	**46,943,172**	**175,166,468**

December 31, 2023

Income Statement	Retail	Corporate	Assets and Liabilities Management(1)	International	Total Consolidated Bank
Interest Income and Investment Results	9,801,228	6,826,972	1,994,209	3,708,619	22,331,028
Interest Expenses	(2,147,866)	(6,155,568)	(3,073,499)	(1,662,538)	(13,039,471)
Net FTP (*)	(2,532,399)	2,746,469	(214,070)	-	-
Net Impairment of Financial Assets	(5,274,150)	(32,396)	(216,755)	(393,896)	(5,917,197)
Net Financial Margin	**(153,187)**	**3,385,477**	**(1,510,115)**	**1,652,185**	**3,374,360**
Net Commission, Services, and Insurance Income	1,010,228	115,857	472,153	490,790	2,089,028
Result from Investments in Associates	-	-	(141,962)	2,899	(139,063)
Dividends Received	-	-	30,328	472	30,800
Operating Expenses	(2,274,179)	(985,483)	(1,105,645)	(1,574,997)	(5,940,304)
Foreign Exchange and Derivatives, Net	-	-	(495,411)	(117,143)	(612,554)
Other Income and Expenses, Net	124,590	(145,509)	181,912	42,937	203,930
Profit (Loss) Before Income Tax	**(1,292,548)**	**2,370,342**	**(2,568,740)**	**497,143**	**(993,803)**
Income Tax and complementary taxes	783,474	(830,782)	814,249	(145,470)	621,471
Net Income for the Period	**(509,074)**	**1,539,560**	**(1,754,491)**	**351,673**	**(372,332)**

December 31, 2023					
Assets	**60,441,056**	**41,281,161**	**32,824,196**	**43,672,029**	**178,218,442**
Liabilities	**30,603,902**	**59,437,996**	**34,726,427**	**38,697,341**	**163,465,666**

(1) Assets and Liabilities Management
(***) Net FTP – Funds Transfer Pricing: Refers to the transfer costs of funds between segments, which are allocated systematically and consistently and managed internally within the Bank.

Retail Banking

The accumulated result as of December 2024 in the Retail Banking segment was $(617,365), driven by loan impairment due to portfolio performance. Although loan impairment decreased by $(1,456,550) compared to the same period of the previous year, delinquency levels remain high in unsecured consumer loans and credit card portfolios. Additionally, the decline in loan origination has impacted interest income, resulting in a reduction of $(1,389,614) compared to the previous year.

Corporate Banking

The accumulated result as of December 2024 in the Corporate Banking segment was $417,603, driven by a higher gross margin (Interest Income – Interest Expense) compared to the previous year by $118,211. This increase is due to liabilities repricing faster than assets, which, in a declining interest rate environment, leads to an improvement in the gross margin.

Loan impairment amounted to $1,033,887, primarily affecting the Corporate, SME, and Business segments. Total loan impairment was $1,001,491 higher than the previous year.

Assets and Liabilities Management

The accumulated result as of December 2024 in the Assets and Liabilities Management segment was $(242,152), primarily driven by a generalized decline in lending and deposit rates across financial markets, influenced by factors such as the Central Bank's policy rate levels.

Regarding foreign exchange and derivatives results, a net gain of $170,197 was recorded in 2024, mainly attributed to profits from derivative operations generated by exchange rate differentials. This effect was primarily driven by the depreciation of the Colombian peso against the U.S. dollar, which impacted the Bank's and its subsidiaries' structural long positions. These positions are part of the foreign exchange strategy aimed at safeguarding the consolidated balance sheet's solvency.

International Unit

The accumulated result as of December 2024 for the International Unit was $352,259 reflecting an increase of $586 compared to the previous year. This was primarily driven by higher loan portfolio income of $101,709, although this was offset by a rise in impairment expenses of $158,021 compared to the prior year. However, this impact was mitigated by a $148,679 gain in foreign exchange and derivatives, largely due to the behavior of the Costa Rican colón.

10. Comprehensive Risk Management

The Bank's comprehensive risk management is based on a governance structure aimed at achieving strategic objectives through a risk management, administration, and control framework that supports business growth and opportunity utilization. This foundation guides Senior Management's efforts toward fulfilling the Bank's strategy while managing associated risks.

The corporate risk model is continuously evolving and being updated in line with the regulatory framework of the Colombian Financial Superintendency (Superintendencia Financiera de Colombia) under the SIAR (Comprehensive Risk Management System), as well as business practices aligned with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) framework.

The risk management approach for the Bank and its subsidiaries follows the Grupo Empresarial Bolívar's policies, while maintaining the autonomy of each entity in managing its own risks. These policies establish a cross-cutting risk management framework applicable throughout the organization.

10.1. Overarching Principles

- Comprehensive risk management must align with the nature and activity of the business. Davivienda only engages in businesses it understands and that fit within its risk profile.

- Davivienda has established that it will operate in specific economic sectors and regions. Any investment in products, sectors, or regions outside of these must be approved by the Board of Directors of Banco Davivienda and the respective Boards of Directors of its subsidiaries, following an in-depth analysis of their specific characteristics and applicable regulations.

- Risk management relies on a system of checks and balances, ensuring independence between business and commercial areas, as well as operational and risk areas. A well-defined corporate governance framework regulates the proper interaction among these areas.

- Risks that impact the achievement of corporate objectives and strategies and significantly affect the organization as a whole are managed centrally. Meanwhile, risks that are better managed at the subsidiary, process, or departmental level due to their specific nature are handled in a decentralized manner. This does not compromise the organization's ability to successfully implement its strategies.

- The ability to assume risks is based on knowledge, understanding, and quantification, as well as on the specific characteristics of each business. The entity's risk appetite is defined accordingly, with decision-making boldness depending on the level of understanding of these risks.

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

10.1.1. General Framework

Davivienda's Comprehensive Risk Management Model is shaped by a combination of regulatory guidelines, corporate practices, and international standards in enterprise risk management. As a result, Davivienda has established a model that adapts to the dynamics of its environment, operations, and regulatory framework, ensuring consistency, adequacy, applicability, and integration capacity.

In all areas of risk management, thorough analyses of current and future exposures are conducted, along with assessments of the limits that define maximum exposure levels. Additionally, it is crucial to evaluate all risks that could lead to material deviations from strategic objectives and to establish governance structures that allow for risk limit adjustments when they are not aligned with the general risk philosophy.

Risk management must be approached from two perspectives: 1) Top-Down Approach, ensuring the integrity of risk management, consistency, and the interrelation between different risks. 2) Bottom-Up Approach, developing risk management and control frameworks for each risk category to ensure effectiveness, depth, and clear governance models. This includes setting limits for various positions and defining procedures for addressing breaches.

The implementation of the Comprehensive Risk Management Model follows a clear framework of function segregation to ensure timely risk identification. This structure consists of three lines of defense that involve all areas of the organization: 1) Business, Operations, and Commercial Units. 2) Risk Management, Internal Control, and Regulatory Compliance Units. 3) Audit Function.

10.1.2. Governance Structure

The governance framework for Comprehensive Risk Management defines the responsibilities of governing bodies based on a set of risk principles and policies that clearly outline exposure levels, while also establishing authority levels and assigning responsibility for business execution, process implementation, and risk management.

The organizational structure is designed to support business development needs while ensuring proper risk management and regulatory compliance.
The lead function in risk management is carried out by the Executive Vice President of Risk and the Executive Vice President of Investment Risk at Grupo Bolívar. Both executives report to the Bank's Corporate Risk Committee, which serves as an advisory committee to the Board of Directors and comprises three active members, including one independent member.

Board of Directors

The Board of Directors provides authority, guidance, and oversight to senior management, ensuring that its members possess the necessary experience and knowledge regarding the entity's activities, objectives, and structure.

The Board of Directors is responsible for risk-related matters, carrying out the following functions, without prejudice to any other duties established by applicable regulations regarding Risk Management Systems:

- Evaluating and approving business plans with due consideration of associated risks and periodically monitoring their execution.

- Ensuring that corporate risk management is aligned with the achievement of Banco Davivienda's strategic objectives.

- Reviewing the comprehensive risk perspective and considering it in relation to the entity's risk profile.

Corporate Risk Committee

The Corporate Risk Committee shall have the following responsibilities:

- Monitoring the entity's risk profile and risk appetite, assessing their alignment with the business plan, capital levels, and liquidity, and informing the Board of Directors of key findings while issuing recommendations as needed and/or when deviations in risk appetite levels arise.

- Evaluating the effectiveness of comprehensive risk management, including the Risk Appetite Framework and its policies, and presenting them to the Board of Directors at least once a year for necessary adjustments and approval.

- Promoting and strengthening the risk culture within Banco Davivienda and its subsidiaries and reporting it to the Board of Directors.

Audit Committee

The Audit Committee is responsible for risk-related functions, without prejudice to other responsibilities established by applicable regulations concerning the Risk Management Systems:

- Supervising that both internal audit and external statutory auditing assess the methodology and implementation of the risk management model.

- Monitoring the implementation of recommendations arising from the control process, directives issued by the Corporate Risk Committee and the Board of Directors, or equivalent authorities.

- Evaluating the effectiveness of the comprehensive risk management process, ensuring compliance with all applicable risk regulations, identifying weaknesses, and issuing recommendations when necessary.

10.2. Risk Management Model

The risk management of Banco Davivienda S.A. is carried out based on its operational management structure, which includes Banco Davivienda and its Colombian subsidiaries, as well as Banco Davivienda's international subsidiaries. This structure is internally defined and aligned with the corporate risk management framework, ensuring compliance and integration with the overall business strategy.

Banco Davivienda Colombia

Banco Davivienda Colombia's Executive Vice Presidency of Risk is responsible for identifying, assessing, and comprehensively managing credit risk through the Vice Presidency of Credit Risk, which oversees specialized Risk Management Divisions for each banking segment: Retail Credit Risk Division, SME Credit Risk Division, and Corporate & Business Credit Risk Division. Additionally, it has three cross-functional areas: the Credit Risk Models, Parameterization, and Methodologies Division, which drives the development of credit risk models throughout the credit cycle for different banking segments and ensures their proper implementation in credit decision engines; the Assets Risk Department, which safeguards the credit risk control framework and development, maintaining a close alignment with teams specializing in operational risk and other risk categories; and the Environmental and Social Risk Department, which enables timely identification, assessment, and control of environmental and social risks, contributing to the bank's sustainability efforts.

For the Retail Banking segment, the Vice Presidency of Credit and Collections is responsible for evaluating, managing, and collecting all credit lines for individuals, as well as approving individual credit operations. This process is based on a hierarchical structure of attributions (individual and collegial) with defined limits, recognizing that each higher-level authority is responsible for conducting ex-post reviews of its subordinates' decisions. Additionally, there are credit committees that make decisions collectively.

For each credit product, scoring models have been developed based on historical proprietary data (though not exclusively) to assess client variables, financial sector behavior and indebtedness, product characteristics, and collateral. Methodologies have also been designed to segment the loan portfolio into homogeneous groups, allowing for individualized risk assessment.

The Retail Credit Risk Division manages and monitors the various banking products in alignment with business operations, covering payment methods, consumer loans, vehicle financing, and mortgage lending.

For SME Banking, credit evaluation is the responsibility of the Corporate Credit Vice Presidency, which analyzes credit applications, monitors outstanding obligations, and manages recovery processes when necessary. The SME Credit Risk Division oversees and monitors credit risk across different SME banking segments, including Micro, Small, and Large SMEs.

The Corporate Credit Vice Presidency is responsible for granting credit facilities to domestic and international companies whose economic activities comply with the regulations and conditions established by the Superintendency of Corporations and/or other relevant authorities, as well as Banco Davivienda.

To achieve this objective, a thorough analysis of the companies' creditworthiness is conducted, considering macroeconomic conditions, the industry in which they operate, corporate culture, strategy, policies, procedures, and various quantitative and qualitative risks.

The Corporate and Business Credit Risk Division monitors the risks associated with these operations, ensures compliance with covenants established in credit agreements, secures available collateral, and assesses portfolio concentration across different economic sectors and regions.

The management of financial risks is overseen by the Executive Vice Presidency of Investment Risk at Grupo Empresarial Bolívar, which is responsible for identifying, measuring, managing, and ensuring that market, liquidity, investment credit, conduct, and treasury operational risks remain within the defined risk appetite for both proprietary and third-party portfolios, whether discretionary or non-discretionary. It is also responsible for developing and proposing different risk measurement and management methodologies, as well as policies and risk appetite levels, to the Boards of Directors.

To fulfill this role, it relies on the Financial Risk Division, which manages market, liquidity, conduct, and operational risks across different investment business lines; the Financial Institutions Credit Risk Division, responsible for assessing credit and counterparty risks within investment portfolios; the Client Financial Risk Department, which oversees financial risk management for non-discretionary portfolios; and the Mandate Risk Division, responsible for managing risks associated with structured trust businesses, investment banking, and private equity fund management.

Interest rate risk management for the banking book is handled by the Executive Vice Presidency of Treasury and Wealth Banking as the first line of defense, while the Strategic Risk and Planning Vice Presidency provides oversight as the second line of defense, reporting to the Executive Vice Presidency of Risk. This process is supported by a set of control mechanisms, including transfer pricing frameworks and the use of financial derivatives, among others.

The Boards of Directors of the different entities rely on the Financial Risk Committee for matters related to issuer and counterparty risk and on the Asset and Liability Management Committees for managing market price risk, banking book interest rate risk, and liquidity risk. Additional committees are in place to oversee various business lines in compliance with applicable legal requirements.

Additionally, the Operational Risk Vice Presidency is responsible for managing operational risk by designing, implementing, and maintaining the strategies, policies, and procedures required for optimal capital management, thereby mitigating economic and client-related impacts that could affect the stability, sustainability, and reputation of the entities while ensuring stakeholder confidence.

<u>Banco Davivienda Foreign Subsidiary</u>

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

The International Credit Vice Presidency, led by the Chief Credit Officer (CCO), oversees Corporate and Business Banking as well as Retail Banking for foreign subsidiaries. It is responsible for the evaluation, administration, and collection of credit lines. As in Colombia, approvals are based on a pyramidal structure of authority at the local operation level, the Regional Unit, and the Corporate Credit Committee in Colombia, where decisions are made collectively.

Additionally, it maintains a comprehensive business perspective and coordinates efforts across all subsidiaries through local Credit Risk units in each country, ensuring recognition of market-specific characteristics.

Financial risk management at Davivienda's foreign subsidiaries follows a model in which the parent company provides guidelines, policies, and methodologies for risk measurement and control, which are then implemented by each subsidiary. The Financial Risk Committee and the Foreign Currency ALM Committee approve global limits for each business unit within Banco Davivienda's overall risk appetite.

The Board of Directors of each subsidiary is the highest-ranking body within its organization, responsible for the comprehensive management of financial risks in its balance sheet. These boards define and ratify market risk appetite and establish liquidity risk policies and guidelines for each currency or on a consolidated basis per entity. Additionally, each foreign subsidiary has a local ALCO (Asset and Liability Committee) that ratifies decisions made by the Foreign Currency ALM Committee in Colombia and is responsible for approving risk limits at the business level and overseeing strategic implementation.

Operational risk management is carried out by the Risk Unit of the Foreign Subsidiary, which ensures the integrity of business processes in accordance with the control and operational risk management framework approved by the parent company's Board of Directors. This unit also provides functional reporting to the Operational Risk Division at the parent company, which monitors proper application and management, alongside the International Operational Risk Management team.

The Executive Vice Presidency of International Banking is responsible for consolidating and monitoring risks across all countries and ensuring coordination in line with the multi-Latin strategy.

10.3. Comprehensive Risk Management Systems (SIAR)

10.3.1. Credit Risk

Credit risk is defined as the possibility that a borrower or counterparty fails to meet its obligations under the agreed terms, negatively impacting the Bank's portfolio value. This risk is mitigated through proper diversification of portfolios across economic sectors and credit types, the use of guarantees for certain credit types, and the risk approval parameters established by the Bank.

The objective of credit risk management is to maximize the Bank's profitability while adhering to the desired risk levels. This objective is achieved by maintaining expected loss levels within acceptable parameters, while also considering other uncertainty factors that may affect portfolio performance.

Credit risk management follows a logical and systematic process that, based on the context of credit cycle processes and the previously described stages, enables the identification, analysis, evaluation, control, monitoring, and communication of risks associated with business lines, products, services, and markets where the Bank executes its credit business plan. This approach seeks to identify opportunities for process improvements while preventing or mitigating credit and operational losses associated with the credit cycle. This involves a risk management cycle structured in the following stages:

Identification: This stage involves determining the actual and potential risks inherent in the activities being carried out or planned, in alignment with the Bank's strategic plan or regulatory compliance within the credit cycle. This stage must be completed when implementing changes to the business plan, entering new markets, or introducing new channels, products, or services.

Measurement: This stage quantifies and/or assesses exposure to credit risk and operational risks associated with all phases of the credit cycle, as well as the impact and consequences at the time of their materialization.

Control: This stage involves establishing mechanisms to mitigate and manage the materialization of risks associated with the credit cycle. These mechanisms include policies, procedures, and methodologies related to the credit cycle—origination, deepening, and recovery—as well as operational controls to ensure their proper implementation. Controls must facilitate monitoring compliance with established thresholds and/or regulatory limits while ensuring that updated, reliable, timely, and complete information is available for decision-making.

Monitoring: This stage ensures continuous and effective tracking of risk sources within the credit cycle, deviations from limits and/or thresholds, the effectiveness of implemented controls, and the potential impact of risk materialization. Portfolio monitoring helps identify these deviations and correct them through the appropriate governance instances.

10.3.1.1. Organizational Structure for Credit Risk Management

As outlined in the risk management model, the Bank manages credit risk through the Executive Vice Presidency of Risk, specifically under the Vice Presidency of Credit Risk, which has specialized divisions to oversee Corporate, Business, and Construction Banking, SME Banking, and Retail Banking. Additionally, it has three transversal areas: the Environmental and Social Risk Department, which enables the timely identification, assessment, and control of environmental and social risks to support sustainability; the Asset Risk Department, which ensures an appropriate framework for credit risk control and development; and the Credit Risk Models and Methodologies Directorate, which promotes the development of models throughout all stages of the credit cycle and their proper implementation in credit decision engines.

In Central America, credit risk is managed through risk units in each country under the supervision of the Regional Unit, which reports to the Risk Committees for the different banking segments.

The Board of Directors defines, establishes, and structures the Credit Risk Committees as specialized bodies responsible for coordinating credit risk management matters. The Board authorizes these committees as the sole collegial bodies with the authority to recommend policies and approve rules and provisions related to credit risk management, loan recovery, and loan classification, in line with the established governance process and exclusively to implement the policies set forth by the Board of Directors.

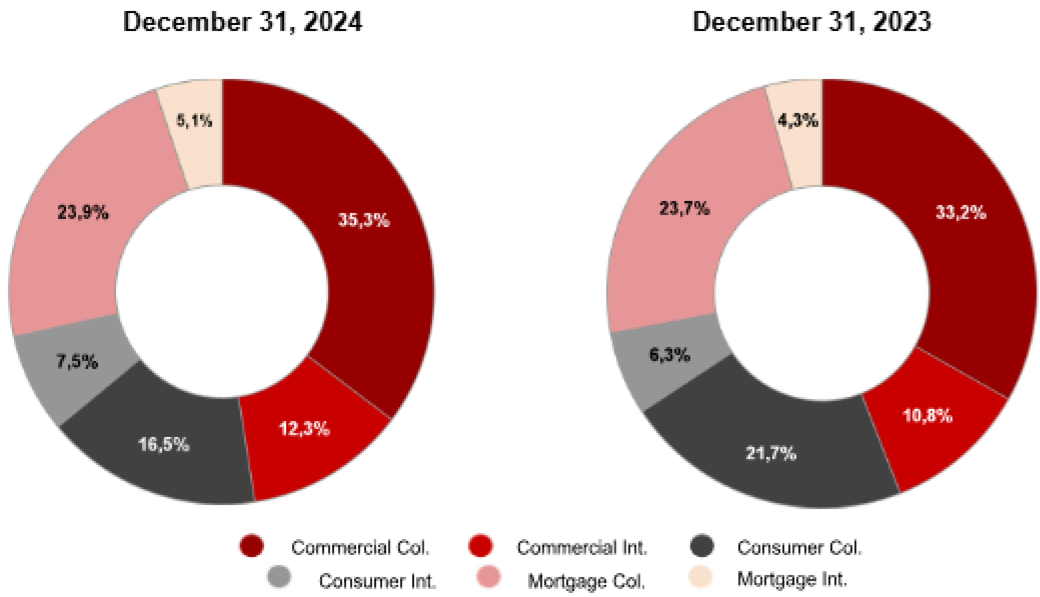
The Credit Risk Management Manual (MARC) serves as the guiding document for the Credit Risk Management System. It outlines the Bank's risk culture, policies, methodologies, rules, and general procedures, acting as the primary tool for systematically recording, transmitting, and organizing credit risk-related information across the organization.

10.3.1.2. Credit Risk Exposure – Loan Portfolio Composition

The Bank's loan portfolio is divided into consumer, mortgage, and commercial loans. The first two categories correspond to loans granted to individuals for financing their consumption needs (unsecured and secured personal loans, revolving credit, payroll loans, auto loans, and credit cards) and mortgages (subsidized housing, traditional—above subsidized housing thresholds, and residential leasing), respectively. The commercial portfolio consists of loans granted to finance the needs of businesses and enterprises.

The total consolidated loan portfolio value at year-end amounts to $145,458,267, with 75.1% corresponding to Banco Davivienda Colombia and the remaining 24.9% to its foreign subsidiaries. The comparative distribution by loan category for December 2024 - December 2023 is presented below:

(Millions of Colombian Pesos (COP))



At the close of 2024, the loan portfolio showed a 6.97% increase compared to December 31, 2023. The Colombian portfolio grew by 2.3%, with the highest percentage variation occurring in the commercial portfolio, which increased by 13.6%. The consumer loan portfolio declined by 18.5% due to the implementation of origination policies aimed at correcting deterioration observed in previous periods, as well as lower credit demand. Meanwhile, the mortgage portfolio registered a 5.5% increase.

Within the Central American loan portfolio, the subsidiary with the highest growth was Panama, particularly in the Commercial Banking segment. El Salvador experienced lower growth, primarily driven by Commercial Banking. Honduras, on the other hand, saw growth focused on Retail Banking, particularly in credit cards and payroll loans. Lastly, Costa Rica had the most moderate growth among the Central American subsidiaries due to a reduction in its corporate portfolio exposure, driven by offshore company movements. In terms of segments and products, the highest growth was observed in mortgages, the corporate segment, and credit cards.

The distribution of the portfolio by stages and segments (commercial, consumer, and mortgage) is shown in the following table:

Business Model	December 31, 2024				December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Davivienda Colombia								
Commercial	44,107,462	3,370,283	3,813,630	51,291,375	39,223,958	3,180,371	2,757,586	45,161,915
Consumer	21,015,768	1,818,878	1,170,138	24,004,784	23,541,406	3,502,763	2,399,607	29,443,776
Mortgage	30,075,633	2,555,543	1,332,922	33,964,098	29,364,334	1,880,718	940,551	32,185,603
	95,198,863	7,744,704	6,316,690	109,260,257	92,129,698	8,563,852	6,097,744	106,791,294
International Subsidiaries								
Commercial	16,243,152	1,265,650	334,311	17,843,113	13,357,037	1,116,785	270,994	14,744,816
Consumer	10,059,309	559,094	329,530	10,947,933	7,724,990	646,889	230,310	8,602,189
Mortgage	7,118,655	146,393	141,916	7,406,964	5,489,214	218,701	128,349	5,836,264
	33,421,116	1,971,137	805,757	36,198,010	26,571,241	1,982,375	629,653	29,183,269
Total	128,619,979	9,715,841	7,122,447	145,458,267	118,700,939	10,546,227	6,727,397	135,974,563

When analyzing the results in percentage terms, as of the end of 2024, 87.1% of Colombia's loan portfolio was classified as Stage 1, representing an increase of 8 basis points compared to the percentage observed at the end of

(Millions of Colombian Pesos (COP))

2023. Exposure in Stage 2 decreased to 7.1%, a reduction of 9 basis points, while Stage 3 remained stable at 5.8%. This positive performance reflects lower portfolio migration rates, primarily in the consumer segment, along with reduced disbursements in that segment due to origination policies aimed at mitigating risk. Since December 2023, credit quality indicators have shown a favorable and sustained trend throughout 2024. This trend is expected to continue into 2025.

The commercial loan portfolio shows an increase in deterioration levels compared to 2023, with greater impacts in sectors such as healthcare, commerce, construction, and certain agricultural activities. In response, the Bank continues to strengthen its collection strategies and adjust origination and monitoring policies to efficiently control deterioration and mitigate risk. In the mortgage portfolio, a slowdown in growth is observed, while risk has increased, particularly in disbursements affected by inflation and rising lending rates. These factors have reduced households' repayment capacity, impacting their ability to meet financial obligations.

The Banco Davivienda International loan portfolio had 92.3% of its loans classified as Stage 1, reflecting an increase of 130 basis points compared to December 2023. Within each loan category, a key highlight was the increase in Stage 1 for mortgages (+210 bps), driven by improvements in Stage 3, stronger growth in this segment, and a lower proportion of loans in Stage 2, primarily due to the implementation of restructured loan curves, which had a particularly positive impact in Panama. The Commercial Banking portfolio across Central America remained stable, posting a 40 bps increase. Meanwhile, the consumer loan portfolio improved by 210 bps, largely due to the implementation of restructured loan curves across Central American subsidiaries, with El Salvador experiencing the most Notable Stage 2 reduction.

	December 31, 2024			December 31, 2023		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Davivienda Colombia	**87.1%**	**7.1%**	**5.8%**	**86.3%**	**8.0%**	**5.7%**
Commercial	86.0%	6.6%	7.4%	86.9%	7.0%	6.1%
Consumer	87.5%	7.6%	4.9%	80.0%	11.9%	8.1%
Mortgage	88.6%	7.5%	3.9%	91.2%	5.8%	2.9%
International Subsidiaries	**92.3%**	**5.4%**	**2.2%**	**91.0%**	**6.8%**	**2.2%**
Commercial	91.0%	7.1%	1.9%	90.6%	7.6%	1.8%
Consumer	91.9%	5.1%	3.0%	89.8%	7.5%	2.7%
Mortgage	96.1%	2.0%	1.9%	94.0%	3.7%	2.2%
TOTAL	**88.4%**	**6.7%**	**4.9%**	**87.3%**	**7.8%**	**4.9%**

The loan portfolio distribution by stage for International subsidiaries is detailed by country and loan segment in the following table:

<u>December 31, 2024</u>

Country	Commercial	Consumer	Mortgage	Total
Costa Rica	**6,250,445**	**2,391,040**	**2,812,542**	**11,454,027**
Stage 1	5,507,438	2,253,275	2,682,725	10,443,438
Stage 2	600,907	77,756	63,695	742,358
Stage 3	142,100	60,009	66,122	268,231
Salvador	**4,673,453**	**4,165,403**	**2,160,384**	**10,999,240**
Stage 1	4,256,796	3,679,950	2,098,381	10,035,127
Stage 2	352,906	303,257	23,573	679,736
Stage 3	63,751	182,196	38,430	284,377
Honduras	**2,807,536**	**3,952,913**	**1,692,641**	**8,453,090**
Stage 1	2,630,618	3,710,270	1,646,300	7,987,188
Stage 2	142,977	162,096	30,779	335,852
Stage 3	33,941	80,547	15,562	130,050

(Millions of Colombian Pesos (COP))

<u>December 31, 2024</u>

Country	Commercial	Consumer	Mortgage	Total
Panama	**4,111,679**	**438,577**	**741,397**	**5,291,653**
Stage 1	3,848,300	415,814	691,249	4,955,363
Stage 2	168,860	15,985	28,346	213,191
Stage 3	94,519	6,778	21,802	123,099
Total	**17,843,113**	**10,947,933**	**7,406,964**	**36,198,010**

<u>December 31, 2023</u>

Country	Commercial	Consumer	Mortgage	Total
Costa Rica	**5,772,997**	**1,680,253**	**2,315,924**	**9,769,174**
Stage 1	5,058,116	1,561,837	2,199,431	8,819,384
Stage 2	626,324	84,004	49,605	759,933
Stage 3	88,557	34,412	66,888	189,857
Salvador	**3,693,693**	**3,576,430**	**1,666,532**	**8,936,655**
Stage 1	3,376,702	3,003,843	1,577,579	7,958,124
Stage 2	260,689	435,453	62,922	759,064
Stage 3	56,302	137,134	26,031	219,467
Honduras	**2,399,028**	**3,050,461**	**1,318,977**	**6,768,466**
Stage 1	2,269,620	2,879,708	1,265,837	6,415,165
Stage 2	122,900	116,030	40,579	279,509
Stage 3	6,508	54,723	12,561	73,792
Panama	**2,879,098**	**295,045**	**534,831**	**3,708,974**
Stage 1	2,652,599	279,602	446,367	3,378,568
Stage 2	106,872	11,402	65,595	183,869
Stage 3	119,627	4,041	22,869	146,537
Total	**14,744,816**	**8,602,189**	**5,836,264**	**29,183,269**

The stage composition in each Central American subsidiary as of December 2024, compared to December 2023, highlights the following key movements during the year:

- In the mortgage portfolio, Panama shows a significant improvement in Stage 3, with a 130-bps reduction, reflecting better portfolio performance, a trend that has been ongoing since Q1-2023. Additionally, Stage 2 decreased by 840 bps, mainly due to the implementation of proprietary restructuring curves with a cure period. El Salvador recorded a 270-bps improvement in Stage 2, driven by better performance in the mortgage segment and the positive impact of restructuring curves. Honduras saw a 130-bps reduction in Stage 2, reflecting improved performance in this portfolio throughout the year.

- In the commercial portfolio, Panama recorded a 130-bps reduction in Stage 3, driven by improved portfolio performance and the write-off of a corporate client in Q4. In contrast, Honduras saw a 90-bps increase in Stage 3, attributed to the deterioration of two clients. Costa Rica experienced a 120-bps reduction in Stage 2, with a corresponding 50-bps increase in Stage 1 due to improved portfolio performance, while 70 bps were reclassified following the deterioration of two clients in 2024.

- In the consumer portfolio, the most significant stage movement occurred in El Salvador, with a 50-bps increase in Stage 3, driven by portfolio deterioration throughout the year, which began to stabilize in Q4. Meanwhile, Stage 2 saw a 490-bps reduction, primarily due to the impact of the implementation of restructured loan curves.

(Millions of Colombian Pesos (COP))

For more details on the loan portfolio composition, refer to Note 12.5.1 (Loans and financial leasing by type), Note 12.5.2 (Loan portfolio by credit risk rating), Note 12.5.8 (Loans and financial leasing by geographic region), and Note 12.5.9 (Loans and financial leasing by type of collateral).

10.3.1.3. Credit Risk Exposure and Collateralization – Loan Portfolio and Investment Portfolio

The investment portfolio is primarily concentrated in sovereign debt securities from the countries where the Bank operates, aligning with the portfolio's primary mandate of serving as a liquidity reserve. Accordingly, the portfolio is weighted toward low-credit-risk and highly liquid assets. It also includes positions in corporate debt securities, mostly from well-established and recurrent issuers with high credit ratings, as well as securitizations of mortgage portfolios. As of December 2024, 72% of the portfolio consists of sovereign debt, predominantly Colombian, followed by 26% in private debt and 1% in other investments. The composition of the portfolio reflects a conservative and prudent approach to credit risk management, in accordance with the policies established by the governing bodies.

The following table presents a comparative breakdown of the carrying value of financial assets, distinguishing between those secured by collateral—depending on the product type and/or counterparty—and those issued without collateral.

	December 31, 2024		December 31, 2023	
	With Collateral	**Without Collateral**	**With Collateral**	**Without Collateral**
Debt Instruments at Fair Value	-	15,952,098	-	13,272,131
Colombian Government	-	7,363,889	-	6,171,555
Foreign Governments	-	4,155,360	-	3,087,164
Financial Institutions	-	1,858,188	-	1,929,249
Real Sector Entities	-	2,349,010	-	1,890,191
Other	-	225,651	-	193,972
Derivatives	701,711	261,036	1,173,826	406,804
Fair Value Changes from Portfolio Hedge Accounting	-	(165,382)	-	-
Debt Instruments at Amortized Cost	-	4,822,803	-	5,142,315
Investments in Debt Securities	-	4,822,803	-	5,142,315
Loan Portfolio	80,551,246	64,907,021	75,365,727	60,608,836
Commercial	36,034,030	33,100,459	34,452,857	25,453,874
Consumer	3,146,154	31,806,562	2,894,872	35,151,093
Mortgage	41,371,062	-	38,017,998	3,869
Total Financial Assets Exposed to Credit Risk	81,252,957	85,942,958	76,539,553	79,430,086
Off-Balance Sheet Credit Risk	17,429,797	37,503,723	15,087,635	35,810,014
Credit Lines	17,429,797	37,503,723	15,087,635	35,810,014
Total Maximum Credit Risk Exposure	**98,682,754**	**123,446,681**	**91,627,188**	**115,240,100**

With regard to the loan portfolio, from the origination stage and as part of the Group's internal policies, the establishment of collateral is required to mitigate credit risk exposure. This policy is based on various criteria, including the nature of the product, the loan term, the financial and equity structure of the counterparty, sector-related risks, and the debtor's exposure to the Group, among others.

To determine the value of collateral and the frequency of its valuation, the Group considers the specific characteristics of the asset securing the transaction. These characteristics determine whether the valuation is primarily based on market price, valuation indices calculated by government entities, and/or expert judgment when necessary.

As of year-end 2024, 55.4% of the loan exposure is backed by at least one form of collateral. The commercial loan portfolio includes guarantees such as mortgages, pledges, financial collateral, trust agreements, guarantees granted by the Colombian government through the National Guarantees Fund (FNG) and the Agricultural Guarantees Fund (FAG), among others, covering 52.1% of the exposure in this segment.

The consumer loan portfolio is mostly unsecured (backed by promissory notes), except for auto loans secured by liens and personal loans secured by mortgages (9% of consumer loan exposure). It is worth noting that part of the unsecured consumer portfolio consists of payroll loans, which have collection guarantees. Payroll loans account for approximately 28.6% of consumer loans (24.2% in Colombia and 38.4% in international subsidiaries).

Finally, mortgage loans are secured by a mortgage guarantee or remain assets of the Group in the case of residential leasing, ensuring that credit risk exposure can always be mitigated through this collateral.

For further details on loans secured by guarantees, see Note 12.5.9. (Loan Portfolio and Financial Leasing by Type of Collateral).

10.3.1.4. Measurement of Allowances for Impairment

To ensure that the expected cash flows from credit activity and investments cover the anticipated requirements for deployed resources, the Bank prudently establishes allowances to mitigate risks arising from intermediation activities. Additionally, maintaining the stability and consistency of allowances in alignment with portfolio loss expectations is crucial. To this end, the Bank has developed models that adhere to international standards, enabling efficient risk management and mitigation.

As of January 1, 2018, Banco Davivienda adopted IFRS 9 for loss measurement, shifting from the incurred loss approach (IAS 39) applied until December 2017 to the expected credit loss approach (IFRS 9). Under this new approach, the Bank developed models that differentiate between mass-market portfolios (Retail and SME Banking) and non-mass-market portfolios (Corporate, Business, and Construction Loans). These models incorporate the standard components for expected credit loss measurement: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Additionally, a separate model was developed for contingent liabilities, incorporating a Probability of Activation (PA) parameter.

Furthermore, the regulation emphasizes the need to reflect both current and future customer conditions. As a result, IFRS 9 mandates the inclusion of forward-looking effects, incorporating macroeconomic variables into estimations. Expected losses are therefore calculated under multiple probability-weighted scenarios, ensuring that potential macroeconomic fluctuations are accounted for in the Bank's loss estimates.

Each country applies tailored parameters and methodologies suited to its portfolio and local market conditions, except for vehicle and mortgage portfolios in Panama. Due to limited historical data and materiality constraints, these portfolios follow the parameters established for the corresponding segments in Colombia.

The following section outlines the key components of the Bank's methodologies for estimating expected credit losses (ECL) under IFRS 9, as well as the criteria used to classify loans into Stage 1 (Normal Risk), Stage 2 (Significant Increase in Credit Risk), and Stage 3 (Default).

10.3.1.4.1. Criteria for Classifying Loans in Stage 1 - No Significant Increase in Credit Risk

In general, a loan is considered to have no significant increase in credit risk when the borrower maintains a good payment history (i.e., delinquency of less than 30 days past due) and there have been no modifications to the contractual terms since initial recognition. If certain risk indicators arise—outlined in the following Stage 2 classification—the loan may be reclassified accordingly.

10.3.1.4.2. Criteria for Classifying Loans in Stage 2 - Significant Increase in Credit Risk

In general, a loan is considered to have a significant increase in credit risk when it meets any of the following criteria, depending on the loan portfolio classification:

Consumer: A loan is deemed to have a significant increase in credit risk when it is more than 30 days past due. Additionally, for certain portfolios, other criteria may apply, such as higher utilization rates on revolving credit lines, deterioration in the borrower's risk profile, payroll-deductible loans that lose direct payroll collection, and restructurings within the first twelve months.

Mortgage: Loans are classified in Stage 2 when the borrower has more than 60 days past due or has delinquencies in other loan products.

Commercial: Loans are considered to have a significant increase in risk when they become 30 days past due. Other specific debtor-related criteria include changes in collateral, modifications to loan terms, or particular financial conditions.

10.3.1.4.3. Criteria for Classifying Loans in Stage 3 - Definition of Default

A loan is considered in default (Stage 3) when it reaches a level of delinquency where the probability of recovery falls below 50%. Additionally, for individually significant loans, other factors are considered when classifying a loan as in default, such as legal proceedings and internal rating monitoring. For each segment within each portfolio and country, the default threshold was analyzed against the rebuttable presumption of default at 90 days past due. This threshold was maintained for most retail and corporate loan portfolios, except for collateralized loans such as mortgage loans. It is important to note that Stage 3 classification criteria remained unchanged despite the impact of the pandemic. However, a higher number of loans entered default as a direct consequence of the economic effects of the crisis.

10.3.1.4.4. Probability of Default

The probability of default (PD) represents the estimated likelihood that a loan will enter default within the next 12 months from the analysis date. This probability is applied to instruments that do not show significant evidence of deterioration (Stage 1).

For retail portfolios, including consumer loans, mortgages, and SMEs, PD is estimated using a non-parametric survival curve approach adjusted for prepayments. This methodology seeks to predict the likelihood of a loan reaching default within the subsequent 12-month observation period. Default parameters were established for each homogeneous portfolio segment, and survival curves were built based on delinquency levels, allowing for a more precise assessment of each segment's risk exposure.

For non-retail portfolios, including Corporate, Business, and Construction segments, the Pluto & Tasche (2005) methodology was employed. This method is particularly effective for portfolios with low levels of default events.

When loans or borrowers experience a significant increase in credit risk, the probability of default is calculated over the remaining lifetime of the loan.

The PD-Lifetime refers to the estimated probability of default over the remaining life of an instrument. This metric applies to loans classified in Stage 2, where significant evidence of credit deterioration is present, and is measured based on the remaining contractual cash flows of the instrument.

For both retail and non-retail portfolios, the same analytical approach is applied for the 12-month PD calculation, leveraging historical credit data and survival analysis techniques to estimate default probabilities more effectively.

(Millions of Colombian Pesos (COP))

10.3.1.4.5. Loss Given Default (LGD)

The Loss Given Default (LGD) represents the percentage of exposure expected to be lost if a financial instrument enters default.

The loss is defined as one minus the expected recovery rate at the time of default. The recovery rate is calculated as the sum of expected cash flows from the operation, discounted at the effective interest rate as of the analysis date. To estimate LGD, the Bank assesses the historical losses observed from operations that have previously experienced default events.

For portfolios backed by collateral, the present value of the expected proceeds from the sale of the collateral is recognized as part of the recovery estimate.

10.3.1.4.6. Exposure at Default (EAD)

For each obligation, the probability of default (PD) and the loss given default (LGD) must be multiplied by the estimated exposure at default (EAD).

Under the Bank's methodology, for amortizing loans, the exposure considers the natural reduction over time as the loan is repaid, along with the possibility of extraordinary reductions due to prepayments, depending on the type of loan.

For revolving credit facilities, a Credit Conversion Factor (CCF) is calculated to estimate the expected increase in the utilization of available credit lines up to the moment of default.

10.3.1.4.7. Forward-looking

IFRS 9 emphasizes the need to reflect both current and future conditions of the customer. This is why it requires the incorporation of forward-looking effects, including macroeconomic factors, into loss estimations. For this reason, the calculation of expected credit losses (ECL) is performed under multiple scenarios, weighted by their probability of occurrence, thereby capturing the impact of a changing macroeconomic environment on the Bank's losses.

To calculate the forward-looking adjustment, the Bank employs a time series model based on Long Short-Term Memory (LSTM) neural networks to explain the 12-month probability of default (PD) observed historically, using macroeconomic variables. The model considers all projected variables and their lags from 3 to 36 months. The mean squared error (MSE) is then measured for each resulting configuration, selecting the model with the lowest error as the final version. The consistency of the projections is further evaluated against business perspectives, and if the model's projections are deemed inconsistent with portfolio expectations, a model with a slightly higher error may be selected—provided its error does not exceed 10% of the lowest-error model.

Following the macroeconomic volatility caused by the COVID-19 crisis, the Bank has resumed medium-term (three-year) projections under the three traditionally used scenarios: base, adverse, and optimistic, as described below.

	Base				
	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP[1]	Range 3.20% a 3.40%	Range 3.00% a 3.20%	Range 3.40% a 4.00%	Range 2.30% a 2.70%	Range 3.70% a 3.90%
CPI[2]	Range 3.50% a 3.70%	Range 3.60% a 4.00%	Range 2.00% a 2.80%	Range 2.200% a 2.00%	Range 2.20% a 3.00%

[1] GDP: Gross Domestic Product
[2] CPI: Consumer Price Index

(Millions of Colombian Pesos (COP))

	Adverse				
	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP	Range 2.70% a 2.80%	Range 2.40% a 3.20%	Range 2.80% a 3.50%	Range 1.70% a 2.20%	Range 3.30% a 3.70%
CPI	Range 2.70% a 2.70%	Range 2.70% a 3.20%	Range 1.60% a 1.80%	Range 0.70% a 1.80%	Range 1.00% a 2.00%

	Optimist				
	Colombia	Honduras	Panama	El Salvador	Costa Rica
GDP	Range 3.40% a 4.40%	Range 3.30% a 3.50%	Range 4.20% a 4.70%	Range 1.60% a 2.40%	Range 4.00% a 4.00%
CPI	Range 3.80% a 4.00%	Range 4.80% a 5.00%	Range 1.40% a 3.40%	Range 2.40% a 2.60%	Range 2.80% a 3.90%

These three scenarios have been incorporated into the models for both Colombia and the international subsidiaries, leading to a reduction in the provisioning expense compared to the previous year-end. This decrease is primarily driven by the positive impact of improved macroeconomic conditions across all countries. The results obtained are detailed below.

	December 31, 2024				December 31, 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Davivienda Colombia								
Commercial	103,114	613,779	1,825,508	2,542,401	65,123	549,214	1,453,765	2,068,102
Consumer	335,632	238,343	940,112	1,514,087	332,755	608,340	1,934,509	2,875,604
Mortgage	17,126	9,515	470,643	497,284	11,041	7,544	356,830	375,415
	455,872	**861,637**	**3,236,263**	**4,553,772**	**408,919**	**1,165,098**	**3,745,104**	**5,319,121**
International Subsidiaries								
Commercial	49,861	35,112	166,870	251,843	59,501	42,436	123,641	225,578
Consumer	192,682	154,273	234,480	581,435	160,584	105,244	155,441	421,269
Mortgage	17,191	21,508	102,405	141,104	11,886	11,033	86,624	109,543
	259,734	**210,893**	**503,755**	**974,382**	**231,971**	**158,713**	**365,706**	**756,390**
Total impairment of the loan portfolio and financial leasing operations, net	**715,606**	**1,072,530**	**3,740,018**	**5,528,154**	**640,890**	**1,323,811**	**4,110,810**	**6,075,511**

As of year-end 2024, the Group's total portfolio impairment reached $5,528,154, equivalent to 3.8% of the total portfolio, representing a decrease of 70 basis points compared to year-end 2023.

(Millions of Colombian Pesos (COP))

The breakdown of the impairment ratio by stage and portfolio class is presented in the following table:

Business Model		**December 31, 2024**				**December 31, 2023**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Davivienda Colombia								
Commercial	0.2%	18.2%	47.9%	5.0%	0.2%	17.3%	52.7%	4.6%
Consumer	1.6%	13.1%	80.3%	6.3%	1.4%	17.4%	80.6%	9.8%
Mortgage	0.1%	0.4%	35.3%	1.5%	0.0%	0.4%	37.9%	1.2%
	0.5%	**11.1%**	**51.2%**	**4.2%**	**0.4%**	**13.6%**	**61.4%**	**5.0%**
International Subsidiaries								
Commercial	0.3%	2.8%	49.9%	1.4%	0.4%	3.8%	45.6%	1.5%
Consumer	1.9%	27.6%	71.2%	5.3%	2.1%	16.3%	67.5%	4.9%
Mortgage	0.2%	14.7%	72.2%	1.9%	0.2%	5.0%	67.5%	1.9%
	0.8%	**10.7%**	**62.5%**	**2.7%**	**0.9%**	**8.0%**	**58.1%**	**2.6%**
TOTAL	**0.6%**	**11.0%**	**52.5%**	**3.8%**	**0.5%**	**12.6%**	**61.1%**	**4.5%**

As of year-end 2024, the total portfolio coverage stood at 3.8%, reflecting a reduction of 70 basis points compared to 2023. This decline is primarily attributed to the Colombian portfolio. Specifically, the commercial segment has required a higher level of coverage due to increased risk in sectors such as commerce, construction, and certain agricultural activities. To address this situation, strategic and proactive measures have been implemented to mitigate potential deterioration in credit quality.

On the other hand, the coverage of the consumer portfolio has also decreased, reflecting the impact of the strategic adjustments implemented in previous periods. These changes have had a positive effect on the performance of recent disbursements, improving the portfolio composition. The focus has been on clients with medium-low risk profiles, who demonstrate greater financial stability and lower exposure to changes in economic conditions. This evolution in credit quality allows for maintaining an adequate level of provisions.

In the international subsidiaries, the coverage ratio remained stable, with a 10 basis point increase, rising from 2.6% to 2.7%. The main change occurred in the consumer segment, where coverage increased from 4.9% to 5.3%, primarily due to a 30 basis point increase in stage 3 and the implementation of proprietary restructured curves.

To mitigate credit risk in the event of borrower default, the bank relies not only on provisions but also on the estimated recovery value of available collateral.

As mentioned earlier, collateral plays a crucial role in the credit granting and risk recognition process, as it provides security in case of default on credit obligations. In the case of mortgage loans, real estate mortgages provide a tangible asset that can be enforced in the event of loan default. Similarly, the collateral backing the consumer and commercial portfolios helps mitigate credit risk in case of default.

The valuation of collateral is carried out in accordance with the regulations in effect in each of the countries where we operate. The frequency and methodology of valuation depend on the nature of the various collaterals. For example, vehicles are valued monthly using market indices based on the brand, model, and year of the vehicle. In the case of real estate, both residential and commercial, asset valuation is conducted annually using property valuation indices that consider the city, type of property, and socioeconomic status. Additionally, third-party certified appraisals are periodically conducted when required. Machinery and equipment are depreciated annually using the straight-line depreciation method, depending on the useful life of the asset.

For the different types of portfolios, the collateral associated with portfolios over 90 days past due are shown in the following table:

(Millions of Colombian Pesos (COP))

	December 31, 2024				December 31, 2023			
Business Model	**90 Days Past Due**	**Value of Collateral***	**Value of Collateral HC (Not capped at outstanding debt)**	**Applicable Value (Value capped at outstanding debt)**	**90 Days Past Due**	**Value of Collateral***	**Value of Collateral HC (Not capped at outstanding debt)**	**Applicable Value (Value capped at outstanding debt)**
Commercial	2,821,209	13,888,784	9,632,900	1,141,530	2,273,389	13,359,402	9,287,115	936,539
Consumer	1,523,647	242,053	137,134	107,010	2,653,455	306,827	174,003	132,890
Mortgage	2,257,189	4,217,879	3,114,459	2,145,142	1,783,613	3,432,352	2,534,372	1,732,381
Total	**6,602,045**	**18,348,716**	**12,884,493**	**3,393,682**	**6,710,457**	**17,098,581**	**11,995,490**	**2,801,811**

* (Prorated collateral balance for loans past due more than 90 days).

The table above presents three key metrics related to collateral. First, it shows the total value of the collateral securing loans that are more than 90 days past due. Second, it presents the adjusted value of this collateral based on historical recovery rates. This adjustment is made by applying a "haircut" of 26.21% for mortgage collateral and 50% for other types of collateral. The purpose of this haircut is to account for costs and depreciation associated with the recovery process. Lastly, the "Applicable Value" column (adjusted value relative to outstanding debt) represents the collateral value after applying the haircut, but limited to the credit exposure amount. As of December 2024, this value amounts to $3,393,682 in relation to a portfolio with more than 90 days past due totaling $6,602,045.

The following table presents the coverage of the loan portfolio past due more than 90 days by loan type (allowances / loans past due more than 90 days). Additionally, it includes coverage considering the collateral associated with the impaired portfolio. This second coverage ratio, which incorporates collateral, is calculated as follows:

Coverage = [Allowance Balance + Collateral Value * Haircut (Capped at Outstanding Balance)] / Loans Past Due More Than 90 Days.

	December 31, 2024		December 31, 2023	
Business Model	**Coverage On 90 Days Past Due (Provisions / 90 Days Past Due)**	**Coverage including collateral (Provisions + Value of Collateral) / 90 Days Past Due)**	**Coverage On 90 Days Past Due (Provisions / 90 Days Past Due)**	**Coverage including collateral (Provisions + Value of Collateral) / 90 Days Past Due)**
Commercial	102.8%	144.8%	100.9%	142.1%
Consumer	139.6%	146.7%	124.2%	129.2%
Mortgage	29.2%	126.5%	27.2%	124.3%
Total	**86.1%**	**139.0%**	**90.5%**	**132.3%**

As observed in the table, the coverage of the consumer loan portfolio shows a minimal variation between the values with and without collateral, increasing from 139.6% to 146.7%. This behavior is consistent with the availability of collateral for this portfolio, where guarantees contribute an additional 7.1% to the coverage.

For the mortgage portfolio, coverage increases from 29.2% to 126.5%, reflecting the strong backing of collateral, which fully covers the outstanding debt. From loan origination, financing levels have remained within controlled limits, not exceeding 70% for traditional mortgage loans and 80% for subsidized housing and residential leasing in Colombia. In Central America, the percentages are slightly higher.

Meanwhile, the commercial loan portfolio reflects an increase in coverage, rising from 102.8% to 144.8%, driven by the availability of collateral after applying the corresponding adjustments ("haircuts").

At a consolidated level, the coverage ratio for loans past due more than 90 days stood at 86.1% at the end of 2024, decreasing by 4.4% compared to the previous year-end. This decline is primarily due to a higher proportion of commercial and mortgage loans within the total portfolio composition, segments that naturally exhibit lower coverage levels due to their strong collateral backing. It is important to highlight that all loan portfolios increased their coverage during 2024 as a result of recognizing greater risk in deteriorated portfolios, as well as sustained improvements in the consumer loan portfolio. When factoring in available collateral, the coverage ratio rises to 139%, reflecting a 6.7% increase compared to the end of 2023.

10.3.1.5. Impact of Individually Significant Clients

As part of the provisioning quantification process under IFRS 9, certain clients, due to their increased risk levels and the materiality of their exposure, must be analyzed individually. This assessment is conducted to evaluate the expected recovery, considering projected net cash flows and the present value of the recovery process for collateral, where applicable.

The main clients impacting loan deterioration in the fourth quarter of 2024 belong to the corporate and construction segments in Colombia, primarily in the transportation, construction, and services sectors. These exposures led to an increase in coverage levels, rising from $167,563 in 2023 to $426,330 in 2024.

For further details on individually assessed loan portfolios, refer to Note 12.5.3 (Individually Evaluated Loan Portfolio).

10.3.2. Management of Derivative Financial Instruments Risk

The operation of derivative financial instruments and structured products is governed by a risk policy framework based on the following minimum guidelines:

- Authorized markets or products.
- Approved counterparty and credit limits, including eligible collateral for credit risk mitigation, concentration of credit exposure by counterparty and/or sector, and the company's overall credit exposure.
- Execution of master agreements and/or ISDA contracts, with due diligence in analyzing clauses related to credit risk mitigation, early termination, and default.
- Approved counterparties, including cases where transactions are intended to be cleared through a central counterparty clearinghouse.

10.3.3. Market and Liquidity Risk

The Vice Presidency of Investment Risk is the body to which the Board of Directors of each company delegates the responsibility for assessing financial risks, identifying new risks, defining calculation methodologies, proposing policies, and overseeing various risks.

The Risk Management and Administration within Grupo Empresarial Bolívar follows a synergy strategy among its companies, consolidating a Financial Risk Management Division that optimizes technological and human resources. This division reports to the Vice Presidency of Investment Risk of Grupo Empresarial Bolívar, aligning with the guidelines set by the Vice Presidency of Risk and Financial Control and the Corporate Risk Committee.

To this end, the governance bodies responsible for defining institutional policies regarding exposure to different financial risks, in line with the financial and operational structure, strategy, and corporate objectives of each entity, include the Grupo Empresarial Bolívar Financial Risk Committee (CRF), the Asset and Liability Management Committee (C-GAP) or its equivalent, the Foreign Currency Asset and Liability Management Committee (C-GAP ME), the Market Risk Committee, and the Board of Directors of each entity within the Group.

The Financial Risk Management Manual of Grupo Empresarial Bolívar (MARF) consolidates all aspects related to the management and administration of financial, treasury, and liquidity risks across the Group's companies. This document establishes the required risk management framework, defining the system for its administration.

Each company has developed and implemented a robust structure of exposure limits to control portfolios and the activities carried out for their management. These limits include, among others, investment and counterparty limits, portfolio restrictions, operator limits, value at risk, sensitivity, duration, maturity, and various early warning indicators to monitor and control operations.

The Board of Directors delegates to the Financial Risk Committee (CRF) and the Investment and Risk Committees of Collective Investment Funds, as applicable, the responsibility for evaluating and authorizing different investment and operational alternatives for the Treasury divisions of each company. Additionally, the C-GAP (or its equivalent) is responsible for defining, monitoring, and controlling general policies for asset and liability management (balance sheet structure market risk) as well as liquidity risk management policies.

10.3.3.1. Market Risk

Market risk management involves identifying, measuring, monitoring, and controlling risks arising from fluctuations in interest rates, exchange rates, prices, indices, and other risk factors to which the entity's activities are exposed.

The strategic principles guiding the Bank's market risk management include:

- Ensuring consistency between expected earnings and tolerated exposure levels.
- Participating only in markets and products where the Bank has deep expertise and robust management tools.
- Segmenting strategies and risk profiles based on business models.
- Managing risk both at a consolidated and granular level.

Davivienda participates in the capital markets, money markets, and foreign exchange markets through its investment portfolio. The managed portfolios consist of a range of assets that diversify income sources and assumed risks. These portfolios operate within a framework of limits and early warning indicators designed to maintain the balance sheet's risk profile and optimize the risk-return ratio.

Given the nature of the business and the markets the Bank operates in, both the banking book and the treasury book are exposed to interest rate risk, exchange rate risk, and price risk associated with equities and investment funds.

Business Model and Portfolio Structure

Since market risk management is based on recognizing the business models defined for investment portfolio administration, the Bank has established two main mandates: i) Structural Management—investments aimed at financial intermediation, managing balance sheet market risks, and maintaining a pool of liquid assets to support intermediation activities; and ii) Trading Management—investments focused on maximizing Treasury profits through the active buying and selling of financial instruments.

(Millions of Colombian Pesos (COP))

Based on these business models, the Bank defines risk management frameworks that include limits, alerts, and policies aligned with the risk appetite, market depth, and the objectives of each business line.

As of December 31, 2024, the gross investment portfolio amounted to $20,855,286 million pesos, structured according to the business models described above.

			Variation	
Business Model	December 31, 2024	December 31, 2023	$	%
Trading	3,454,693	2,095,210	1,359,483	64.9%
Structural	17,400,593	16,390,675	1,009,918	6.2%
Liquidity Reserve	11,694,572	11,373,513	321,059	2.8%
Balance Sheet Management	5,706,021	5,017,162	688,859	13.7%
Total	20,855,286	18,485,885	2,369,401	12.8%

The investments in debt securities primarily correspond to structural positions associated with the Liquidity Reserve. Regarding the variations observed during the period, the Trading portfolio increased its position by 64.9%, a typical movement for this portfolio as it is based on short-term strategies. Meanwhile, the Structural portfolios grew by 6.2%, driven by the expansion of the balance sheet and the funding structure.

The accounting classification rules for investments are aligned with the business models used to manage the portfolios. As of December 31, 2024, the portfolios were classified as follows:

			Variation	
Accounting Classification	December 31, 2024	December 31, 2023	$	%
Fair Value Through Profit or Loss	6,232,155	5,327,454	904,701	17.0%
Fair Value Through Other Comprehensive Income	9,800,328	8,016,116	1,784,212	22.3%
Amortized Cost	4,822,803	5,142,315	(319,512)	-6.2%
Total	20,855,286	18,485,885	2,369,401	12.8%

Most investments are classified as Fair Value Through Profit or Loss and Fair Value Through Other Comprehensive Income, as the Liquidity Reserve and trading portfolios, given their nature of eventual sale at market prices, must reflect their liquidation price or fair value. As of December 31, 2024, investments classified as Fair Value Through Profit or Loss increased by 17.0%, while those classified as Fair Value Through Other Comprehensive Income grew by 22.3%, driven by increases in the trading portfolio and the Liquidity Reserve.

At the subsidiary level and by jurisdiction of operation, the investment portfolio is primarily explained by operations in Colombia, followed by Panama, Costa Rica, and El Salvador.

			Variation	
Country	December 31, 2024	December 31, 2023	$	%
Colombia	13,983,409	12,178,991	1,804,418	14.8%
Costa Rica	1,928,608	2,306,291	(377,683)	-16.4%
El Salvador	1,775,773	1,378,769	397,004	28.8%
Panama	2,050,402	1,745,066	305,336	17.5%
Honduras	482,844	340,948	141,896	41.6%
United States	634,250	535,820	98,430	18.4%
Total	20,855,286	18,485,885	2,369,401	12.8%

10.3.3.2. Market Risk Measurement

Market risk measurement quantifies the potential loss due to changes in risk factors that impact the institution's expected financial results. This requires establishing parameters and tools for measurement, as well as generating reports, analyses, and periodic evaluations for senior management and risk-taking areas.

The Bank's market risk management system enables it to identify, measure, and control the risk exposure of balance sheet positions based on its business model. To achieve this, a framework of limits is in place, aligned with the purpose of each business unit. Trading portfolios, which consist of debt instruments and derivatives, operate within a framework defined by Value at Risk (VaR) measures, maximum position limits, and sensitivity metrics (Rho, Delta, Vega, among others). Meanwhile, portfolios with a structural mandate are composed of debt instruments structured with a long-term perspective, which may be complemented by financial derivatives to reduce portfolio sensitivity to adverse interest rate movements.

In addition to the standard model required by the Colombian Financial Superintendency, the Bank has adopted additional market risk management measures, including sensitivity metrics, position limits, duration and maximum maturity constraints, and Value at Risk (VaR) methodologies.

10.3.3.3. Exchange Rate Risk

The Colombian peso, the currency with the highest exposure, depreciated by 15.4%, leading to an appreciation of the net structural position in foreign currency, which aims to hedge the solvency ratio against exchange rate risk. Structurally, Davivienda maintains a long exposure in foreign currency to reduce the sensitivity of its solvency ratio in scenarios of currency depreciation. This sensitivity arises because a portion of the loan portfolio is denominated in foreign currency.

Exchange Rate Variation Risk

Davivienda is exposed to exchange rate fluctuations, primarily due to its international presence through its subsidiaries in Central American markets and its branch in the United States, and secondly, due to its trading activities in the foreign exchange market. The following table presents the net positions (assets minus liabilities) in various currencies:

	December 31, 2024		December 31, 2023	
	Currency Balance	COP Balance	Currency Balance	COP Balance
USD	890	3,922,263	982	3,751,725
Lempira	5,770	1,002,340	4,617	715,847
Colón	87,582	763,056	92,292	680,801
Other (*)	10	44,697	(3)	(11,260)
Total		5,732,356		5,137,113

(*) Figures expressed in millions of USD in the "Currency Balance" column.

The estimated effect of a 1% increase or decrease in the U.S. dollar exchange rate, assuming all other exchange rates remain constant, based on the exchange rate as of December 31, 2024, would be +/-$56,876. This means that if the U.S. dollar exchange rate increases, it will generate a positive impact, whereas if it decreases, it will result in a negative impact due to revaluation effects. For comparison, the same exercise as of December 31, 2023, would have resulted in an impact of +/-$51,484.

The banking book holds exposure to the U.S. dollar, the Honduran lempira, and the Costa Rican colón. These exposures arise from the Bank's international presence through its subsidiaries and are managed through financial hedging strategies designed to reduce the sensitivity of the solvency ratio to exchange rate fluctuations. The hedging strategies are defined based on the depth of the markets for each currency and are guided by a forward-looking analysis of the economies and prevailing market conditions.

(Millions of Colombian Pesos (COP))

The management of the foreign exchange position within the balance sheet is carried out in compliance with the regulations established by the central banks in the jurisdictions where Davivienda operates. These regulations set limits on the maximum long and short positions in foreign currencies based on the equity of each entity.

Value at Risk (VaR)

According to the standard model, the Value at Risk (VaR) for the consolidated balance sheet investment portfolio as of December 31, 2024, and December 31, 2023, was as follows:

Maximum, minimum, and average Value at Risk values.

	December 31, 2024			
	Minimum	Average	Maximum	Last
Interest Rate	212,209	238,235	254,239	242,388
Exchange Rate	4,076	14,891	34,450	8,634
Shares	9,494	13,858	15,701	14,028
Collective Portfolios	15,473	17,453	20,283	17,380
VaR	252,317	284,437	324,348	282,430

	December 31, 2023			
	Minimum	Average	Maximum	Last
Interest Rate	243,110	327,392	370,632	243,110
Exchange Rate	15,029	98,348	252,509	15,029
Shares	7,014	7,970	9,476	9,476
Collective Portfolios	18,394	23,839	33,523	19,617
VaR	287,232	457,550	618,208	287,232

As a complement to risk management under normal conditions, stress scenario measurements are conducted using primarily quantitative techniques. These techniques aim to identify the worst-case events based on relationships between variables and historical scenarios to assess how the resulting volatilities and devaluations under these conditions could impact the entity's current portfolio. This analysis helps quantify the capital the company would require in the event of a financial crisis. To achieve this, statistical tools are applied to simulate these extreme events in the context of the current portfolio.

Within the framework 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 single day based on historical stress events. This method estimates stressed Value at Risk for a given period using EWMA (Exponentially-Weighted Moving Average) volatilities and correlations.

The second technique is a sensitivity analysis based on the largest devaluations recorded during past local and international financial crises. These devaluations are applied to the portfolio across different risk factors to measure the potential impact.

10.3.3.4. Liquidity Risk

Liquidity risk materializes in the inability to fully, timely, and efficiently meet expected and unexpected cash flows, both current and future, without affecting the normal course of daily operations or the entity's financial condition. This contingency, known as funding liquidity risk, arises when there is an insufficiency of available liquid assets or a need to assume unusually high funding costs. Additionally, a financial institution's ability to generate or unwind financial positions at market prices may be constrained due to inadequate market depth or abrupt changes in rates and prices, a condition referred to as market liquidity risk. Furthermore, for businesses funded through deposits, liquidity risk also includes the ability to establish a stable long-term funding structure to support illiquid assets in line with the business strategy and to withstand unanticipated stress situations.

The Bank's strategic principles for liquidity risk management are as follows:

- Ensure the permanent availability of high-quality liquid assets, aligned with its balance sheet structure and risk appetite.

- Each subsidiary and the Bank itself must maintain self-sufficiency in liquidity crises.

- The availability of liquid assets must not be overestimated; this requires constant evaluation of liquidity levels within reserves and proactive anticipation of changes.

- Reputational risk must be mitigated by ensuring that adverse situations can be addressed with internal resources, maintaining compliance with regulatory requirements, and minimizing the likelihood of requiring temporary support from government entities.

To adhere to these principles, the Bank's liquidity risk management framework, which complements the standard models required by regulatory authorities, incorporates a series of short- and long-term indicators, limits, and alerts. These are managed daily by the Treasury and periodically monitored by the teams responsible for the balance sheet structure, as detailed below.

Short-Term

The methodologies used to estimate liquidity risk in the short term involve two key approaches. First, the Bank calculates cash flows from asset, liability, and off-balance-sheet positions across different time horizons and scenarios. Second, it identifies and quantifies the available liquid assets needed to meet those cash flow requirements.

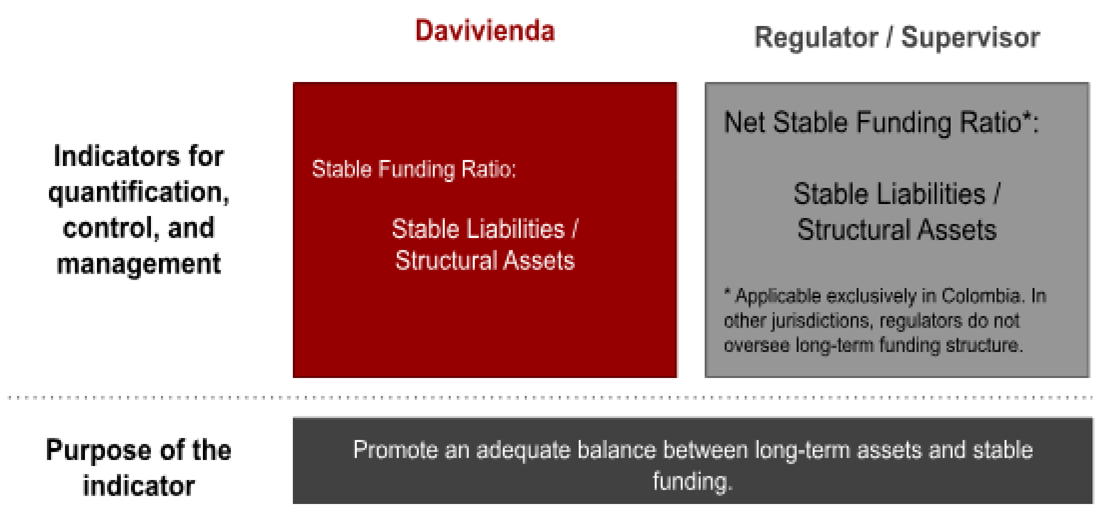
	Davivienda	Regulator / Oversight
Measurement and management horizon	3, 30, 90 Days	7, 30, 60, 90 Days
Scenarios	3: Normal, Moderate, Severe	1: Stress
Indicators for quantification, control and management	Structural liquidity needs: Minimum amount of liquid assets Ratio: Liquid Assets / Net Liquidity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

As a policy, the Bank maintains a portfolio of a minimum required size, invested in highly liquid assets, to ensure that it can withstand a crisis scenario of moderate severity without relying on temporary liquidity support from central banks or equivalent entities. The size of the portfolio, or liquidity reserve, is determined based on an estimate of potential withdrawals under stress conditions, affecting the more volatile portions of deposits from individuals, businesses, and institutional clients. Likewise, the estimation of the liquidity reserve prospectively incorporates the Bank's funding strategy as defined in its growth plan, ensuring that liquidity assets remain sufficient and aligned with the balance sheet structure and the desired risk profile.

Additionally, the assets that comprise the liquidity reserve must meet minimum criteria: they must be eligible as collateral for central banks, have minimal credit and market risk, and be quoted in broad and recognized markets. Furthermore, these assets must be unencumbered, meaning they are free from any contractual commitments that would restrict their use or liquidation.

Long-Term

Regarding long-term management, the methodologies focus on analyzing funding sources, their composition by segment, product, and maturity, and the characterization of assets and liabilities that lack contractually defined permanence conditions.



The long-term approach aims to promote a balanced relationship between long-term assets and stable funding, ensuring that the balance sheet grows in a structured and sustainable manner. Structural assets are understood as long-term, low-liquidity assets with a renewal-oriented nature. Meanwhile, stable funding refers to long-term resources, funds from diversified sources, and those with high renewal rates and stability.

Throughout 2024, liquidity levels have remained adequate and in line with risk policies. Given the level of liquid asset reserves and the balanced and prudent management of loan disbursements and collections, no liquidity difficulties are anticipated.

The following table presents the contractual cash flows of principal and interest for financial liabilities as of December 31, 2024, and December 31, 2023:

(Millions of Colombian Pesos (COP))

December 31, 2024	Up to One Month	Over One Month and Under Three Months	Over Three Months and Under One Year	Over One Year and Under Five Years	Over Five Years	Total
Term deposit certificates	11,499,827	18,525,452	30,772,947	12,175,797	3,859,735	76,833,758
Savings and checking accounts (*)	66,092,909	-	-	-	-	66,092,909
Bonds	121,467	722,238	1,671,242	7,804,766	4,000,305	14,320,018
Loans from entities	163,701	1,331,298	6,364,323	8,115,736	2,466,361	18,441,419
	77,877,904	20,578,988	38,808,512	28,096,299	10,326,401	175,688,104

December 31, 2023	Up to One Month	Over One Month and Under Three Months	Over Three Months and Under One Year	Over One Year and Under Five Years	Over Five Years	Total
Term deposit certificates	7,116,423	13,270,639	25,565,931	17,246,376	6,771,270	69,970,639
Savings and checking accounts (*)	65,991,121	-	-	-	-	65,991,121
Bonds	61,461	724,812	2,607,363	8,939,742	4,511,164	16,844,542
Loans from entities	308,331	780,198	6,393,208	9,221,230	2,359,323	19,062,290
	73,477,336	14,775,649	34,566,502	35,407,348	13,641,757	171,868,592

(*) Savings and checking accounts are classified within the up-to-one-month band, considering that they demand deposits. However, this does not imply that their maturity falls within this time band.

10.3.4. Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book represents the risk of financial loss due to adverse movements in interest rates that affect the economic value of assets, liabilities, and contingent commitments held in the banking book, meaning those not related to trading activities. This risk arises from differences in the sensitivity of assets and liabilities to changes in interest rates and may be influenced by embedded optionality in financial products, such as prepayment options, renewals, or cancellations, as well as by variations in credit spreads. The Bank is exposed to interest rate risk primarily through gap risk, basis risk, and option risk, which originate from mismatches in the repricing terms of assets and liabilities, differences in the behavior of reference indices, and the presence of options in financial contracts, respectively.

The Bank employs a comprehensive approach to quantifying interest rate risk, using earnings-based metrics. These metrics focus on the impact of interest rate fluctuations on the entity's net interest margin over a short-term window, typically one year. The following table presents the sensitivity of interest-earning assets and interest-bearing liabilities under the Bank's internal methodology. As of December 31, 2024, a 50-basis-point increase or decrease in interest rates could have resulted in a decrease or increase, respectively, of $63,241 in the Bank's margin over a 12-month period. As of December 31, 2023, this sensitivity would have been $71,667.

	December 31, 2024			Impact of Δ50 bp	
	Monthly Average	Income/Expense	Average Rate (*)	Increase	Decrease
Interest-Earning Financial Assets					
Money Market Operations	2,229,212	188,138	8.4%	11,146	(11,146)
Local Currency	1,927,689	169,824	8.8%	9,638	(9,638)
Foreign Currency	301,523	18,314	6.1%	1,508	(1,508)
Investments at Fair Value Through Profit or Loss and OCI	15,147,803	1,333,337	8.8%	26,266	(26,266)
Local Currency	9,466,986	866,306	9.2%	(1,496)	1,496
Foreign Currency	5,680,817	467,031	8.2%	27,762	(27,762)
Investments at Amortized Cost	4,938,300	361,158	7.3%	24,691	(24,691)
Local Currency	3,390,049	321,351	9.5%	16,950	(16,950)
Foreign Currency	1,548,251	39,807	2.6%	7,741	(7,741)
Loan Portfolio	139,470,882	17,886,622	12.8%	421,352	(421,352)

(Millions of Colombian Pesos (COP))

	December 31, 2024				
				Impact of Δ50 bp	
	Monthly Average	Income/Expense	Average Rate (*)	Increase	Decrease
Local Currency	100,118,960	14,059,568	14.0%	268,119	(268,119)
Foreign Currency	39,351,922	3,827,054	9.7%	153,233	(153,233)
Total Assets in Local Currency	114,903,684	15,417,049	13.4%	293,211	(293,211)
Total Assets in Foreign Currency	46,882,513	4,352,206	9.3%	190,244	(190,244)
Total Interest-Earning Assets	**161,786,197**	**19,769,255**	**12.2%**	**483,455**	**(483,455)**
Interest-Bearing Financial Liabilities					
Customer Deposits	128,678,181	8,595,963	6.7%	424,201	(424,201)
Local Currency	93,185,589	7,073,839	7.6%	326,575	(326,575)
Foreign Currency	35,492,592	1,522,124	4.3%	97,626	(97,626)
Bonds	12,185,424	1,053,534	8.6%	27,662	(27,662)
Local Currency	6,876,761	681,173	9.9%	27,662	(27,662)
Foreign Currency	5,308,663	372,361	7.0%	-	-
Money Market Operations	3,418,063	328,045	9.6%	17,091	(17,091)
Local Currency	3,149,722	313,445	10.0%	15,749	(15,749)
Foreign Currency	268,341	14,600	5.4%	1,342	(1,342)
Loans from Entities	15,548,538	1,248,398	8.0%	77,742	(77,742)
Local Currency	3,181,642	392,526	12.3%	15,908	(15,908)
Foreign Currency	12,366,896	855,872	6.9%	61,834	(61,834)
Liabilities in Local Currency	106,393,714	8,460,983	8.0%	385,894	(385,894)
Liabilities in Foreign Currency	53,436,492	2,764,957	5.2%	160,802	(160,802)
Total Interest-Bearing Liabilities	**159,830,206**	**11,225,940**	**7.0%**	**546,696**	**(546,696)**
Total Net Financial Assets Subject to Interest Rate Risk	**1,955,991**	**8,543,315**		**(63,241)**	**63,241**
Local Currency	8,509,970	6,956,065		(92,682)	92,682
Foreign Currency	(6,553,979)	1,587,250		29,441	(29,441)

(*) Calculated as: Accumulated income over the last four quarters / Average balance over the last four quarters.

To mitigate exposure, the Bank employs various mechanisms, including adjusting the balance sheet composition, adopting hedge accounting, and strategically managing the investment portfolio. A key element in this risk management approach is the use of financial derivatives, which enable the synthetic modification of the repricing profile of the balance sheet. These instruments provide flexibility to dynamically adjust interest rate risk exposure in response to changing market conditions. As of the reporting date, the Bank has fair value and cash flow hedges in place to reduce the gap risk between assets and liabilities through interest rate and currency swaps.

	December 31, 2023				
				Impact of Δ50 bp	
	Monthly Average	Income/Expense	Average Rate (*)	Increase	Decrease
Interest-Earning Financial Assets					
Money Market Operations	2,109,678	170,233	8.1%	10,549	(10,549)
Local Currency	1,622,705	154,912	9.5%	8,114	(8,114)
Foreign Currency	486,973	15,321	3.1%	2,435	(2,435)
Investments at Fair Value Through Profit or Loss and OCI	8,638,417	719,371	8.3%	43,192	(43,192)
Local Currency	2,488,405	243,785	9.8%	12,442	(12,442)
Foreign Currency	6,150,012	475,586	7.7%	30,750	(30,750)
Investments at Amortized Cost	5,639,476	435,912	7.7%	28,198	(28,198)
Local Currency	3,682,128	379,510	10.3%	18,411	(18,411)
Foreign Currency	1,957,348	56,402	2.9%	9,787	(9,787)
Loan Portfolio	142,063,809	19,929,841	14.0%	412,189	(412,189)

(Millions of Colombian Pesos (COP))

	December 31, 2023				
				Impact of Δ50 bp	
	Monthly Average	Income/Expense	Average Rate (*)	Increase	Decrease
Local Currency	102,752,734	16,153,137	15.7%	263,109	(263,109)
Foreign Currency	39,311,075	3,776,704	9.6%	149,080	(149,080)
Total Assets in Local Currency	110,545,972	16,931,344	15.3%	302,076	(302,076)
Total Assets in Foreign Currency	47,905,408	4,324,013	9.0%	192,052	(192,052)
Total Interest-Earning Assets	**158,451,380**	**21,255,357**	**13.4%**	**494,128**	**(494,128)**
Interest-Bearing Financial Liabilities					
Customer Deposits	122,821,764	9,430,299	7.7%	391,571	(391,571)
Local Currency	88,316,844	8,255,606	9.3%	303,156	(303,156)
Foreign Currency	34,504,920	1,174,693	3.4%	88,415	(88,415)
Bonds	13,988,198	1,421,222	10.2%	30,000	(30,000)
Local Currency	7,860,670	996,032	12.7%	30,000	(30,000)
Foreign Currency	6,127,528	425,190	6.9%	-	-
Money Market Operations	2,964,108	324,036	10.9%	14,820	(14,820)
Local Currency	2,805,034	316,280	11.3%	14,025	(14,025)
Foreign Currency	159,074	7,756	4.9%	795	(795)
Loans from Entities	19,562,771	1,660,842	8.5%	97,814	(97,814)
Local Currency	3,411,422	488,127	14.3%	17,057	(17,057)
Foreign Currency	16,151,349	1,172,715	7.3%	80,757	(80,757)
Liabilities in Local Currency	102,393,970	10,056,045	9.8%	364,238	(364,238)
Liabilities in Foreign Currency	56,942,871	2,780,354	4.9%	169,967	(169,967)
Total Interest-Bearing Liabilities	**159,336,841**	**12,836,399**	**8.1%**	**534,205**	**(534,205)**
Total Net Financial Assets Subject to Interest Rate Risk	**3,920,064**	**9,203,766**		**(71,667)**	**71,667**
Local Currency	12,841,075	7,666,304		(92,943)	92,943
Foreign Currency	(8,921,011)	1,537,462		21,276	(21,276)

(*) Calculated as: Accumulated income over the last four quarters / Average balance over the last four quarters.

11. Offsetting of Financial Assets and Liabilities

A financial asset and a financial liability are subject to offsetting and presented on a net basis in the Statement of Financial Position when there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis in the normal course of business.

In this context, the following table provides details of financial instruments subject to offsetting as of December 31, 2024, and December 31, 2023, along with the impact of offsetting instruments covered under agreements related to credit risk mitigation (Master Netting Agreements and collateral arrangements).

December 31, 2024			Unoffset Amount in the Statement of Financial Position			
	Gross Amounts of Recognized Financial Assets	Net Amount Presented in the Statement of Financial Position	Impact of Master Netting Agreements	Cash Collateral	Debt Securities Collateral	Net Amount
Assets						
Money Market Operations	1,205,185	1,205,185	-	-	868,441	336,744
Derivative Financial Instruments (*)	962,747	962,747	620,203	123,434	-	219,110
	2,167,932	2,167,932	620,203	123,434	868,441	555,854

(Millions of Colombian Pesos (COP))

Liabilities						
Money Market Operations	3,193,443	3,193,443	-	-	4,155,790	(962,347)
Derivative Financial Instruments (*)	771,717	771,717	620,203	41,885	-	109,629
	3,965,160	3,965,160	620,203	41,885	4,155,790	(852,718)

December 31, 2023			Unoffset Amount in the Statement of Financial Position			
	Gross Amounts of Recognized Financial Assets	Net Amount Presented in the Statement of Financial Position	Impact of Master Netting Agreements	Cash Collateral	Debt Securities Collateral	Net Amount
Assets						
Money Market Operations	2,250,883	2,250,883	-	-	2,104,915	145,968
Derivative Financial Instruments (*)	1,580,597	1,580,597	1,103,251	105,125	-	372,221
	3,831,480	3,831,480	1,103,251	105,125	2,104,915	518,189
Liabilities						
Money Market Operations	1,605,049	1,605,049	-	-	2,113,458	(508,409)
Derivative Financial Instruments (*)	1,975,111	1,975,111	1,103,251	183,191	-	688,669
	3,580,160	3,580,160	1,103,251	183,191	2,113,458	180,260

(*) Excludes spot operations

The column "Impact of Master Netting Agreement" details the amounts associated with netting agreements, which are generally applicable in situations where credit risk events materialize. These amounts are not included in the statement of financial position because they do not meet the criterion for simultaneous settlement of the asset and liability or because the netting rights are contingent upon the counterparty's default.

The columns for cash collateral and debt securities collateral present the amounts received, delivered, or pledged in connection with money market operations and derivative financial instruments.

12. Specific line items of the Consolidated Statement of Financial Position

12.1. Cash

12.1.1. Breakdown of Available Cash

The following table details the cash balance:

	December 31, 2024	December 31, 2023
Local Currency		
Cash and Balances with Banks	4,166,043	4,439,918
Clearing and Remittances in Transit	2,546	452
	4,168,589	4,440,370
Foreign Currency		
Cash and Balances with Banks	12,095,402	10,481,888
Clearing and Remittances in Transit	33,191	80,839
	12,128,593	10,562,727
	16,297,182	15,003,097

The balances held in cash and central banks in local currency form part of the mandatory reserve requirements that the Bank must maintain on customer deposits in accordance with legal provisions.

The following table presents the restricted cash balances:

	December 31, 2024		December 31, 2023	
	Required (*)	Available (*)	Required (*)	Available (*)
Colombia	4,368,370	4,436,579	4,758,084	4,825,219
Subsidiaries Abroad	4,434,522	5,508,982	3,883,421	4,699,656

(*) Corresponds to the average reserve requirement and/or mandatory deposit balances for the reported period.

Cash Distribution Based on Counterparty Risk

	December 31, 2024	December 31, 2023
Guaranteed by the Nation - Central Bank	1,527,444	1,710,970
Investment Grade	14,769,738	13,292,127
Total	16,297,182	15,003,097

12.2. Money Market Operations and Related Activities

The following table presents the balances of money market placements.

December 31, 2024			Date		
	Amount in USD	Rate	Start Date	Final	Monto
Foreign Currency					
Interbank Funds		3.8%	06/03/2024	06/03/2025	1,102
Overnight	USD $22.3	3.6%	31/12/2024	02/01/2025	98,746
Repos	USD $67.5	2.0% - 4.2%	30/12/2024	02/01/2025	297,774
Local Currency					
Interbank Funds					
Banks		9.0%	27/12/2024	02/01/2025	180,112
Simultaneous					
CRCC[3]		6.0% - 9.8%	11/12/2024	20/01/2025	1,019,891
Legal Persons		13.9% - 14.0%	16/12/2024	14/01/2025	35,712
Stock Exchange Brokerage Firms		9.6% - 10.3%	18/11/2024	17/01/2025	22,734
					1,656,071

December 31, 2023			Date		
	Amount in millions USD	Rate	Start Date	Maturity Date	Monto
Foreign Currency					
Interbank Funds	USD $2,3	6.0%	29/12/2023	02/01/2024	8,791
Repos	USD $140,6	1.0% - 9.2%	23/11/2023	25/01/2024	536,995

[3] Cámara de Riesgo Central de Contraparte S.A.

December 31, 2023			Date		
	Amount in millions USD	Rate	Start Date	Maturity Date	Monto
Local Currency					
Interbank Funds					
Banks/Financial Corporations		12% - 12.1%	20/12/2023	17/01/2024	143,478
Simultaneous					
CRCC[4]		12.6% - 13.1%	20/12/2023	19/01/2024	2,093,881
Stock Exchange Brokerage Firms		13.3% - 14.1%	27/12/2023	02/01/2024	16,686
Other		10% - 15.7%	13/12/2023	22/01/2024	136,095
					2,935,926

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

12.3. Investments Measured at Fair Value and Amortized Cost, Net

12.3.1. Investments by Classification and Issuer

The following table details the classification of investment financial instruments by issuer and impairment:

	December 31, 2024			December 31, 2023		
	Amount	Impairment (Provision)	Net	Amount	Impairment (Provision)	Net
Investments at Fair Value Through Profit or Loss						
National Government	5,541,501	-	5,541,501	4,631,568	-	4,631,568
Financial Institutions	477,738	-	477,738	504,136	-	504,136
Corporate	53,352	-	53,352	41,656	-	41,656
Securitizations	159,564	-	159,564	150,094	-	150,094
	6,232,155	-	6,232,155	5,327,454	-	5,327,454
Investments at fair value through OCI						
National Government	1,822,388	-	1,822,388	1,539,987	-	1,539,987
Financial Institutions	526,757	-	526,757	460,638	-	460,638
Foreign Banks	899,816	-	899,816	1,006,594	-	1,006,594
Multilateral Credit Institutions	21,820	-	21,820	17,099	-	17,099
Foreign Governments	4,155,360	-	4,155,360	3,087,165	-	3,087,165
Corporate	2,308,100	-	2,308,100	1,860,755	-	1,860,755
Securitizations	66,087	-	66,087	43,878	-	43,878
	9,800,328	-	9,800,328	8,016,116	-	8,016,116
Investments at Fair Value Through Profit or Loss and OCI	16,032,483	-	16,032,483	13,343,570	-	13,343,570

[4] Cámara de Riesgo Central de Contraparte S.A.

(Millions of Colombian Pesos (COP))

	December 31, 2024			December 31, 2023		
	Amount	Impairment (Provision)	Net	Amount	Impairment (Provision)	Net
Investments at Amortized Cost						
National Government	1,400,528	1,086	1,399,442	1,407,943	1,218	1,406,725
Financial Institutions	1,801,297	2,918	1,798,379	1,986,297	3,337	1,982,960
Foreign Banks	363,124	4,914	358,210	366,769	646	366,123
Foreign Governments	1	-	1	393,075	833	392,242
Multilateral Credit Institutions	5,448	5	5,443	-	-	-
Corporate	968,937	15,467	953,470	692,180	3,795	688,385
Securitizations	283,468	996	282,472	296,051	1,074	294,977
	4,822,803	25,386	4,797,417	5,142,315	10,903	5,131,412
	20,855,286	25,386	20,829,900	18,485,885	10,903	18,474,982

As of December 31, 2024, and 2023, investments in debt or equity securities pledged as collateral amounted to $7,947,985 and $6,248,454, respectively.

12.3.2. Investments by Classification and Type

The following is the breakdown of investment financial instruments by type:

	December 31, 2024			December 31, 2023		
	Amount	Impairment (Provision)	Net	Amount	Impairment (Provision)	Net
Investments at Fair Value Through Profit or Loss						
Shares and Equity Securities	75,728	-	75,728	67,432	-	67,432
Private Debt Bonds	51,037	-	51,037	78,047	-	78,047
Colombian Public Debt Bonds (excluding TES)	21,601	-	21,601	10,594	-	10,594
Collective Investment Funds, International Funds, Pension Funds, and Trust Arrangements	66,809	-	66,809	85,953	-	85,953
Certificates of Deposits (CDs)	332,911	-	332,911	318,971	-	318,971
Mortgage Securities and Real Estate Securitizations	159,564	-	159,564	150,094	-	150,094
TES Colombia Securities	5,524,505	-	5,524,505	4,616,363	-	4,616,363
	6,232,155	-	6,232,155	5,327,454	-	5,327,454
Investments at fair value through OCI						
Shares and Equity Securities	4,657	-	4,657	4,007	-	4,007
Private Debt Bonds	2,481,602	-	2,481,602	2,103,964	-	2,103,964
Colombian Public Debt Bonds (excluding TES)	294,553	-	294,553	614,852	-	614,852
Certificates of Deposits (CDs)	949,311	-	949,311	1,155,340	-	1,155,340
Foreign Sovereign Bonds	4,199,734	-	4,199,734	3,087,164	-	3,087,164
Mortgage Securities and Real Estate Securitizations	62,992	-	62,992	39,785	-	39,785
TES Colombia Securities	1,803,319	-	1,803,319	1,007,407	-	1,007,407
Título contenido crediticio	4,160	-	4,160	3,597	-	3,597
	9,800,328	-	9,800,328	8,016,116	-	8,016,116
Investments at Fair Value Through Profit or Loss and OCI	16,032,483	-	16,032,483	13,343,570	-	13,343,570

(Millions of Colombian Pesos (COP))

	December 31, 2024			December 31, 2023		
	Amount	Impairment (Provision)	Net	Amount	Impairment (Provision)	Net
Investments at Amortized Cost						
Private Debt Bonds	2,638,517	22,532	2,615,985	2,801,097	7,738	2,793,359
Colombian Public Debt Bonds (excluding TES)	1,640,822	1,854	1,638,968	1,420,201	1,258	1,418,943
Certificates of Deposits (CDs)	259,996	4	259,992	231,891	-	231,891
Foreign Sovereign Bonds	1	-	1	393,075	833	392,242
Mortgage Securities and Real Estate Securitizations	283,467	996	282,471	296,051	1,074	294,977
	4,822,803	25,386	4,797,417	5,142,315	10,903	5,131,412
	20,855,286	25,386	20,829,900	18,485,885	10,903	18,474,982

12.3.3. Credit Risk Quality

Below is the investment portfolio by credit rating:

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Total	Stage 1 Expected credit losses over the next 12 months
	December 31, 2024			December 31, 2023
Investments at Amortized Cost				
A	10,020	-	10,020	10,568
BBB	88,504	-	88,504	188,137
BB	4,515,254	-	4,515,254	4,599,069
B	44,518	111,164	155,682	338,922
CCC	4,609	48,734	53,343	5,619
	4,662,905	159,898	4,822,803	5,142,315
Impairment	(9,439)	(15,947)	(25,386)	(10,903)
	4,653,466	143,951	4,797,417	5,131,412
Investments at fair value through OCI - Debt securities				
AA	654,056	-	654,056	539,163
A	182,454	-	182,454	305,459
BBB	1,123,923	-	1,123,923	654,954
BB	5,957,999	-	5,957,999	4,844,406
B	1,850,390	-	1,850,390	388,477
CCC	26,849	-	26,849	1,279,650
	9,795,671	-	9,795,671	8,012,109
Investments at fair value through OCI - Equity instruments	4,657	-	4,657	4,007
Investments at Fair Value Through Profit or Loss	6,232,155	-	6,232,155	5,327,454
	20,685,949	143,951	20,829,900	18,474,982

As of December 31, 2024, no investments were classified in Stage 3. The risk rating is assigned by the Financial Institutions Credit Risk Division using globally applied criteria.

(Millions of Colombian Pesos (COP))

12.3.4. Investments by Currency

The following table presents the breakdown of investment financial instruments by currency.

	December 31, 2024	December 31, 2023
COP	12,109,253	8,900,276
USD	5,737,203	5,619,565
Chilean Peso	2,045	2,246
Canadian Dollar	9,429	8,593
RVU	1,862,682	2,752,819
Lempiras	376,916	249,551
Colon	757,758	952,835
Total	20,855,286	18,485,885
Impairment	(25,386)	(10,903)
Total Investments	20,829,900	18,474,982

12.3.5. Maturity of Investments

The following table presents investment financial instruments by maturity (excluding shares).

December 31, 2024

	0 to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Total
Investments at Fair Value Through Profit or Loss	1,742,200	3,902,825	330,584	180,818	6,156,427
Investments at Fair Value Through OCI	4,697,731	2,848,110	2,201,059	48,771	9,795,671
Investments at Amortized Cost	3,083,969	928,227	610,873	199,734	4,822,803
Total	9,523,900	7,679,162	3,142,516	429,323	20,774,901

December 31, 2023

	0 to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Total
Investments at Fair Value Through Profit or Loss	596,040	3,985,927	642,051	36,004	5,260,022
Investments at Fair Value Through OCI	3,462,676	2,941,651	1,535,416	72,366	8,012,109
Investments at Amortized Cost	3,242,962	1,000,747	708,755	189,851	5,142,315
Total	7,301,678	7,928,325	2,886,222	298,221	18,414,446

(Millions of Colombian Pesos (COP))

12.3.6. Reconciliation of Investment Impairment

The following table reconciles the expected credit loss impairment by portfolio classification:

	Stage 1	Stage 2		Stage 1
	Expected credit losses over the next 12 months	Expected credit losses over the asset's lifetime	Total	Expected credit losses over the next 12 months
	December 31, 2024			December 31, 2023
Investments at Amortized Cost				
Opening Balance	10,903	-	10,903	15,705
Impairment	2,766	15,947	18,713	9,692
Impairment Recovery	(4,230)	-	(4,230)	(14,494)
	9,439	15,947	25,386	10,903

12.3.7. Credit Quality

The following table details the credit quality of investments measured at fair value and amortized cost.

December 31, 2024	Fair Value		
Credit Quality	Debt Securities	Equity Instruments	Amortized Cost
Investment Grade	717,598	-	98,524
Issued and Guaranteed by the Nation and/or Central Bank	11,519,250	-	1,400,529
Speculative Grade	3,715,250	-	3,323,750
Unrated or Not Available	-	80,385	-
	15,952,098	80,385	4,822,803

December 31, 2023	Fair Value		
Credit Quality	Debt Securities	Equity Instruments	Amortized Cost
Investment Grade	942,822	-	198,705
Issued and Guaranteed by the Nation and/or Central Bank	9,258,718	-	1,801,018
Speculative Grade	3,070,591	-	3,142,592
Unrated or Not Available	-	71,439	-
	13,272,131	71,439	5,142,315

(Millions of Colombian Pesos (COP))

12.4. Derivative Financial Instruments

The following is a summary of the acceptances, spot transactions, and derivatives executed by the Bank:

December 31, 2024

	Assets		Liabilities		
Product	Notional Amount	Fair Value	Notional Amount	Fair Value	Total
Spot Transactions	19,017	1,219	-	1,177	42
Options	1,336,628	26,229	1,300,918	17,232	8,997
Swaps	15,094,939	652,677	25,098,663	534,889	117,788
Forwards	15,791,066	283,841	13,595,027	219,595	64,246
Subtotal Derivatives	32,241,650	963,966	39,994,608	772,893	191,073
Fair Value Changes from Portfolio Hedge Accounting	-	(165,382)	-	-	(165,382)
Total	32,241,650	798,584	39,994,608	772,893	25,691

December 31, 2023

	Assets		Liabilities		
Product	Notional Amount	Fair Value	Notional Amount	Fair Value	Total
Spot Transactions	-	33	-	66	(33)
Options	2,400,234	177,349	2,266,681	26,035	151,314
Swaps	32,765,450	721,504	36,528,907	780,019	(58,515)
Forwards	1,204,176	681,744	655,559	1,169,057	(487,313)
	36,369,860	1,580,630	39,451,147	1,975,177	(394,547)

The result of speculative derivatives is as follows:

December 31, 2024

		Forward	Futures	Swaps	Options	Total
Purchase of Foreign Currency	Right	12,225,432	-	1,186,199	-	13,411,631
	Obligation	12,037,686	-	1,019,162	-	13,056,848
Sale of Foreign Currency	Right	14,111,526	-	277,585	-	14,389,111
	Obligation	14,244,962	-	315,449	-	14,560,411
Purchase of Securities	Right	-	-	-	-	-
	Obligation	-	-	-	-	-
Sale of Securities	Right	1,414,666	54,399	-	-	1,469,065
	Obligation	1,404,730	54,399	-	-	1,459,129
On Interest Rates	Right	-	-	4,848,252	-	4,848,252
	Obligation	-	-	4,859,637	-	4,859,637
Call Options	Purchase	-	-	-	23,421	23,421
	Sale	-	-	-	(13,041)	(13,041)
		-	-	-		
Put Options	Purchase	-	-	-	2,808	2,808
	Sale	-	-	-	(4,192)	(4,192)
						34,118,059
Total Rights		27,751,624	54,399	6,312,036	-	
Total Obligations		27,687,378	54,399	6,194,248	-	33,936,025
Net Total		64,246	-	117,788	8,996	191,030

(Millions of Colombian Pesos (COP))

December 31, 2023		Forward	Futures	Swaps	Options	Total
Purchase of Foreign Currency	Right	14,540,935	-	-	-	14,540,935
	Obligation	15,680,432	-	-	-	15,680,432
Sale of Foreign Currency	Right	11,493,709	-	-	-	11,493,709
	Obligation	10,839,029	-	-	-	10,839,029
Purchase of Securities	Right	-	22,537	-	-	22,537
	Obligation	-	22,537	-	-	22,537
Sale of Securities	Right	128,638	1,531	-	-	130,169
	Obligation	131,134	1,531	-	-	132,665
On Interest Rates	Right	-	-	9,274,214	-	9,274,214
	Obligation	-	-	9,332,730	-	9,332,730
Call Options	Purchase	-	-	-	1,214	1,214
	Sale	-	-	-	(1,375)	(1,375)
Put Options	Purchase	-	-	-	176,135	176,135
	Sale	-	-	-	(24,660)	(24,660)
Total Rights		26,163,282	24,068	9,274,214	-	35,461,564
Total Obligations		26,650,595	24,068	9,332,730	-	36,007,393
Net Total		(487,313)	-	(58,516)	151,314	(394,515)

The following is a breakdown of the credit quality determined by independent rating agencies for the main counterparties in derivative assets and liabilities.

December 31, 2024		Derivatives	
Credit Quality	Options	Swaps	Forwards
Investment Grade	15,778	652,540	227,411
Unrated or Not Available	10,451	137	56,430
	26,229	652,677	283,841

December 31, 2023		Derivatives	
Credit Quality	Options	Swaps	Forwards
Investment Grade	168,549	720,458	439,418
Unrated or Not Available	8,800	1,046	242,326
	177,349	721,504	681,744

The following is a breakdown of the maturity periods of derivatives:

December 31, 2024	Under 1 Year	1 to 5 Years	5 to 10 Years	Total
Spot Transactions	42	-	-	42
Options	8,996	-	-	8,996
Swaps	24,270	(3,443)	96,961	117,788
Forwards	54,132	10,114	-	64,246
	87,440	6,671	96,961	191,072

(Millions of Colombian Pesos (COP))

December 31, 2023	Under 1 Year	1 to 5 Years	5 to 10 Years	Total
Spot Transactions	(33)	-	-	(33)
Options	151,314	-	-	151,314
Swaps	(58,553)	6,934	(6,896)	(58,515)
Forwards	(492,366)	5,053	-	(487,313)
	(399,638)	11,987	(6,896)	(394,547)

Fair Value Hedges

The Bank implemented a fair value hedge in February 2024 to limit its exposure to potential changes in the fair value of the long-term fixed-rate loan portfolio due to movements in Colombian peso interest rates. The Bank manages this exposure by entering into interest rate swaps (IRS) that pay fixed interest and receive variable interest. Only the interest rate risk element is hedged; therefore, other risks, such as credit risk, are managed but not hedged by the Bank.

The interest rate risk component is determined as the change in the fair value of the loan portfolio that arises solely from changes in interest rates, which are typically the most significant component of the overall fair value change. This strategy is designated as a fair value hedge, and its effectiveness is evaluated by comparing the changes in the fair value of the hedged loan portfolio attributable to fluctuations in the reference interest rate with the changes in the fair value of the designated interest rate swaps.

The Bank uses the following derivative financial instruments in fair value hedge relationships for fixed-rate loan portfolios:

	Notional Amount	Carrying Amount	Change in fair value used to measure the ineffectiveness of the hedge during the period (1)
Assets			
Interest Rate Swaps	3,997,405	175,073	178,031
Total	3,997,405	175,073	178,031

As of December 31, 2024, the Bank has swap contracts under which it receives the variable IBR interest rate and pays a fixed interest rate averaging 7.8% on the notional amount. These swaps are used to hedge the exposure to changes in the fair value of the reference interest rate component of mortgage loans, which accrue a fixed average interest rate of 12.5%.

The following table presents the notional amount of derivatives designated in the fair value hedge, categorized by their maturity profile:

	Up to One Month	Over One Month and Under Three Months	Over Three Months and Under One Year	Over One Year and Under Five Years	Over Five Years	Total
Assets						
Interest Rate Swaps	-	-	-	1,068,600	2,928,805	3,997,405

The accounting balances of the hedged items as of December 31, 2024, are as follows:

	Carrying Amount	Accumulated Fair Value Adjustments	Change in fair value used to measure the ineffectiveness of the hedge during the period	Hedge Ineffectiveness Recognized in the Income Statement, Gain (+) / Loss (-)
Assets				
Mortgage Loan Portfolio	2,925,923	(165,382)	(165,382)	12,649

As of December 31, 2024, the accumulated fair value of the hedged item amounts to $(165,382), while the mark-to-market value of the derivative stands at $178,031(1), resulting in an ineffectiveness of $12,649, which remains within the ranges established in the hedging strategy.

Cash Flow Hedges

Starting in April 2024, the Bank implemented cash flow hedge accounting operations to mitigate foreign exchange risk arising from a fixed-interest obligation denominated in foreign currency. To achieve this, the Bank entered into cross-currency swaps (CCS) in which it receives a fixed rate in U.S. dollars and pays a fixed rate in Colombian pesos.

The hedged risk is defined as the variability of future cash flows due to fluctuations in the Colombian peso - U.S. dollar exchange rate of the hedged item.

The designation of this hedge accounting is part of a synthetic funding strategy, where derivative financial instruments are used to fix the cost in Colombian pesos of obligations acquired in U.S. dollars. The proportion of these obligations subject to hedging will vary based on market conditions and balance sheet dynamics.

The accounting treatment of this hedging relationship is as follows:

- The exchange rate differential from the hedged item is recognized in profit or loss.
- For the hedging instrument, the effective portion of changes in fair value is recognized in Other Comprehensive Income (OCI).
- As the hedged item affects profit or loss due to the hedged risk, the accumulated amounts in OCI are reclassified to profit or loss.

The following table presents the notional amount of derivatives designated in the fair value hedge, categorized by maturity profile:

	Up to One Month	Over One Month and Under Three Months	Over Three Months and Under One Year	Over One Year and Under Five Years	Over Five Years	Total
Assets						
Cross Currency Swaps (CCS)	-	-	-	-	529,098	529,098

The designated hedge as of December 31, 2024, is detailed below:

	Notional Amount in Millions of USD	Valor en libros		Impact on Income	Changes in Fair Value of the Hedging Instrument Recognized in OCI	Hedge Ineffectiveness Recognized in P&L
		Assets	Liabilities			
Hedging Instrument						
Cross Currency Swaps (CCS)	120	104.918	-	90.044	49.271	-
Hedged Item						
Subordinated Bond	120	-	619.142	90.044	-	-

(Millions of Colombian Pesos (COP))

12.5. Loan Portfolio and Finance Lease Operations, Net

12.5.1. Loan Portfolio and Finance Lease by Modality

Below is a breakdown of the loan portfolio and finance lease operations by modality:

	December 31, 2024	December 31, 2023
Commercial Portfolio		
Corporate and Construction	44,469,478	34,712,160
Other Commercial	17,695,154	18,028,844
Financial Leasing	5,727,545	5,564,670
Credit Card	649,318	710,959
Auto Loan	370,839	589,887
Overdrafts on Checking Accounts	221,830	299,477
	69,134,164	59,905,997
Consumer Loans(1)		
Credit Card	8,920,084	8,522,731
Other Consumer loans	23,399,346	26,902,753
Auto Loan	2,508,345	2,508,446
Overdrafts on Checking Accounts	13,822	18,298
Financial Leasing	111,119	93,737
	34,952,716	38,045,965
Mortgage Portfolio (2)		
Mortgage Portfolio	27,319,443	23,422,597
Residential Leasing	14,051,619	14,599,270
	41,371,062	38,021,867
Microcredit Portfolio		
Microcredit	325	734
Gross Loans	145,458,267	135,974,563
Minus Impairment	(5,528,154)	(6,075,511)
	139,930,113	129,899,052

(1) Includes employee loan portfolio amounting to $161,328 and $130,898 as of December 31, 2024, and December 31, 2023, respectively.
(2) Includes employee loan portfolio amounting to $550,507 and $489,656 as of December 31, 2024, and December 31, 2023, respectively.

(Millions of Colombian Pesos (COP))

12.5.2. Loan Portfolio by Credit Risk Rating

The following table presents the loan portfolio by credit risk rating:

December 31, 2024	Stage 1	Stage 2	Stage 3	
	Expected credit losses over the next 12 months	Expected credit losses over the asset's lifetime	Expected credit losses over the asset's lifetime with objective evidence of impairment	Total
Commercial	55,649,773	4,192,155	3,564,691	63,406,619
Consumer	30,967,409	2,375,684	1,498,505	34,841,598
Mortgage	24,814,287	1,626,111	879,044	27,319,442
Microcredit	115	138	72	325
Gross Loans	111,431,584	8,194,088	5,942,312	125,567,984
Provision	(696,505)	(1,027,884)	(3,270,058)	(4,994,447)
	110,735,079	7,166,204	2,672,254	120,573,537

Credit Risk Rating for Financial Leasing:

December 31, 2024	Stage 1	Stage 2	Stage 3	
	Expected credit losses over the next 12 months	Expected credit losses over the asset's lifetime	Expected credit losses over the asset's lifetime with objective evidence of impairment	Total
Commercial	4,700,726	443,641	583,178	5,727,545
Consumer	107,668	2,288	1,162	111,118
Mortgage	12,380,000	1,075,825	595,795	14,051,620
Gross Loans	17,188,394	1,521,754	1,180,135	19,890,283
Provision	(19,100)	(44,645)	(469,962)	(533,707)
	17,169,294	1,477,109	710,173	19,356,576
Loan Portfolio and Financial Leasing, Net	127,904,373	8,643,313	3,382,427	139,930,113

December 31, 2023	Expected credit losses over the next 12 months	Expected credit losses over the asset's lifetime	Expected credit losses over the asset's lifetime with objective evidence of impairment	Total
Commercial	47,846,551	3,876,649	2,618,127	54,341,327
Consumer	31,178,261	4,145,450	2,628,517	37,952,228
Mortgage	21,658,104	1,123,145	641,348	23,422,597
Microcredit	249	416	69	734
Gross Loans	100,683,165	9,145,660	5,888,061	115,716,886
Provision	(620,864)	(1,299,005)	(3,678,820)	(5,598,689)
	100,062,301	7,846,655	2,209,241	110,118,197

(Millions of Colombian Pesos (COP))

Credit Risk Rating for Financial Leasing:

December 31, 2023	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Stage 3 Expected credit losses over the asset's lifetime with objective evidence of impairment	Total
Commercial	4,734,195	420,091	410,384	5,564,670
Consumer	88,135	4,202	1,400	93,737
Mortgage	13,195,444	976,274	427,552	14,599,270
Gross Loans	18,017,774	1,400,567	839,336	20,257,677
Provision	(20,026)	(24,806)	(431,990)	(476,822)
	17,997,748	1,375,761	407,346	19,780,855
Loan Portfolio and Financial Leasing, Net	118,060,049	9,222,416	2,616,587	129,899,052

12.5.3. Individually Assessed Loan Portfolio

The following table presents the individually assessed loan portfolio:

December 31, 2024	Non-Delinquent 0-30 Days	31 - 90 Days	> 90 Days	Gross Carrying Amount	Collateral	Provision Established
Without Recognized Impairment						
Commercial	-	1,245	72,700	73,945	68,568	-
With Recognized Impairment						
Commercial	3,143,491	376,116	1,135,890	4,655,497	2,707,246	1,674,742
	3,143,491	377,361	1,208,590	4,729,442	2,775,814	1,674,742

December 31, 2023	Non-Delinquent 0-30 Days	31 - 90 Days	> 90 Days	Gross Carrying Amount	Garantías	Provision Established
Without Recognized Impairment						
Commercial	80	1,686	56,302	58,068	4,051	-
With Recognized Impairment						
Commercial	2,267,661	118,790	913,752	3,300,203	1,823,621	1,342,367
	2,267,741	120,476	970,054	3,358,271	1,827,672	1,342,367

(Millions of Colombian Pesos (COP))

12.5.4. Reconciliation of Loan Portfolio and Finance Lease Impairment

The following table reconciles the Allowance for Expected Credit Losses by Class of Financial Instrument:

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Stage 3 Expected credit losses over the asset's lifetime with impairment	Total
Commercial				
Balance as of January 1, 2024	124,624	591,629	1,577,396	2,293,649
Transfers to stage 1 from stage 2 y 3	63,457	(55,879)	(7,578)	-
Transfers to stage 2 from stage 1 y 3	(2,989)	11,292	(8,303)	-
Transfers to stage 3 from stage 1 y 2	(1,852)	(125,455)	127,307	-
Impairment of Financial Assets	(51,971)	167,516	987,006	1,102,551
Impairment of New Assets	55,418	199,239	293,288	547,945
Impairment Recovery	(52,845)	(127,349)	(537,478)	(717,672)
Written-Off Loans	(9,797)	(18,783)	(479,255)	(507,835)
Restatement of Loan Portfolio in Foreign Currency	28,929	6,679	39,973	75,581
Net Reconciliation of Commercial Loan Portfolio Impairment	152,974	648,889	1,992,356	2,794,219
Consumer				
Balance as of January 1, 2024	493,339	713,584	2,089,950	3,296,873
Transfers to stage 1 from stage 2 y 3	191,636	(151,434)	(40,202)	-
Transfers to stage 2 from stage 1 y 3	(20,643)	40,843	(20,200)	-
Transfers to stage 3 from stage 1 y 2	(13,973)	(40,694)	54,667	-
Impairment of Financial Assets	1,487,594	1,452,241	1,853,760	4,793,595
Impairment of New Assets	155,516	188,404	377,526	721,446
Impairment Recovery	(159,570)	(137,565)	(580,522)	(877,657)
Written-Off Loans	(1,655,804)	(1,700,300)	(2,761,160)	(6,117,264)
Restatement of Loan Portfolio in Foreign Currency	50,219	27,537	200,773	278,529
Net Reconciliation of Consumer Loan Portfolio Impairment	528,314	392,616	1,174,592	2,095,522
Mortgage				
Balance as of January 1, 2024	22,927	18,577	443,454	484,958
Transfers to stage 1 from stage 2 y 3	20,513	(5,574)	(14,939)	-
Transfers to stage 2 from stage 1 y 3	(939)	14,988	(14,049)	-
Transfers to stage 3 from stage 1 y 2	(355)	(5,759)	6,114	-
Impairment of Financial Assets	(9,998)	15,614	414,434	420,050
Impairment of New Assets	6,861	1,681	787	9,329
Impairment Recovery	(9,175)	(6,231)	(115,818)	(131,224)
Written-Off Loans	(2,916)	(1,135)	(154,758)	(158,809)
Restatement of Loan Portfolio in Foreign Currency	7,399	(1,138)	7,823	14,084

(Millions of Colombian Pesos (COP))

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Stage 3 Expected credit losses over the asset's lifetime with impairment	Total
Net Reconciliation of Mortgage Loan Portfolio Impairment	34,317	31,023	573,048	638,388
Microcredit				
Balance as of January 1, 2024	-	21	10	31
Transfers to stage 1 from stage 2 y 3	1	(1)	-	-
Transfers to stage 3 from stage 1 y 2	-	(1)	1	-
Impairment of Financial Assets	-	82	82	164
Impairment Recovery	-	(1)	(2)	(3)
Written-Off Loans	(1)	(99)	(68)	(168)
Restatement of Loan Portfolio in Foreign Currency	-	-	1	1
Net Reconciliation of Microcredit Loan Portfolio Impairment	-	1	24	25
Undiscounted Amount of Loan Portfolio Originated with Credit Impairment at Initial Recognition				
Balance as of December 31, 2024	715,605	1,072,529	3,740,020	5,528,154

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Stage 3 Expected credit losses over the asset's lifetime with impairment	Total
Commercial				
Balance as of January 1, 2023	170,811	720,032	1,364,839	2,255,682
Transfers to stage 1 from stage 2 y 3	30,490	(20,375)	(10,115)	-
Transfers to stage 2 from stage 1 y 3	(10,466)	101,001	(90,535)	-
Transfers to stage 3 from stage 1 y 2	(2,788)	(133,581)	136,369	-
Impairment of Financial Assets	(24,569)	12,297	885,774	873,502
Impairment of New Assets	53,191	358,836	340,909	752,936
Impairment Recovery	(58,883)	(427,991)	(657,099)	(1,143,973)
Written-Off Loans	(8,591)	(2,369)	(392,746)	(403,706)
Restatement of Loan Portfolio in Foreign Currency	(24,571)	(16,221)	-	(40,792)
Net Reconciliation of Commercial Loan Portfolio Impairment	124,624	591,629	1,577,396	2,293,649
Consumer				
Balance as of January 1, 2023	912,956	1,751,110	971,223	3,635,289
Transfers to stage 1 from stage 2 y 3	252,495	(241,287)	(11,208)	-
Transfers to stage 2 from stage 1 y 3	(40,483)	49,544	(9,061)	-
Transfers to stage 3 from stage 1 y 2	(35,431)	(89,133)	124,564	-

(Millions of Colombian Pesos (COP))

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Expected credit losses over the asset's lifetime	Stage 3 Expected credit losses over the asset's lifetime with impairment	Total
Impairment of Financial Assets	2,020,353	1,133,497	2,931,783	6,085,633
Impairment of New Assets	210,504	418,217	1,115,305	1,744,026
Impairment Recovery	(295,353)	(450,846)	(1,161,688)	(1,907,887)
Written-Off Loans	(2,494,184)	(1,824,845)	(2,168,484)	(6,487,513)
Restatement of Loan Portfolio in Foreign Currency	(37,518)	(32,673)	297,516	227,325
Net Reconciliation of Consumer Loan Portfolio Impairment	493,339	713,584	2,089,950	3,296,873
Mortgage				
Balance as of January 1, 2023	27,859	21,333	378,320	427,512
Transfers to stage 1 from stage 2 y 3	30,122	(4,736)	(25,386)	-
Transfers to stage 2 from stage 1 y 3	(888)	24,486	(23,598)	-
Transfers to stage 3 from stage 1 y 2	(302)	(9,309)	9,611	-
Impairment of Financial Assets	(26,880)	(3,202)	343,611	313,529
Impairment of New Assets	4,761	844	1,496	7,101
Impairment Recovery	(17,851)	(3,281)	(152,460)	(173,592)
Written-Off Loans	(1,042)	(61)	(66,396)	(67,499)
Restatement of Loan Portfolio in Foreign Currency	7,148	(7,497)	(21,744)	(22,093)
Net Reconciliation of Mortgage Loan Portfolio Impairment	22,927	18,577	443,454	484,958
Microcredit				
Balance as of January 1, 2023	4	17	23	44
Transfers to stage 2 from stage 1 y 3	(1)	18	(17)	-
Transfers to stage 3 from stage 1 y 2	-	(1)	1	-
Impairment of Financial Assets	35	93	46	174
Impairment Recovery	(1)	(1)	(27)	(29)
Written-Off Loans	(37)	(105)	(17)	(159)
Restatement of Loan Portfolio in Foreign Currency	-	-	1	1
Net Reconciliation of Microcredit Loan Portfolio Impairment	-	21	10	31
Undiscounted Amount of Loan Portfolio Originated with Credit Impairment at Initial Recognition				
Balance as of December 31, 2023	640,890	1,323,811	4,110,810	6,075,511

(Millions of Colombian Pesos (COP))

12.5.5. Loan Portfolio and Financial Leasing by Maturity

The following is a breakdown of the loan portfolio by maturity:

December 31, 2024	0-1 Year	1- 5 Years	5 - 10 Years	Over 10 Years	Total
Commercial	15,005,726	27,072,254	20,318,545	6,737,639	69,134,164
Consumer	910,711	20,420,933	9,527,041	4,094,031	34,952,716
Mortgage	43,970	1,237,793	3,862,267	36,227,032	41,371,062
Microcredit	158	167	-	-	325
	15,960,565	48,731,147	33,707,853	47,058,702	145,458,267

December 31, 2023	0-1 Year	1- 5 Years	5 - 10 Years	Over 10 Years	Total
Commercial	13,713,011	23,446,790	17,001,507	5,744,689	59,905,997
Consumer	945,980	22,746,720	11,583,782	2,769,483	38,045,965
Mortgage	33,321	1,083,942	3,816,784	33,087,820	38,021,867
Microcredit	220	468	46	-	734
	14,692,532	47,277,920	32,402,119	41,601,992	135,974,563

12.5.6. Portfolio by Currency

The following is a breakdown of the loan and financial leasing portfolio by monetary unit:

	December 31, 2024			December 31, 2023		
	Local Currency	Foreign Currency	Total	Local Currency	Foreign Currency	Total
Commercial	37,641,270	25,765,349	63,406,619	33,492,167	20,849,160	54,341,327
Consumer	23,920,692	10,920,905	34,841,597	29,373,436	8,578,792	37,952,228
Mortgage and Residential Leasing	33,964,099	7,406,963	41,371,062	32,185,604	5,836,263	38,021,867
Microcredit	325	-	325	734	-	734
Financial Leasing	5,407,199	431,465	5,838,664	5,383,711	274,696	5,658,407
	100,933,585	44,524,682	145,458,267	100,435,652	35,538,911	135,974,563

12.5.7. Loan Portfolio by Economic Industry

The following is the loan portfolio and financial leasing by economic industry:

Economic Industry	December 31, 2024	December 31, 2023
Agriculture, Livestock, Forestry, and Fishing	3,803,413	5,006,791
Mining and Quarrying	464,329	2,758,574
Manufacturing Industries	8,511,110	6,678,144
Electricity, Gas, Steam, and Air Conditioning Supply	5,180,578	3,560,355
Water Supply, Wastewater Treatment, Waste Management, and Remediation Activities	686,974	362,905
Construction	8,483,465	7,714,245
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	12,600,989	9,523,406
Transportation and Storage	2,407,549	2,345,548
Accommodation and Food Service Activities	858,064	798,752

(Millions of Colombian Pesos (COP))

Economic Industry	December 31, 2024	December 31, 2023
Information and Communications	1,395,223	944,278
Financial and Insurance Activities	6,174,568	4,065,285
Real Estate Activities	3,662,707	2,943,866
Professional, Scientific, and Technical Activities	3,469,450	2,638,002
Administrative and Support Service Activities	3,748,089	2,787,113
Public Administration and Defense; Mandatory Social Security Plans	1,524,423	1,339,746
Education	414,133	415,222
Human Health and Social Work Activities	1,164,756	782,816
Arts, Entertainment, and Recreation Activities	249,853	165,536
Other Service Activities	2,841,351	1,305,813
Household Activities as Employers	92,247	33,700
Activities of Extraterritorial Organizations and Bodies	922	1,242
Salaried Employees: Individuals	76,821,612	77,050,874
Capital Rentiers (Only for Individuals)	902,462	2,752,350
	145,458,267	135,974,563

12.5.8. Loan Portfolio and Finance Leases by Geographic Area

Below is the breakdown of the loan portfolio and finance leases by geographic area:

December 31, 2024

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	21,165,289	14,321,120	11,047,854	91	46,534,354
Antioquia	11,488,157	3,353,689	2,420,318	-	17,262,164
Northeast	6,197,258	3,685,176	3,386,599	172	13,269,205
Southwest	3,814,883	2,634,569	3,057,708	62	9,507,222
Miami	3,225,722	2,773	-	-	3,228,495
Costa Rica	5,922,858	2,288,573	2,812,541	-	11,023,972
Honduras	2,807,536	3,952,913	1,692,641	-	8,453,090
Panama	4,111,462	437,381	741,397	-	5,290,240
El Salvador	4,673,453	4,165,404	2,160,385	-	10,999,242
	63,406,618	34,841,598	27,319,443	325	125,567,984

December 31, 2023

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	18,188,352	16,952,749	9,619,060	238	44,760,399
Antioquia	9,056,303	4,286,565	2,248,053	12	15,590,933
Northeast	6,536,776	4,873,804	3,028,285	407	14,439,272
Southwest	3,709,271	3,316,938	2,690,936	77	9,717,222
Miami	2,297,999	2,489	-	-	2,300,488
Costa Rica	5,581,087	1,599,076	2,315,924	-	9,496,087
Honduras	2,399,028	3,050,461	1,318,976	-	6,768,465
Panama	2,878,818	293,716	534,831	-	3,707,365
El Salvador	3,693,693	3,576,430	1,666,532	-	8,936,655
	54,341,327	37,952,228	23,422,597	734	115,716,886

(Millions of Colombian Pesos (COP))

Financial Leasing by Geographic Area

December 31, 2024

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	3,739,617	4,848	6,389,618	-	10,134,083
Antioquia	998,355	1,654	3,128,785	-	4,128,794
Northeast	450,292	772	2,700,648	-	3,151,712
Southwest	206,184	182	1,832,568	-	2,038,934
Miami	5,294	-	-	-	5,294
Costa Rica	327,587	102,467	-	-	430,054
Panama	217	1,195	-	-	1,412
	5,727,546	111,118	14,051,619	-	19,890,283

December 31, 2023

	Commercial	Consumer	Mortgage	Microcredit	Total
Bogota	3,724,727	6,556	6,660,932	-	10,392,215
Antioquia	979,842	1,769	3,241,890	-	4,223,501
Northeast	433,076	1,980	2,821,137	-	3,256,193
Southwest	234,179	924	1,875,311	-	2,110,414
Miami	657	-	-	-	657
Costa Rica	191,909	81,177	-	-	273,086
Panama	280	1,331	-	-	1,611
	5,564,670	93,737	14,599,270	-	20,257,677

12.5.9. Loan Portfolio and Financial Leasing by Type of Collateral

Below is the breakdown of the loan portfolio and finance leases by geographic area:

December 31, 2024

	Commercial	Consumer	Mortgage y Residential Leasing	Microcredit	Financial Leasing	Total
Unsecured Loans	32,761,246	31,703,063	-	23	442,690	64,907,022
Loans Guaranteed by Other Banks	17,319	-	-	-	-	17,319
Mortgages	184,298	191,096	37,809,699	-	11,255	38,196,348
Other Real Estate	6,931,513	521,680	3,550,922	-	-	11,004,115
Investments in Equity Instruments	421,175	-	-	-	-	421,175
Cash Deposits	806,324	136,787	-	-	722	943,833
Other Assets	22,284,744	2,288,971	10,441	302	5,383,997	29,968,455
	63,406,619	34,841,597	41,371,062	325	5,838,664	145,458,267

December 31, 2023

	Commercial	Consumer	Mortgage y Residential Leasing	Microcredit	Financial Leasing	Total
Unsecured Loans	25,276,702	35,070,292	3,869	43	257,930	60,608,836
Loans Guaranteed by Other Banks	139,579	-	-	-	-	139,579
Mortgages	232,719	193,945	35,162,286	-	-	35,588,950
Other Real Estate	5,531,200	459,950	2,844,787	-	1,173	8,837,110
Investments in Equity Instruments	383,236	-	-	-	-	383,236
Cash Deposits	654,331	106,980	-	-	2,213	763,524
Other Assets	22,123,560	2,121,061	10,925	691	5,397,091	29,653,328
	54,341,327	37,952,228	38,021,867	734	5,658,407	135,974,563

(Millions of Colombian Pesos (COP))

12.5.10. Maturity of Financial Leases

The following is a breakdown of financial leases by maturity:

December 31, 2024

	0-1 Years	1-5 Years	Over 5 Years	Total
Gross Investment in Finance Leases	4,004,740	13,137,482	21,349,709	38,491,931
Unearned Finance Lease Income – Interest	(526,633)	(5,602,901)	(12,472,114)	(18,601,648)
Total Minimum Lease Payments Receivable at Present Value	3,478,107	7,534,581	8,877,595	19,890,283

December 31, 2023

	0-1 Years	1-5 Years	Over 5 Years	Total
Gross Investment in Finance Leases	4,012,805	13,228,390	22,131,806	39,373,001
Unearned Finance Lease Income – Interest	(645,778)	(5,722,371)	(12,747,175)	(19,115,324)
Total Minimum Lease Payments Receivable at Present Value	3,367,027	7,506,019	9,384,631	20,257,677

12.5.11. Loans to Shareholders and Employees

Loans to shareholders and mortgage loans granted to employees with interest rate benefit:

	December 31, 2024	December 31, 2023
Shareholders (*)	324	212
Employees	711,834	620,554
Consumer	161,327	130,898
Mortgage	401,527	342,692
Residential Leasing	148,980	146,964
	712,158	620,766

(*) Shareholders with ownership interest exceeding 5%.

In compliance with the application of IFRS 9 and IAS 19, the Bank incorporated in its Financial Statements the interest rate benefit granted to its employees for mortgage loans, recognizing loan income and personnel expenses of $8,947 for December 2024 and $8,160 for December 2023.

12.5.12. Sales of Outstanding Loans

The following is a breakdown of outstanding loans:

December 31, 2024

Company Name	Month	Number of Loans	Rate	Principal	Interest	Other	Total	Profit	Proceeds from the Sale	Impairment Recovery
62 PESOS N22 (Titularizadora)	March	1,896	10.90%	314,803	1,650	254	316,707	3,859	320,309	6,326
RAPPI	March	213	2.41%	1,569	177	1	1,747	-	424	1,323
RAPPI	April	131	2.41%	900	98	-	998	-	212	740
RAPPI	May	169	2.31%	1,401	76	-	1,477	-	325	1,152
RAPPI	June	515	2.26%	2,859	123	1	2,983	-	559	2,425
RAPPI	July	366	2.17%	1,626	67	-	1,693	-	339	1,355
RAPPI	August	633	2.15%	3,391	152	3	3,546	-	527	3,020
RAPPI	September	1,620	2.05%	8,273	207	8	8,488	-	974	7,514
RAPPI	October	962	1.98%	5,043	133	5	5,181	-	798	4,375
RAPPI	November	762	1.98%	4,009	98	4	4,111	-	636	3,465
RAPPI	December	748	1.98%	4,090	137	3	4,230	-	1,149	3,071

(Millions of Colombian Pesos (COP))

PESOS N-24 (Titularizadora)	October	2,044	10.40%	317,986	1,700	278	319,964	3,818	323,498	6,400
		10,059		665,950	4,618	557	671,125	7,677	649,750	41,166

No sales of outstanding loan portfolios were carried out during the year 2023.

12.5.13. Sales of Written-Off Loans

The following is a breakdown of written-off loans:

December 31, 2024

Banco Davivienda Colombia

Month	Number of Loans	Principal	Interest	Other Items	Total	Proceeds from the Sale
May	68,092	563,859	22,209	39,750	625,818	25,809
June	509	3,955	269	2	4,226	189
July	58	514	26	1	541	25
August	82	777	45	-	822	37
September	75	643	30	-	673	31
October	68,040	479,579	17,212	30,715	527,506	23,068
November	23	196	12	-	208	9
December	26	153	8	-	161	7
	136,905	1,049,676	39,811	70,468	1,159,955	49,175

El Salvador

Month	Number of Loans	Principal	Interest	Other Items	Total	Proceeds from the Sale
January	83	391	109	-	500	73
February	30	122	36	-	158	24
March	106	704	189	-	893	134
April	80	523	133	-	656	100
May	87	502	132	-	634	95
June	61	322	84	-	406	61
July	98	764	214	-	978	131
August	71	388	102	-	490	74
September	88	574	137	-	711	107
October	93	613	150	-	763	114
December	41	241	62	-	303	45
	838	5,144	1,348	-	6,492	958

(Millions of Colombian Pesos (COP))

December 31, 2023

Banco Davivienda Colombia

Month	Number of Loans	Principal	Interest	Other Items	Total	Proceeds from the Sale
February	54,725	657,692	23,568	31,652	712,912	75,547
March	31,713	324,585	14,187	29,232	368,004	31,017
May	72,363	679,500	22,890	32,048	734,438	59,964
June	58,118	767,830	21,576	116	789,522	77,264
July	50,736	730,350	18,727	62	749,139	52,585
August	37,121	567,068	15,663	33,447	616,178	39,410
September	28,658	347,546	13,581	10,926	372,053	17,377
	333,434	4,074,571	130,192	137,483	4,342,246	353,164

El Salvador

Month	Number of Loans	Principal	Interest	Other Items	Total	Proceeds from the Sale
February	81	399	101	-	500	75
March	52	250	62	-	312	47
April	57	278	73	-	351	53
May	42	163	39	-	202	30
June	42	189	44	-	233	36
July	44	237	57	-	294	45
August	54	407	100	-	507	78
September	64	287	72	-	359	56
October	60	376	90	-	466	75
November	90	724	190	-	914	141
December	65	356	88	-	444	71
	651	3,666	916	-	4,582	707

12.6. Accounts Receivable, Net

The following is a breakdown of accounts receivable:

	December 31, 2024	December 31, 2023
Debtors	241,458	394,515
Payments on Behalf of Loan Portfolio Clients	285,017	287,206
Funds Transferred to ICETEX - Abandoned Accounts	457,435	448,221
Accounts Receivable - Loan Portfolio and Credit Cards	155,071	326,836
Guarantee Deposits	733,755	548,667
Premiums Receivable	172,478	127,367
Foreign Reinsurers	62,417	28,777
Payments on Behalf of Clients	121,328	87,828
Banco de la República - Rate Coverage	25,184	22,425
Administrative Costs - Leasing Portfolio	21,147	15,278
To Parent Company, Subsidiaries, Related Parties, and Associates	13,439	17,901
Interest	22,787	59,780
Fees	34,114	32,913

(Millions of Colombian Pesos (COP))

Interest Receivable TIPS	17,353	15,614
National Treasury	15,081	16,149
Technical Reserves - Reinsurers' Share	9,257	7,416
Settlement of Forward Transactions	11,036	41,763
To Employees	1,368	1,315
Other Accounts Receivable	294,639	260,379
Accounts Receivable	2,694,364	2,740,350
Impairment	(145,136)	(149,784)
Accounts Receivable, Net	2,549,228	2,590,566

The following is a breakdown of accounts receivable by maturity period:

December 31, 2024

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
Debtors	105,257	136,181	20	241,458
Payments on Behalf of Loan Portfolio Clients	229,198	50,995	4,824	285,017
Funds Transferred to ICETEX - Abandoned Accounts	457,435	-	-	457,435
Accounts Receivable - Loan Portfolio and Credit Cards	155,071	-	-	155,071
Guarantee Deposits	525,929	200,174	7,652	733,755
Premiums Receivable	172,478	-	-	172,478
Foreign Reinsurers	775	-	61,642	62,417
Payments on Behalf of Clients	115,061	5,941	326	121,328
Banco de la República - Rate Coverage	-	25,184	-	25,184
Administrative Costs - Leasing Portfolio	21,147	-	-	21,147
To Parent Company, Subsidiaries, Related Parties, and Associates	12,737	488	214	13,439
Interest	21,990	-	797	22,787
Fees	16,019	16,285	1,810	34,114
Interest Receivable TIPS	17,353	-	-	17,353
National Treasury	15,081	-	-	15,081
Technical Reserves - Reinsurers' Share	8,519	738	-	9,257
Settlement of Forward Transactions	-	-	11,036	11,036
To Employees	1,345	23	-	1,368
Other Accounts Receivable	222,690	48,634	23,315	294,639
Accounts Receivable	2,098,085	484,643	111,636	2,694,364
Impairment	(66,398)	(68,066)	(10,672)	(145,136)
Accounts Receivable, Net	2,031,687	416,577	100,964	2,549,228

December 31, 2023

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
Debtors	258,889	27,886	107,740	394,515
Payments on Behalf of Loan Portfolio Clients	252,570	31,867	2,769	287,206
Funds Transferred to ICETEX - Abandoned Accounts	448,221	-	-	448,221
Accounts Receivable - Loan Portfolio and Credit Cards	415,201	22,939	(111,304)	326,836
Guarantee Deposits	358,692	186,263	3,712	548,667
Premiums Receivable	127,367	-	-	127,367
Foreign Reinsurers	-	756	28,021	28,777
Payments on Behalf of Clients	79,787	7,886	155	87,828
Banco de la República - Rate Coverage	22,423	-	2	22,425
Administrative Costs - Leasing Portfolio	7,253	3,860	4,165	15,278

(Millions of Colombian Pesos (COP))

December 31, 2023

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
To Parent Company, Subsidiaries, Related Parties, and Associates	17,317	429	155	17,901
Interest	58,456	-	1,324	59,780
Fees	21,871	10,326	716	32,913
Interest Receivable TIPS	-	-	15,614	15,614
National Treasury	-	-	16,149	16,149
Technical Reserves - Reinsurers' Share	6,776	640	-	7,416
Settlement of Forward Transactions	1,912	1,093	38,758	41,763
To Employees	1,236	79	-	1,315
Other Accounts Receivable	161,822	33,167	65,390	260,379
Accounts Receivable	2,239,793	327,191	173,366	2,740,350
Impairment	(95,248)	(41,856)	(12,680)	(149,784)
Accounts Receivable, Net	2,144,545	285,335	160,686	2,590,566

The Bank, to minimize the credit risk exposure related to other accounts receivable, evaluates their performance in each reporting period and applies an estimated provision based on the aging of the items as a safeguard against exposure risk.

The following table presents the movement of credit losses for accounts receivable:

	December 31, 2024	December 31, 2023
Opening Balance	149,784	139,794
Plus:		
Provision Charged to Expenses	127,628	125,217
Reclassifications	1,207	329
Minus:		
Recovery of Impairment	(28,062)	(24,952)
Write-Offs	(99,095)	(74,979)
Reversals of Other Accounts Receivable	(9,670)	(11,747)
Restatement	3,344	(3,878)
Closing Balance	145,136	149,784

12.7. Assets Held for Sale, Net

The following is a breakdown of assets held for sale:

	December 31, 2024	December 31, 2023
Housing		
Voluntary Surrender	17,981	25,720
Awarded	45,103	29,090
Total Housing	63,084	54,810
Non-Housing		
Voluntary Surrender	8,985	9,749
Awarded	12,424	105
Total Non-Housing	21,409	9,854

(Millions of Colombian Pesos (COP))

	December 31, 2024	December 31, 2023
Movable Assets		
Auto	11,284	3,479
Right	20,683	100,580
Other	34,119	39,150
Total Movable Assets	66,086	143,209
Assets Repossessed from Leasing Contracts		
Machinery and Equipment	1,437	1,125
Vehicle	10,216	3,474
Real Estate	6,191	8,765
Residential Leasing Real Estate	58,159	61,924
Total Assets Repossessed from Leasing Contracts	76,003	75,288
Subtotal	226,582	283,161
Provision (Impairment)	(43,437)	(49,325)
Total	183,145	233,836

The following is a breakdown of the movement in assets held for sale:

December 31, 2024

	Housing	Non-Housing	Assets Repossessed from Residential Leasing Contracts	Total
Cost				
Balance as of January 1, 2024	54,810	153,063	75,288	283,161
Additions (Received)	33,369	55,649	86,810	175,828
Disposals (Sales)	(10,576)	(15,988)	(59,030)	(85,594)
Transfers	(18,454)	(109,934)	(27,065)	(155,453)
Restatement	3,935	4,705	-	8,640
Balance as of December 31, 2024	63,084	87,495	76,003	226,582
Impairment				
Balance as of January 1, 2024	(5,859)	(42,602)	(864)	(49,325)
Assets Outstanding at the Previous Cutoff Date	-	(5,748)	-	(5,748)
Additions (Received)	(4,779)	(528)	(94)	(5,401)
Disposals (Sales)	623	11,069	911	12,603
Restatement	468	(4,386)	-	(3,918)
Transfers and Other Movements	31	8,552	(231)	8,352
Balance as of December 31, 2024	(9,516)	(33,643)	(278)	(43,437)
	53,568	53,852	75,725	183,145

(Millions of Colombian Pesos (COP))

December 31, 2023

	Housing	Non-Housing	Assets Repossessed from Residential Leasing Contracts	Total
Cost				
Balance as of January 1, 2023	26,050	62,518	62,678	151,246
Additions (Received)	45,920	167,673	83,392	296,985
Disposals (Sales)	(6,850)	(2,680)	(36,052)	(45,582)
Transfers	(5,989)	(64,249)	(34,730)	(104,968)
Restatement	(4,321)	(10,199)	-	(14,520)
Balance as of December 31, 2023	54,810	153,063	75,288	283,161
Impairment				
Balance as of January 1, 2023	(5,743)	(33,279)	(462)	(39,484)
Assets Outstanding at the Previous Cutoff Date	-	(8,202)	-	(8,202)
Additions (Received)	(1,463)	(8,977)	(402)	(10,842)
Disposals (Sales)	357	-	-	357
Restatement	190	7,856	-	8,046
Transfers and Other Movements	800	-	-	800
Balance as of December 31, 2023	(5,859)	(42,602)	(864)	(49,325)
	48,951	110,461	74,424	233,836

The following is a breakdown of assets held for sale by holding period:

	December 31, 2024	December 31, 2023
Up to One Year	156,143	229,079
Between 1 and 3 Years	30,146	15,027
Between 3 and 5 Years	40,293	39,055
Total	226,582	283,161

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

	December 31, 2024		December 31, 2023	
	Quantity	Amount	Quantity	Amount
Disposals of Assets Held for Sale	285	85,594	221	45,582
Total	285	85,594	221	45,582
Gain on Sales		5,780		5,148
Gain on Sales in Prior Periods		-		480
Amortization of Deferred Gain		1,266		-
Total Gain on Sales		7,046		5,628
Loss on Sale of Foreclosed Assets		1,797		7
Loss on Sales in Prior Periods (Residential Leasing)		26,157		1,061
Loss on Sales		27,954		1,068
Net Effect on Income Statement		(20,908)		4,560

(Millions of Colombian Pesos (COP))

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

	December 31, 2024	December 31, 2023
Opening Balance	49,325	39,484
Plus:		
Provision	1,303	19,044
Restatement	3,918	(8,046)
Minus:		
Derecognitions	(11,047)	-
Recoveries	(62)	(1,157)
Closing Balance	43,437	49,325

12.8. Investments in Associates and Joint Arrangements

Below is the breakdown of investments in associates and joint arrangements:

December 31, 2024

Corporate Name	%	Equity	Acquisition Cost	Accrued Dividends	Equity Method(*)	Adjusted Cost
Titularizadora Colombiana S.A.	26.85%	148,398	31,731	-	8,118	39,849
Redeban Multicolor S.A.	26.04%	214,913	16,233	-	39,727	55,960
Servicios de Identidad Digital S.A.S.	33.33%	30,159	24,429	-	(14,377)	10,052
Sersaprosa S.A.	25.00%	8,786	2,312	(661)	12,831	14,482
Serfinsa S.A.	43.12%	9,154	3,750	(1,779)	7,429	9,400
ACH de El Salvador S.A.	25.00%	1,541	385	(331)	1,555	1,609
Zip Amarateca	37.85%	8,606	3,258	(1,315)	7,864	9,807
Bancajero BANET	40.03%	2,673	1,190	(695)	9,999	10,494
		424,230	83,288	(4,781)	73,146	151,653
Investments in Joint Arrangements						
CCA Rentaliquida	44.00%	-	8	-	(6)	2
Rappipay Company de Financiamiento S.A.	10.00%	(74)	13,000	-	(5,164)	7,836
Holding Rappipay S.A.S.	50.00%	(295)	328,506	-	(270,731)	57,775
						65,613
Total						217,266

December 31, 2023

Corporate Name	%	Equity	Acquisition Cost	Accrued Dividends	Equity Method(*)	Adjusted Cost
Titularizadora Colombiana S.A.	26.90%	136,606	41,851	(22,633)	17,464	36,682
Redeban Multicolor S.A.	26.00%	181,296	21,785	(5,515)	30,937	47,207
Servicios de Identidad Digital S.AS.	33.30%	17,634	21,942	-	(16,064)	5,878
Sersaprosa S.A.	25.00%	8,786	2,312	(1,624)	11,560	12,248
Serfinsa S.A.	43.12%	9,154	3,750	(839)	4,585	7,496
ACH de El Salvador S.A.	25.00%	1,541	385	(363)	1,395	1,417

(Millions of Colombian Pesos (COP))

December 31, 2023

Corporate Name	%	Equity	Acquisition Cost	Accrued Dividends	Equity Method(*)	Adjusted Cost
Zip Amarateca	37.85%	8,606	3,258	(1,174)	6,436	8,520
Bancajero BANET	40.03%	2,673	1,162	(539)	7,687	8,310
		366,296	96,445	(32,687)	64,000	127,758
Investments in Joint Arrangements						
CCA Rentaliquida	44.00%	-	8	-	-	8
Rappipay Company de Financiamiento S.A.	10.00%	-	10,360	-	(2,910)	7,450
Holding Rappipay S.A.S.	50.00%	-	291,284	-	(204,524)	86,760
						94,218
Total						221,976

(*) Equity Method

The value of assets, liabilities and equity based on the calculation of the equity method is shown below:

December 31, 2024

Corporate Name	Ownership	Total Assets	Total Liabilities	Total Equity	Net Profit (Loss) for the Year
Titularizadora Colombiana S.A.	26.85%	248,267	99,869	148,398	3,075
Redeban Multicolor S.A.	26.04%	8,834,257	8,619,344	214,913	8,667
Servicios de Identidad Digital S.A.S.	33.33%	31,638	1,479	30,159	(815)
Sersaprosa S.A.	25.00%	140,635	80,065	60,570	3,749
Serfinsa S.A.	43.12%	114,152	88,226	25,926	5,612
ACH de El Salvador S.A.	25.00%	8,592	829	7,763	1,129
Zip Amarateca	37.85%	40,974	15,069	25,905	4,160
Bancajero BANET	40.03%	29,514	5,054	24,460	4,268
		9,448,029	8,909,935	538,094	29,845
Investments in Joint Arrangements					
CCA Rentaliquida	44.00%	13	6	7	9
Rappipay Company de Financiamiento S.A.	10.00%	380,381	301,920	78,461	(21,698)
Holding Rappipay S.A.S.	50.00%	100,422	60,675	39,747	(132,538)
		480,816	362,601	118,215	(154,227)
		9,928,845	9,272,536	656,309	(124,382)

(Millions of Colombian Pesos (COP))

December 31, 2023

	Ownership	Total Assets	Total Liabilities	Total Equity	Net Profit (Loss) for the Year
Titularizadora Colombiana S.A.	26.90%	233,581	96,975	136,606	1,952
Redeban Multicolor S.A.	26.00%	2,132,255	1,950,959	181,296	8,009
Servicios de Identidad Digital S.A.S.	33.30%	39,788	22,154	17,634	(6,646)
Sersaprosa S.A.	25.00%	115,115	59,631	55,484	5,935
Serfinsa S.A.	43.12%	60,384	41,054	19,330	3,429
ACH de El Salvador S.A.	25.00%	7,963	841	7,122	1,632
Zip Amarateca	37.85%	37,640	15,132	22,508	3,499
Bancajero BANET	40.03%	24,092	4,899	19,193	2,724
		2,650,818	2,191,645	459,173	20,534
Investments in Joint Arrangements					
CCA Rentaliquida	44.00%	16	3	-	52
Rappipay Company de Financiamiento S.A.	10.00%	60,358	35,997	24,361	(1,270)
Holding Rappipay S.A.S.	50.00%	760,320	549,212	211,108	(223,540)
		820,678	585,209	235,469	(224,810)
		3,471,496	2,776,854	694,642	(204,276)

12.9. Investments in Other Companies

The following is a breakdown of investments in other companies:

Company	December 31, 2024		December 31, 2023	
	%	Balance	%	Balance
ACH Colombia S.A.	18.42%	236,096	18.42%	203,340
CrediBanco	15.55%	161,996	15.55%	167,038
Finagro	12.67%	158,888	12.67%	149,005
Bolsa De Valores De Colombia	6.32%	4	6.32%	4
Laika	2.53%	5,223	2.42%	17,742
Corabastos	3.35%	4,683	3.35%	4,845
Frubana Inc	0.40%	5,984	0.41%	9,432
General Catalyst Group XII. L.P.	0.04%	4,272	0.00%	-
Corporación Andina De Fomento	0.00%	2,624	0.00%	2,140
Digital investment group S.A.S.	11.42%	3,020	14.23%	3,981
Tecnibanca S.A. - Servibanca S.A.	0.82%	2,334	0.83%	2,137
Integral S.A.	0.32%	406	0.32%	620
Fondo 500 luchadores	0.88%	826	0.88%	899
Laser Refractivo de Caldas S.A.	4.57%	433	4.57%	378
Inverseguros S.A.	0.19%	18	0.19%	15
Leal Holding LTDA.	0.65%	394	0.65%	936
FJ Labs Archangel I. LP	1.21%	6,203	0.83%	2,818

(Millions of Colombian Pesos (COP))

Company	December 31, 2024 %	December 31, 2024 Balance	December 31, 2023 %	December 31, 2023 Balance
FJ Labs III. LP	0.56%	3,524	0.85%	2,891
Nazca III. LP	0.33%	2,184	0.33%	1,362
Apoyo Holdings	11.00%	11,987	1.88%	-
Tiger Global Private Investment Partners XVI Feeder. L.P.	0.11%	5,091	0.09%	900
PA Estrategias inmobiliarias PEIS	0.00%	-	0.63%	16,742
Abra Group Limited	1.00%	-	1.00%	-
Holding Bursátil Chilena S.A.	0.01%	176	0.01%	193
Holding Bursátil Nuam	2.53%	40,765	2.53%	45,129
Anthemis Venture Fund III	4.43%	306	0.00%	-
		657,437		632,547
Financial Rights				
Quqo Vietnam		1,996		4,555
		659,433		637,102

12.10. Business Combination

On October 7, 2024, Inversiones CFD acquired 100% of the outstanding common shares of ePayco.com S.A.S. and obtained control of the entity.

ePayco.com S.A.S. leases and sells a platform and gateway for online payment collection, electronic payments, and online payment processing through various methods and payment options. It also provides software implementation services for e-commerce in Colombia. As a result of this acquisition, the Bank expects to strengthen its data network products and services in these markets. Additionally, it anticipates cost reductions through economies of scale.

The following table summarizes the consideration paid and the amounts of acquired assets and assumed liabilities recognized as of the acquisition date:

	October 7, 2024
Consideration	
Cash	24,500
Contingent Consideration Agreement (1)	24,981
Total Consideration	**49,481**
Recognized Amounts of Identifiable Acquired Assets and Assumed Liabilities	
Cash	5,338
Debtors, Net	1,141
Tax Advances	2,212
Deferred Assets	321
Financial Liabilities	(21)
Vendors	(627)
Employee Obligations	(1,112)
Taxes Payable	(371)
Third-Party Fund Management	(4,913)
Provision	(955)
Total Identifiable Net Assets	**1,013**
Goodwill (2)	**48,468**

(Millions of Colombian Pesos (COP))

(1) As part of the acquisition transaction of the Colombian payment gateway ePayco, the performance milestones consist of a series of assignments with specific criteria mutually agreed upon by the parties. The successful verification of these milestones conditions the disbursement of payments. The fair value of the Contingent Consideration Agreement, amounting to $24,981, was estimated using the expected value method, applying Level 3 valuation, as it incorporates unobservable market inputs, including a discount rate and the expected probabilities of occurrence of the future event that triggers the contingent consideration payment. As of December 31, 2024, neither the recognized amount for the Contingent Consideration Agreement, nor the range of outcomes, nor the assumptions used to determine the estimates have changed.

(2) Goodwill was generated based on the technological platform and the brand of the acquired entity.

Acquisition-Related Costs

Regarding the acquisition of ePayco.com S.A.S., Inversiones CFD S.A.S. incurred all related costs.

12.11. Property and Equipment, Net

The assets classified by the Bank as property and equipment include owned assets and leased assets that do not meet the definition of investment properties.
Find below a breakdown of these assets:

	December 31, 2024	December 31, 2023
Property and Equipment, Net	1,045,227	961,296
Right-of-Use Assets, Net (Note 12.13)	633,656	708,500
	1,678,883	1,669,796

12.11.1. Movement of Property and Equipment

The following is a breakdown of the movement of right-of-use assets.

	Land	Buildings and Improvements	IT Equipment	Furniture and Equipment	Vehicles	Property and Equipment in Joint Operations	Total
Cost:							
Balance as of January 1, 2024	204,389	634,217	377,122	751,689	38,381	2	2,005,800
Additions							
Purchases	1,209	65,116	39,797	78,270	10,223	-	194,615
Business Combination	-	-	237	2	-	-	239
Disposals							
Sales	(1,806)	(1,747)	(24,200)	(45,205)	(8,202)	-	(81,160)
Derecognition of Assets Measured at Cost	-	(7,465)	(7,254)	(3,894)	(274)	-	(18,887)
Restatement	15,618	63,626	36,444	22,692	2,026	-	140,406
Transfers	(2,362)	(5,047)	(825)	1,055	-	-	(7,179)
Reversal	-	1,063	-	-	-	-	1,063
Balance as of December 31, 2024	217,048	749,763	421,321	804,609	42,154	2	2,234,897

(Millions of Colombian Pesos (COP))

	Land	Buildings and Improvements	IT Equipment	Furniture and Equipment	Vehicles	Property and Equipment in Joint Operations	Total
Accumulated Depreciation:							
Balance as of January 1, 2024	-	(265,654)	(315,934)	(448,158)	(14,757)	(1)	(1,044,504)
Additions:							
Business Combination	-	-	(143)	(1)	-	-	(144)
Disposals:							
Sales	-	1,745	23,573	41,568	6,196	-	73,082
Derecognition of Assets Measured at Cost	-	5,219	9,099	3,617	68	-	18,003
Accumulated Depreciation Movement	-	(30,570)	(33,662)	(79,655)	(6,843)	-	(150,730)
Restatement	-	(37,688)	(29,658)	(16,982)	(1,315)	-	(85,643)
Transfers	-	495	1	(230)	-	-	266
Balance as of December 31, 2024	-	(326,453)	(346,724)	(499,841)	(16,651)	(1)	(1,189,670)
Carrying Amount:	217,048	423,310	74,597	304,768	25,503	1	1,045,227

	Land	Buildings and Improvements	IT Equipment	Furniture and Equipment	Vehicles	Property and Equipment in Joint Operations	Total
Cost:							
Balance as of January 1, 2023	232,874	683,295	383,694	736,179	35,083	2	2,071,127
Additions							
Purchases	-	56,788	45,519	59,930	12,995	-	175,232
Disposals							
Sales	-	(136)	(4,935)	(16,266)	(6,760)	-	(28,097)
Derecognition of Assets Measured at Cost	-	(2,023)	(1,907)	(2,589)	(180)	-	(6,699)
Restatement	(27,164)	(100,267)	(41,192)	(29,565)	(2,757)	-	(200,945)
Transfers	(1,321)	(3,003)	(4,057)	4,000	-	-	(4,381)
Impairment	-	(437)	-	-	-	-	(437)
Balance as of December 31, 2023	204,389	634,217	377,122	751,689	38,381	2	2,005,800
Accumulated Depreciation:							
Balance as of January 1, 2023	-	(296,127)	(316,707)	(442,210)	(16,437)	(1)	(1,071,482)
Disposals:							
Sales	-	133	5,469	11,562	5,032	-	22,196
Derecognition of Assets Measured at Cost	-	2,023	1,874	2,538	30	-	6,465
Accumulated Depreciation Movement	-	(24,042)	(26,281)	(60,451)	(5,948)	-	(116,722)
Restatement	-	51,983	18,451	41,606	2,566	-	114,606
Transfers	-	376	1,260	(1,203)	-	-	433
Balance as of December 31, 2023	-	(265,654)	(315,934)	(448,158)	(14,757)	(1)	(1,044,504)
Carrying Amount:	204,389	368,563	61,188	303,531	23,624	1	961,296

(Millions of Colombian Pesos (COP))

12.11.2. Proceeds from the Sale of Property and Equipment

The following is a breakdown of the proceeds from the sale of property and equipment:

December 31, 2024	Quantity	Carrying Amount	Proceeds from the Sale	Profit	Loss
Buildings and Improvements	24	(1,809)	5,649	3,840	-
IT Equipment	13,633	(4,076)	1,508	1,296	(3,864)
Office Equipment	205	(187)	189	9	(7)
Vehicles	59	(2,006)	2,504	560	(62)
	13,921	(8,078)	9,850	5,705	(3,933)

December 31, 2023	Quantity	Carrying Amount	Proceeds from the Sale	Profit	Loss
Buildings and Improvements	54	(3)	3	-	-
IT Equipment	11,260	(4,170)	2,855	453	(1,769)
Vehicles	62	(1,728)	2,090	507	(145)
	11,376	(5,901)	4,948	960	(1,914)

There are no ownership restrictions or pledges as collateral for the fulfillment of obligations during the reported periods.

12.11.3. Movement of Property and Equipment Impairment

The following table presents the movement in the impairment provision for property and equipment, which is recorded under Buildings and Improvements.

	December 31, 2024	December 31, 2023
Opening Balance	7,133	6,696
Plus:		
Period Impairment	-	437
Minus:		
Reversals	(1,063)	-
Closing Balance	6,070	7,133

12.12. Investment Properties, Net

12.12.1. Movement of Investment Properties

The following is a breakdown of the movement of investment properties:

	December 31, 2024	December 31, 2023
Cost:		
Opening Balance	419,974	256,499
Additions		
Real Estate Received	22,982	104,204
Disposals		
Sales	(17,602)	(9,251)
Derecognition of Assets Measured at Cost	(106)	(106)
Transfers	105,147	82,449
Restatement	8,282	(13,821)
Closing Balance	538,677	419,974

(Millions of Colombian Pesos (COP))

	December 31, 2024	December 31, 2023
Accumulated Depreciation:		
Opening Balance	(11,693)	(8,390)
Disposals		
Sales	268	538
Accumulated Depreciation Movement	(4,675)	(5,406)
Depreciation Recovery	238	1,043
Restatement	(611)	838
Transfers	(427)	(316)
Closing Balance	(16,900)	(11,693)
Impairment	(16,184)	(8,692)
Carrying Amount	505,593	399,589

The fair value of investment properties as of December 31, 2024, and December 31, 2023, amounts to $657,624 and $481,697, respectively.

12.12.2. Effect on the Income Statement

The following are results recognized in the consolidated statement of income by the management of investment properties:

	December 31, 2024	December 31, 2023
Rental Incomes	6,926	14,991

12.12.3. Proceeds from the Sale of Investment Properties

The following is a breakdown of the proceeds from the sale of investment properties:

Investment Real Estate Properties	December 31, 2024	December 31, 2023
Quantity	6	-
Carrying Amount	17,334	8,713
Proceeds from the Sale	17,393	11,115
Net Profit (Loss)	59	2,402

There are no ownership restrictions or pledges as collateral for the fulfillment of obligations for the reported periods.

12.12.4. Movement of Impairment of Investment Properties

The following is a breakdown of the movement of the impairment of investment properties:

	December 31, 2024	December 31, 2023
Opening Balance	8,692	9,089
Plus:		
Provision	5,598	186
Restatement	126	(212)
Minus:		
Provision Adjustment	1,768	(371)
Closing Balance	16,184	8,692

(Millions of Colombian Pesos (COP))

12.13. Leases

12.13.1. Summary of Right-of-Use Assets

Below is the balance of right-of-use assets for leases in which the Bank acts as a lessee:

	December 31, 2024	December 31, 2023
Right-of-Use Assets	1,375,202	1,467,099
Accumulated Depreciation	(741,546)	(758,599)
Right-of-Use Assets, Net	633,656	708,500

12.13.2. Movement of Right-of-Use Assets

The following is a breakdown of the movement of right-of-use assets:

	Real Estate	Computing and Data Processing Equipment	Other	Net
Balance as of January 1, 2024	699,862	7,998	640	708,500
Plus:				
Additions	201,076	-	-	201,076
Minus:				
Disposals, Net	(174,478)	-	-	(174,478)
Period Depreciation	(171,745)	(898)	(880)	(173,523)
Restatement	4,703	-	193	4,896
Modifications in Decommissioning Provisions	3,435	-	-	3,435
Contract Modifications	60,897	2,853	-	63,750
Balance as of December 31, 2024	623,750	9,953	(47)	633,656

	Real Estate	Computing and Data Processing Equipment	Other	Net
Balance as of January 1, 2023	730,399	7,734	4,715	742,848
Plus:				
Additions	70,540	-	-	70,540
Minus:				
Disposals, Net	(18,150)	(272)	(18)	(18,440)
Period Depreciation	(163,212)	(1,161)	(1,072)	(165,445)
Restatement	(24,028)	(105)	(370)	(24,503)
Modifications in Decommissioning Provisions	2,372	-	-	2,372
Contract Modifications	101,941	1,802	(2,615)	101,128
Balance as of December 31, 2023	699,862	7,998	640	708,500

(Millions of Colombian Pesos (COP))

12.13.3. Lease Liabilities

The following table presents the undiscounted contractual cash flows of lease liabilities:

	December 31, 2024	December 31, 2023
1 Year or Less	224,670	208,045
Over 1 Year to 5 Years	567,023	647,517
Over 5 Years	196,930	192,377
Total Undiscounted Lease Liabilities	988,623	1,047,939
Recognized Lease Liabilities (Discounted)	701,338	787,268

12.13.4. Amounts Recognized in Profit or Loss

	December 31, 2024	December 31, 2023
Interest Expense on Lease Liabilities	63,816	63,922
Income from Subleases of Right-of-Use Assets	5,315	4,059
Depreciation Expense	173,523	165,445
Expense for Short-Term Leases and Low-Value Asset Leases	29,939	31,345

Total cash outflows for leases amounted to $229,545 as of December 31, 2024, and $217,110 as of December 31, 2023.

12.14. Goodwill

The following table details the acquisitions:

Acquired Entity	Acquisition Date	% Ownership
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%
ePayco S.A.S.	October 2024	Inversiones CFD 100%

The following table details the goodwill generated:

	December 31, 2024	December 31, 2023
Granbanco	1,084,549	1,084,549
Centroamérica (*)	390,065	390,065
Corredores Asociados	77,274	77,274
ePayco S.A.S.	48,468	-
	1,600,356	1,551,888

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

(Millions of Colombian Pesos (COP))

Purchase of Granbanco

The acquisition of Granbanco on February 16, 2007, resulted in goodwill of $1,372,458. The following key aspects were considered in its assessment:

The goodwill amount was allocated to three (3) Cash-Generating Units (CGUs): Retail, Corporate, and Subsidiaries (Panama and Fiducafé).

These CGUs were aligned with the Bank's operational business segments to ensure consistency with how the Highest Operational Decision-Making Authority (MITDO) manages the Bank's operations. Once the CGUs were defined and their corresponding assets identified, income statements and balance sheets were determined for each CGU over a five-year projection period.

The valuation of the Banco Davivienda Colombia and Panama CGUs was conducted using the discounted dividend flow methodology, discounted at the cost of equity. According to financial experts, this is the most appropriate approach for valuing financial institutions and is widely used by top-tier investment banks. This methodology involves projecting available dividend flows over five years plus a terminal value, discounted at an appropriate rate. For Fidudavivienda, the Free Cash Flow to Firm (FCFF) methodology was applied.

For impairment testing purposes, goodwill was allocated to the following CGUs:

Business Line	Ownership	Goodwill
Retail	48.7%	527,591
Corporate	50.7%	550,049
Subsidiaries	0.6%	6,909
	100.0%	1,084,549

An impairment test was conducted as of October 31, 2024, with the assistance of external specialists. The results indicated that none of the business lines incurred an impairment loss. During November and December, no significant changes occurred that could impact this conclusion.

The following table presents the key projection assumptions used for the impairment testing:

	2025	2026	2027	2028	2029
Loan Origination Interest Rates (%)	11.8%	11.4%	11.3%	11.4%	11.6%
Deposits Interest Rate (%)	4.9%	4.5%	4.2%	3.9%	3.9%
Growth of Operating Income	-22.0%	0.9%	-9.2%	19.1%	16.7%
Growth of Operating Expenses	-5.9%	1.4%	4.5%	5.7%	6.5%
Inflation	4.1%	2.9%	2.9%	2.9%	3.1%

The discount rate used to determine the cost of capital generated by the income source is established based on the weighted average cost of capital (WACC) at market value, reflecting the cost of all funding sources within the Bank's capital structure. This rate has been estimated at 15.1%. A sensitivity analysis on the value in use and the impairment test for each of the cash-generating units (CGUs) identified for goodwill, in relation to the discount rate, indicates that a higher risk allocation in the discount rate would not result in impairment for any of the CGUs.

(Millions of Colombian Pesos (COP))

Purchase of HSBC in Central America

The acquisition of HSBC's operations in Central America was completed between November 23 and December 7, 2012, generating goodwill that, as of December 31, 2024, amounted to $390,065.

According to the analysis conducted by an external expert, the allocation of goodwill was determined based on the estimated value in use of the three cash-generating units (CGUs) as of December 31, 2024. The allocation was carried out proportionally to the weight each CGU holds over the total value in use of Central America (CAM) at the time of evaluation.

The estimation of value in use was determined based on the future cash flows expected to be generated by each country in the region, using projections as of December 2024.

The following table presents a summary of the goodwill allocation in Central America for each **cash-generating unit (CGU):

	December 31, 2024		December 31, 2023	
	%	Goodwill	%	Goodwill
Costa Rica	39.2%	185,553	39.2%	185,553
El Salvador	32.6%	70,973	32.6%	70,973
Honduras	28.2%	133,539	28.2%	133,539
	100.0%	390,065	100.0%	390,065

The Bank conducts annual assessments to determine whether goodwill has suffered impairment, with the assistance of external experts. For the 2024 and 2023 reporting periods, the recoverable amount of all cash-generating units (CGUs) was determined based on value-in-use calculations, which require certain assumptions.

These calculations use projected cash flows based on financial budgets approved by Management, covering a five-year period.

For each cash-generating unit (CGU), the key assumptions considered in the impairment test as of December 31, 2024, were as follows:

	2025	2026	2027	2028	2029
Costa Rica					
Portfolio Growth (%)	10.2%	9.2%	12.2%	11.7%	12.0%
Deposits Growth (%)	9.0%	8.0%	10.8%	12.1%	12.6%
Inflation	2.6%	3.0%	3.0%	3.0%	3.0%
El Salvador					
Portfolio Growth (%)	5.3%	6.0%	4.0%	5.2%	5.0%
Deposits Growth (%)	6.7%	6.7%	3.8%	3.7%	3.8%
Inflation	1.8%	1.8%	1.8%	1.8%	1.8%
Honduras					
Portfolio Growth (%)	6.2%	6.1%	9.1%	10.7%	13.4%
Deposits Growth (%)	6.0%	5.7%	8.4%	9.3%	12.7%
Inflation	4.5%	4.0%	4.0%	4.0%	4.0%

(Millions of Colombian Pesos (COP))

An impairment test was conducted as of October 31, 2024, yielding the following results:

CGUs	Value in Use	Carrying Amount	Goodwill	Excess / (Impairment)
Costa Rica	3,490,881	2,219,273	185,553	1,086,054
El Salvador	2,466,703	1,768,925	154,270	543,508
Honduras	2,004,840	1,196,369	133,538	674,933
	7,962,424	5,184,567	473,361	2,304,495

The impairment test concluded that there is no impairment in the valuation of the CGUs for Costa Rica, El Salvador, and Honduras.

Purchase of Corredores Asociados

On February 28, 2013, a purchase agreement was executed for 100% of the shares of Corredores Asociados, resulting in goodwill of $73,336 and Fiduciaria Davivienda of $3,636.

Business Line	Acquirer	Cost $	Goodwill
Corredores Davivienda	Banco Davivienda S.A.	70,732	73,336
	Fiduciaria Davivienda S.A.	-	3,938
		70,732	77,274

An impairment test was conducted as of October 31, 2024, with the assistance of external specialists, confirming that no impairment loss was recognized for these business lines.

The following table presents the key projection assumptions used for the impairment tests:

	2025	2026	2027	2028	2029
Average Growth in Variable Income	-30.6%	-22.6%	2.6%	3.5%	4.0%
Average Growth in Fixed Income	15.3%	0.1%	1.1%	1.9%	2.2%
Inflation	3.5%	3.0%	3.0%	3.0%	3.0%

The discount rate used to determine the cost of capital generated by the income source is based on the weighted average cost of capital (WACC), calculated at market value for all financing sources within the Bank's capital structure. This rate was estimated at 9.93%, and sensitivity analysis confirmed that an increase in the risk allocation within the discount rate would not result in impairment for any of the CGUs.

For tax purposes, the Bank applies Article 143 of the Colombian Tax Code, which states that investment amortization must be carried out over a period no shorter than five years. The amortization was set at seven years for Granbanco and five years for Corredores Asociados, using the straight-line method, calculated as the total investment divided by the proposed number of months.

The difference between accounting and tax amortization results in the recognition of a deferred tax liability.

Purchase of ePayco S.A.S.

The acquisition on October 7, 2024, resulted in goodwill of $48,468. This goodwill was allocated to a Cash-Generating Unit (CGU): Payment Gateway. (See Note 12.10 – Business Combination).

(Millions of Colombian Pesos (COP))

12.15. Intangibles, Net

The following is a breakdown of the movement of intangible assets:

December 31, 2024

Item	Licenses	Software, Applications, and Other Intangibles	Total
Cost:			
Balance as of January 1, 2024	316,072	601,080	917,152
Acquisitions	36,720	142,148	178,868
Disposals	(4,630)	(1,775)	(6,405)
Reclassifications	(195)	195	-
Restatement	11,582	55,645	67,227
Balance as of December 31, 2024	359,549	797,293	1,156,842
Amortization:			
Balance as of January 1, 2024	(250,480)	(256,147)	(506,627)
Amortization for the Period	(34,615)	(83,921)	(118,536)
Impairment Loss	-	(121)	(121)
Disposals	4,447	1,835	6,282
Reclassifications	214	(195)	19
Restatement	(10,537)	(41,543)	(52,080)
Balance as of December 31, 2024	(290,971)	(380,092)	(671,063)
Carrying Amount	68,578	417,201	485,779

December 31, 2023

Item	Licenses	Software, Applications, and Other Intangibles	Total
Cost:			
Balance as of January 1, 2023	311,786	543,494	855,280
Acquisitions	16,296	162,638	178,934
Disposals	(1,127)	(1,104)	(2,231)
Reclassifications	-	(9)	(9)
Restatement	(10,883)	(103,939)	(114,822)
Balance as of December 31, 2023	316,072	601,080	917,152
Amortization:			
Balance as of January 1, 2023	(223,497)	(238,889)	(462,386)
Acquisitions	(36,289)	(54,516)	(90,805)
Disposals	144	586	730
Reclassifications	(471)	-	(471)
Restatement	9,633	36,672	46,305
Balance as of December 31, 2023	(250,480)	(256,147)	(506,627)
Carrying Amount	65,592	344,933	410,525

There are no purchase commitments, ownership restrictions, or pledges as collateral for the fulfillment of obligations.

(Millions of Colombian Pesos (COP))

12.16. Other Assets, Net

The breakdown of Other Non-Financial Assets is presented below:

	December 31, 2024	December 31, 2023
Assets Received in Lieu of Payment	596,569	663,768
Prepaid Expenses	309,898	208,295
Advances to Contracts, Vendors, and Projects	246,973	264,679
Rights Over Acquired Loan Portfolios	97,036	27,047
Deferred Tax	265,686	141,960
Letter of Credit	56,144	40,644
Fiduciary Rights	27,031	9,555
Assets Pending Activation	16,396	58,452
Works of Art	3,902	3,614
Other	60,729	61,249
Impairment	(159,458)	(338,716)
	1,520,906	1,140,547

The movement in the provision for other assets is detailed below:

	December 31, 2024	December 31, 2023
Opening Balance	338,716	391,391
Restatement	15,641	(13,051)
Plus:		
Period Impairment	87,625	76,849
Minus:		
Reversal	(220,446)	(16,842)
Impairment Adjustment	(62,078)	(99,631)
Closing Balance	159,458	338,716

12.17. Joint Operations

The following is a summary of the joint operations:

		December 31, 2024		December 31, 2023	
	% Ownership	Assets	Liabilities	Assets	Liabilities
Retail Business	50.00%	222,085	-	219,065	-
Rappi Partnership	50.00%	539,828	20,035	568,151	43,013
Civicapay	50.00%	94	1	90	1
Fidufosyga	9.86%	58	1,751	43	1,659
CCP Fonpet 2012	48.47%	1	72	104	170
Cali Mio	44.00%	5	2	9	4
		762,071	21,861	787,462	44,847

(Millions of Colombian Pesos (COP))

Assets recognized in joint operations include:

	December 31, 2024	December 31, 2023
COP		
Cash and Cash Equivalents	16	104
Deposits and Investments in Debt Securities	3	8
Loan Portfolio and Accounts Receivable	761,975	787,222
Other Activities in Joint Operations	77	128
Total Assets	762,071	787,462

Liabilities recognized in joint operations include:

	December 31, 2024	December 31, 2023
Accounts Payable	11,882	31,141
Other Liabilities	8,231	12,047
Otras Provisions	1,748	1,659
Total Liabilities	21,861	44,847

The following is the movement of joint operations:

	December 31, 2024	December 31, 2023
Balance as of the Beginning of the Period	742,615	178,053
Variation in Assets and Liabilities	(2,405)	564,562
Balance as of the End of the Period	740,210	742,615

12.18. Deposits

The following is a breakdown of deposits:

	December 31, 2024		December 31, 2023	
	Balance	Interest Paid	Balance	Interest Paid
Interest-Bearing Liabilities				
Checking Accounts	10,275,917	326,860	8,843,177	179,936
Savings Accounts	47,756,201	1,725,783	45,836,667	2,656,058
Time Deposits	70,796,890	6,269,826	60,180,191	5,647,526
Total Interest-Bearing Liabilities	128,829,008	8,322,469	114,860,035	8,483,520
Non-Interest-Bearing Liabilities				
Checking Accounts	5,924,298	-	7,093,407	-
Savings Accounts	409,359	-	473,566	-
Electronic Deposits	1,146,623	-	998,075	-
Liabilities for Services	967,752	-	972,756	-
Other (*)	306,657	-	338,899	-
Total Non-Interest-Bearing Liabilities	8,754,689	-	9,876,703	-
	137,583,697	8,322,469	124,736,738	8,483,520

(*) Other: Banks and Correspondents – Special Deposits – Collection Services – Affiliated Establishments – Closed Accounts.

(Millions of Colombian Pesos (COP))

The following is a breakdown of deposits by currency and rate:

	December 31, 2024		December 31, 2023	
	Balance		Balance	
Local Currency	Principal	% Implicit Rate	Principal	% Implicit Rate
Cuentas Corrientes	7,309,301	2.38%	6,971,904	5.33%
Savings Accounts	37,959,351	4.00%	37,785,091	5.74%
Electronic Deposits	1,146,623		998,075	
Time Deposits (Certificates of Deposits (CDs))	49,757,330	11.40%	45,185,313	14.30%
Liabilities for Services	768,089		656,400	
Other (*)	135,243		186,642	
	97,075,937		91,783,425	
Foreign Currency				
Cuentas Corrientes	8,890,914	3.51%	8,964,680	0.89%
Savings Accounts	10,206,209	2.00%	8,525,142	3.48%
Time Deposits (Certificates of Deposits (CDs))	21,039,560	6.10%	14,994,878	5.13%
Liabilities for Services	199,663		316,356	
Other (*)	171,414		152,257	
	40,507,760		32,953,313	
	137,583,697		124,736,738	

(*) Other: Banks and Correspondents – Special Deposits – Collection Services – Affiliated Establishments – Closed Accounts.

The following is a breakdown of deposits by maturity:

December 31, 2024

	Under 1 Year	Between 1 and 5 Years	Between 5 and 10 Years	Over 10 Years	Total
Checking Accounts	16,200,215	-	-	-	16,200,215
Savings Accounts	48,156,752	8,808	-	-	48,165,560
Electronic Deposits	1,146,623	-	-	-	1,146,623
Time Deposits	52,700,331	13,501,986	4,581,423	13,150	70,796,890
Liabilities for Services	967,752	-	-	-	967,752
Other	306,657	-	-	-	306,657
	119,478,330	13,510,794	4,581,423	13,150	137,583,697

December 31, 2023

	Under 1 Year	Between 1 and 5 Years	Between 5 and 10 Years	Over 10 Years	Total
Checking Accounts	15,936,584	-	-	-	15,936,584
Savings Accounts	46,298,259	11,974	-	-	46,310,233
Electronic Deposits	998,075	-	-	-	998,075
Time Deposits	41,324,297	15,197,271	3,622,153	36,470	60,180,191
Liabilities for Services	972,756	-	-	-	972,756
Other	338,872	-	-	27	338,899
	105,868,843	15,209,245	3,622,153	36,497	124,736,738

(Millions of Colombian Pesos (COP))

12.19. Money Market Operations and Related Transactions

Below is a summary of the liabilities from money market operations and related transactions:

December 31, 2024

	Rate	Date Start Date	 Maturity Date	Amount
Foreign Currency				
Repurchase Agreements	2.0% - 6.3%	09/02/2024	09/10/2025	253,577
Simultaneous	5.2%	26/12/2024	03/01/2025	9,326
Local Currency				
Interbank Funds				
Repurchase Agreements	9.5%	27/12/2024	03/01/2025	1,802,239
Banks	9.0%	23/12/2024	07/01/2025	384,408
Commitments from Short Positions	7.3%	19/11/2024	26/01/2025	53,801
Simultaneous				
CRCC[5]	9.5%	30/12/2024	02/01/2025	829,904
Other	5.0% - 9.8%	13/12/2024	14/01/2025	198,216
Brokerage Firms	9.4% - 9.8%	23/12/2024	10/01/2025	160,732
Banks	9.5% - 9.6%	23/12/2024	07/01/2025	42,328
Financial Corporations	8.7%	27/12/2024	03/01/2025	10,033
				3,744,564

December 31, 2023

	Rate	Date Start Date	 Maturity Date	Amount
Foreign Currency				
Repurchase Agreements	3.0% - 6.0%	22/12/2023	02/10/2024	71,545
Local Currency				
Interbank Funds				
Banks	12% - 12.1%	26/12/2023	03/01/2024	378,110
Commitments from Short Positions	10% - 13%	20/12/2023	18/01/2024	61,977
Repurchase Agreements	4.5% - 13%	28/12/2023	16/01/2024	887,730
Simultaneous				
Banks	13.8% - 13.9%	20/12/2023	11/01/2024	29,044
Brokerage Firms	12.1% - 14.1%	20/12/2023	09/01/2024	35,617
CRCC[6]	12.9% - 13.1%	28/12/2023	02/01/2024	373,706
Other	4.9% - 13%	13/12/2023	22/01/2024	88,591
				1,926,320

[5] Cámara de Riesgo Central de Contraparte S.A.
[6] Cámara de Riesgo Central de Contraparte S.A.

(Millions of Colombian Pesos (COP))

12.20. Loans from Banks and Other Obligations

The following is a breakdown of movements in loans and borrowings:

		Interest Rate Range		Year of Maturity Range		
	Currency	Minimum	Maximum	Minimum	Maximum	Balance
Balance as of January 1, 2024						16,320,457
New Loans	Pesos	2.17%	18.49%	2024	2035	1,371,362
	USD	0.15%	7.85%	2024	2039	4,658,119
	Colons	6.10%	7.00%	2024	2031	58,974
	Lempiras	1.00%	11.50%	2024	2055	133,296
Repayments During the Period	Pesos	2.17%	18.49%	2024	2035	(2,034,029)
	USD	0.15%	15.09%	2022	2032	(6,436,440)
	Colons	6.10%	13.98%	2024	2024	(43,372)
	Lempiras	1.00%	11.50%	2024	2055	(43,416)
Other Movements						
Payable Interest						417,858
Restatement						1,606,704
Unamortized Cost						15,243
Other						3,249
Balance as of December 31, 2024						16,028,005

		Interest Rate Range		Year of Maturity Range		
	Currency	Minimum	Maximum	Minimum	Maximum	Balance
Balance as of January 1, 2023						21,638,961
New Loans	Pesos	0.00%	21.82%	2023	2034	334,369
	USD	0.15%	8.23%	2023	2034	5,316,413
	Colons	9.25%	10.00%	2023	2026	1,954
Repayments During the Period	Pesos	0.00%	21.82%	2021	2034	(895,101)
	USD	0.15%	9.90%	2022	2034	(6,998,672)
	Colons	6.10%	11.53%	2023	2023	(2,013)
Other Movements						
Payable Interest						194,896
Restatement						(3,277,995)
Unamortized Cost						10,122
Other						(2,477)
Balance as of December 31, 2023						16,320,457

The following is a breakdown of loans credits taken by the Bank:

	December 31, 2024	December 31, 2023
Domestic Entities:		
Local Currency:		
Financial Liabilities	2,873,139	3,097,142
Foreign Currency:		
Foreign Banks	9,928,688	10,190,850
Other Obligations	263,134	222,318
Foreign Entities	2,963,044	2,810,147
	16,028,005	16,320,457

(Millions of Colombian Pesos (COP))

The following table shows the maturity of the Financial Liabilities:

December 31, 2024	Under 1 Year	Between 1 and 5 Years	Between 5 and 10 Years	Over 10 Years	Total
Local Currency					
Bancoldex	33,137	246,371	12,846	3,968	296,322
Finagro	31,705	223,931	132,572	406	388,614
Findeter	38,759	595,594	761,378	792,472	2,188,203
Foreign Currency					
Bancoldex	4	6,495	72	-	6,571
Foreign Entities	2,936,546	3,645,060	3,418,622	2,884,933	12,885,161
Other Obligations	210	262,924	-	-	263,134
	3,040,361	4,980,375	4,325,490	3,681,779	16,028,005

December 31, 2023	Under 1 Year	Between 1 and 5 Years	Between 5 and 10 Years	Over 10 Years	Total
Local Currency					
Bancoldex	86,419	453,590	16,900	4,113	561,022
Finagro	38,370	349,033	182,373	-	569,776
Findeter	135,788	612,662	716,230	501,664	1,966,344
Foreign Currency					
Bancoldex	188	3,529	1,608	56,367	61,692
Foreign Entities	2,143,401	5,101,888	3,053,140	2,640,875	12,939,304
Other Obligations	23,903	198,416	-	-	222,319
	2,428,069	6,719,118	3,970,251	3,203,019	16,320,457

12.21. Debt Instruments Issued

The following is a breakdown of the movement in securities representing the entity's debt or equity:

	Date	Issuance Amount	Term (Months)	Yield	Maturity	Balance
Balance as of January 1, 2024						12,836,332
Bonds Issued in Colombia						
Redemptions						(1,245,213)
Other Movements						
Change in Market Representative Rate (TRM)						294,035
Change in Real Value Unit (RVU)						33,899
Interest						(30,261)
Amortized Cost						2,645
Bonds Issued by International Subsidiaries						
New Issuances						
USD	27/03/2023 - 30/12/2024	3	12 - 73	6.20% - 7.18%	10/10/2025 - 18/12/2029	12,773
Colons	22/05/2024 - 21/06/2024	28,239	36 - 49	6.00%	21/05/2027 - 07/06/2028	242,855

(Millions of Colombian Pesos (COP))

	Date	Issuance Amount	Term (Months)	Yield	Maturity	Balance
Redemptions						(1,339,007)
Other Movements						
Interest						44,473
Amortized Cost						(3,709)
Restatement						550,318
Balance as of December 31, 2024						11,399,140

	Date	Issuance Amount	Term (Months)	Yield	Maturity	Balance
Balance as of January 1, 2023						14,976,148
Bonds Issued in Colombia						
Redemptions						(839,712)
Other Movements						
Change in Market Representative Rate (TRM)						(496,725)
Change in Real Value Unit (RVU)						60,392
Interest						(21,197)
Amortized Cost						2,497
Bonds Issued by International Subsidiaries						
New Issuances						
USD	02/02/2023 - 23/06/2023	148	24 - 180	5.60% - 7.60%	23/01/2025 - 23/01/2034	565,184
Colons	06/10/2023 - 06/10/2023	17,886	50 - 61	6.30% - 6.50%	05/11/2027 - 06/10/2028	129,674
Lempiras	27/11/2023	170	120	FR 10.43%	27/11/2033	33
Redemptions						(1,008,235)
Other Movements						
Interest						59,091
Amortized Cost						235
Restatement						(591,053)
Balance as of December 31, 2023						12,836,332

Below is a breakdown of the bonds for each of the outstanding issues:

Type of Issue	Date	Issuance Amount	Term (Months)	Yield	Maturity	December 31, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Unsecured Subordinated Bonds							
CPI	25/04/2012 - 29/03/2017	1,177,255	96 - 180	CPI 3.83% - CPI 4.56%	29/03/2025 - 25/04/2027	1,177,255	1,177,255
Fixed Rate	29/03/2017	198,947	84	FR 7.40%	29/03/2024	-	198,947
Interest						9,441	14,235
In USD							
International Bonds	24/04/2021	1,819,560	600	FR 6.65%	24/04/2071	2,204,575	1,911,025
Interest						28,099	24,306
				Total Subordinated Bonds		3,419,370	3,325,768

(Millions of Colombian Pesos (COP))

Type of Issue	Date	Issuance Amount	Term (Months)	Yield	Maturity	December 31, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Standard Bonds (Unsecured)							
CPI	15/08/2012 - 07/09/2021	2,362,795	84 - 180	CPI 1.91% - CPI 4.50%	12/02/2025 - 26/09/2031	2,362,795	2,825,141
Fixed Rate	26/09/2019 - 18/02/2021	923,620	60 - 84	FR 4.69% - FR 6.24%	11/02/2025 - 11/02/2027	923,620	1,230,320
IBR	25/04/2017 - 07/09/2021	795,500	36 - 120	IBR 1.34% - IBR 2.05%	25/04/2024 - 25/08/2027	795,500	1,072,720
RVU	11/02/2020 - 07/09/2021	699,014	60 - 144	RVU 2.51% - RVU 6.89%	07/09/2026 - 11/02/2032	879,706	845,807
Interest						35,182	63,957
					Total Standard Bonds	4,996,803	6,037,945
					Amortized Cost	(15,877)	(18,522)
					Total Bonds	8,400,296	9,345,191

International Subsidiaries

	Date	Issuance Amount	Term (Months)	Yield	Maturity	December 31, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Unsecured Subordinated Bonds							
Lempiras							
International Bonds	27/11/2023	170	120	10.43%	27/11/2033	-	33
Interest						13	-
	Total Subordinated Bonds International subsidiaries					13	33
Standard Bonds (Unsecured)							
Colons							
International Bonds	29/09/2021 - 21/06/2024	1,825,952	36 - 84	4.71% - 11.94%	14/04/2025 - 11/07/2029	1,825,952	2,320,863
Interest						42,627	51,342
Amortized Cost						146	36
In USD							
International Bonds	23/01/2019 - 30/12/2024	386,158	12 - 180	5.60% - 7.18%	23/01/2025 - 23/01/2034	1,124,174	1,113,140
Interest						5,727	5,469
Other						179	235
Lempiras							
International Bonds	1/1/200223		180	15.00%	27/11/2017	26	23
					Total Standard Bonds International subsidiaries	2,998,831	3,491,108
					Total Bonds International Subsidiaries	2,998,844	3,491,141
					Total	11,399,140	12,836,332

(Millions of Colombian Pesos (COP))

The following is a breakdown of the bonds per monetary unit:

	December 31, 2024	December 31, 2023
National		
Local Currency	5,298,582	6,576,665
Foreign Currency	2,218,916	1,919,782
RVU[7]	882,798	848,744
	8,400,296	9,345,191
International		
Foreign Currency		
Colons	1,868,725	2,372,241
Lempiras	39	56
USD	1,130,080	1,118,844
	2,998,844	3,491,141
	11,399,140	12,836,332

The following is a breakdown of the bonds by maturity period:

	December 31, 2024	December 31, 2023
Under One Year	1,390,868	1,356,497
Between 1 and 5 Years	5,191,190	6,725,207
Between 5 and 10 Years	2,598,166	2,788,949
Over 10 Years	2,218,916	1,965,679
	11,399,140	12,836,332

The following is a breakdown of the redemption of debt instruments issued by Banco Davivienda S.A.:

December 31, 2024

Date	Type of Issue	Term	Rate	Maturity Date	Amount
29/03/2017	Subordinated Bond	84	FR 7.40%	29/03/2024	198,947
15/05/2014	Standard Bond	120	CPI + 3.89%	15/05/2024	160,955
07/06/2017	Standard Bond	84	CPI + 3.13%	07/06/2024	173,666
16/07/2019	Standard Bond	60	T.E. 6.04%	16/07/2024	306,700
07/09/2021	Standard Bond	36	IBR + 1.34%	07/09/2024	277,220
09/10/2014	Standard Bond	120	CPI + 3.96%	09/10/2024	127,725
					1,245,213

December 31, 2023

Date	Type of Issue	Term	Rate	Maturity Date	Amount
13/02/2013	Standard Bonds	120	CPI + 3.23	13/02/2023	214,500
27/07/2016	Standard Bonds	84	CPI + 3.67	27/07/2023	331,864
26/09/2019	Standard Bonds	48	T.F. 5.75	26/09/2023	293,348
					839,712

[7] Real Value Unit

(Millions of Colombian Pesos (COP))

The following is a breakdown of the redemptions of the foreign subsidiaries:

Redemptions Banco Costa Rica

December 31, 2024

Date	Type of Issue	Term Range	Rate Range	Maturity Date Range	Valor
27/02/2019 - 14/10/2022	Standardized Bond	20 - 61	3.82% - 11.47%	26/02/2024 - 22/11/2024	1,228,778

December 31, 2023

Date	Type of Issue	Term	Rate	Maturity Date	Valor
02/04/2020 - 25/03/2021	Standardized Bond	24 - 37	4.71% - 8.42%	26/01/2023 - 25/08/2023	828,675

Redemptions Banco El Salvador

December 31, 2024

Date	Type of Issue	Term	Rate	Maturity Date	Valor
31/10/2019	Standard Bond	60	5.60%	31/10/2025	110,229

December 31, 2023

Date	Type of Issue	Term	Rate	Maturity Date	Valor
23/01/2019	Standard Bond	9	6.30%	24/10/2023	2,523
29/06/2020	Standard Bond	36	5.25%	29/06/2023	573
02/08/2021	Standard Bond	24	4.70%	02/08/2023	57,331
10/09/2021	Standard Bond	24	4.70%	10/09/2023	61,803
10/09/2021	Standard Bond	27	4.75%	10/12/2023	28,665
14/09/2021	Standard Bond	27	4.75%	14/12/2023	28,665
					179,560

Redemptions Banco Honduras

No bond redemptions were made in 2024 or 2023.

Reconciliation of Changes in Liabilities and Cash Flows from Financing Activities

	Liabilities			Equity		
	Bank Loans and Other Obligations	Debt Instruments Issued	Lease Liabilities	Other	Retained Earnings	Total
Balance as of December 31, 2023	16,320,457	12,836,332	787,268		-	29,944,057
Changes from Financing Cash Flows						
Issuance of Shares	-	-	-	720,000		720,000
Proceeds from New Financial Liabilities	6,221,751	-	-	-	-	6,221,751
Repayments of Financial Liabilities	(8,557,257)	-	-	-	-	(8,557,257)
Issuance of Debt Instruments	-	255,628	-	-	-	255,628
Redemption of Debt Instruments Issued	-	(2,584,220)	-	-	-	(2,584,220)
Lease Liability Payments	-	-	(172,581)	-	-	(172,581)

(Millions of Colombian Pesos (COP))

	Liabilities			Equity		
	Bank Loans and Other Obligations	Debt Instruments Issued	Lease Liabilities	Other	Retained Earnings	Total
Cash Dividend Payments	-	-	-	-	(134)	(134)
Total Changes from Financing Cash Flows	(2,335,506)	(2,328,592)	(172,581)	720,000	(134)	(4,116,813)
Other Changes Related to Liabilities						
Interest Accrued	1,248,398	1,112,371	63,816	-	-	2,424,585
Interest Paid	(830,540)	(1,098,158)	(63,816)	-	-	(1,992,514)
New Leases	-	-	191,163	-	-	191,163
Contract Modifications	-	-	81,623	-	-	81,623
Disposals	-	-	(189,235)	-	-	(189,235)
Unamortized Cost	15,243	(1,065)	-	-	-	14,178
Change in Real Value Unit (RVU)	-	33,899	-	-	-	33,899
Restatement	1,606,704	844,353	3,099	-	-	2,454,156
Other	3,249	-	-	-	134	3,383
Total Other Changes Related to Liabilities	2,043,054	891,400	86,650	-	134	3,021,238
Other Changes Related to Equity	-	-	-		-	-
Balance as of December 31, 2024	16,028,005	11,399,140	701,338	720,000	-	28,848,483

12.22. Accounts Payable

The following is a breakdown of accounts payable:

	December 31, 2024	December 31, 2023
Vendors and Services Payable	1,123,369	1,731,407
Withholdings and Labor Contributions	279,406	289,817
Transaction Tax Contribution	20,098	46,686
Reinsurers Abroad – Current Account	47,305	48,011
Payable to Parent Company, Subsidiaries, and Related Parties	33,365	28,816
Payable to the Nation – Law 546	1	1,490
Deposit Insurance	145,067	149,713
Pending Disbursements to Creditors	73,191	160,652
Various Creditors	122,087	74,223
Security Bonds Payable	16,849	16,868
Outstanding Checks	21,438	18,775
Forward Settlements – Third Parties	2,725	26,241
Insurance	22,322	24,057
Financial Institutions Guarantee Fund	58,089	68,363
Franchises	51,519	44,338
Credit Card	5,796	6,416
Prospective Buyers	22,540	26,691
Fees and Professional Fees	17,678	12,728
Dividends and Surpluses	5,735	5,641
Miscellaneous	405,034	331,209
	2,473,614	3,112,142

(Millions of Colombian Pesos (COP))

12.23. Employee Benefits

The following is a breakdown of employee benefits:

	December 31, 2024	December 31, 2023
Short-Term Benefits	264,375	240,122
Long-Term Benefits	59,298	50,815
Post-Employment Benefits	81,017	70,470
Pension Funds	56,826	45,798
Retiree Health Insurance Policy	24,191	24,672
	404,690	361,407

The bank provides the following long-term benefits:

a. Employees with a minimum tenure of two years are eligible for housing loans at a preferential variable interest rate, accessible only during their employment period. Upon termination, this benefit is immediately revoked. To support this program, two funds have been established, each with a maximum cap determined and periodically updated by management. The estimated benefit amount, calculated as the interest rate differential between the preferential rate and the prevailing market rate at the time of loan origination, is recognized in the Statement of Financial Position as the present value of these differences.

b. As part of the 2024-2027 collective bargaining agreement, employees are entitled to an extraordinary seniority bonus, equivalent to 15 days' salary upon completing five years of service and 30 days' salary upon completing ten years and every subsequent five-year period. As of December 31, 2024, the liability recognized for this benefit amounts to $57,097.

The bank also provides the following post-employment benefits:

Defined Contribution Plan

The bank makes a matching contribution equivalent to the amount designated by the employee, up to a maximum of 5% of their salary. This benefit applies to employees who are 10 years or less away from retirement and is only granted if the employee meets the retirement conditions. As the bank has no obligation to make future payments, contributions are recognized as an expense in the income statement based on the amounts contributed. Since the plan consists of predetermined contributions to a fund where the bank assumes no actuarial or investment risk, no actuarial assumptions are required for accounting purposes.

Defined Benefit Plan

The bank provides a health insurance policy for retirees and their spouses. These benefits are recognized through actuarial calculations, with changes reflected in other comprehensive income (OCI).

The following table details the employee benefits obligations:

	December 31, 2024	December 31, 2023
Present Value of Employee Benefit Obligations	24,191	24,672

(Millions of Colombian Pesos (COP))

Currently, all bank employees are entitled to a collective health insurance policy during their employment. Upon reaching retirement age, both the employee and their spouse are eligible for a 30% subsidy on an individual health insurance policy, provided certain conditions are met.

The following table presents the movement in the present value of defined benefit obligations:

	December 31, 2024	December 31, 2023
Defined Benefit Obligations at the Beginning of the Period	24,672	11,846
Current Service Cost	1,170	404
Interest Cost	2,749	1,547
Remeasurements	(2,550)	3,130
Adjustments Related to Experience	(1,490)	(898)
(Gains) Losses from Actuarial Changes in Financial Assumptions (OCI)	(1,061)	4,028
Benefits Paid by the Plan	(1,850)	7,745
Defined Benefit Obligations at the End of the Period	24,191	24,672

Key Actuarial Assumptions

	December 31, 2024	December 31, 2023
Discount Rate	10.85%	11.75%
Future Salary Increases	3.30%	3.50%
Inflation Rate	3.00%	3.00%

After reaching retirement age, it is assumed that beneficiaries will pass away in accordance with the 2008 annuitant mortality table, as established in Resolution No. 1555 of 2010 issued by the Colombian Financial Superintendency.

Sensitivity Analysis

The defined benefit obligations and the cost of current service were calculated using the projected unit credit method. The following table presents the sensitivity analysis of the defined benefit liability based on different financial and actuarial variables as of December 31, 2024:

Discount Rate

	Present Value of Defined Benefit Obligations	Weighted Average Duration of the Defined Benefit Obligation (in Years)	Assumptions
Discount Rate -50 Basis Points	25,427	14,16	8.26%
Discount Rate +50 Basis Points	23,057	13,86	-3.64%

Medical Trend

	Medical Service Rate	Assumptions
Medical Service Rate -50 Basis Points	22,565	-6.25%
Medical Service Rate +50 Basis Points	24,766	6.84%

(Millions of Colombian Pesos (COP))

Expected Future Benefit Payments

Year	Defined Benefits
2024	1,096
2025	1,317
2026	1,596
2027	1,779
2028	2,036
2029 a 2033	14,711

12.24. Technical Reserves

The reserves for claims are detailed as follows:

	December 31, 2024	December 31, 2023
Mathematical Reserve	37,726	30,632
Savings Life Insurance Reserve with Participation	81,065	74,545
Unearned Premium Reserve	201,543	156,781
Reported Claims Reserve	84,602	46,807
Incurred But Not Reported (IBNR) Reserve	14,686	15,601
	419,622	324,366

The following is a breakdown of the movement of reserves:

	December 31, 2024	December 31, 2023
Opening Balance	324,366	384,571
Plus:		
Reserve Establishment	143,301	119,545
Minus:		
Reserve Release	(114,084)	(88,963)
Restatement	66,039	(90,787)
Closing Balance	419,622	324,366

12.25. Other Liabilities and Estimated Liabilities

The following is a breakdown of other liabilities and estimated liabilities:

	December 31, 2024	December 31, 2023
Estimated Liabilities		
Other Provisions (1)	161,567	177,386
Litigation, Indemnities, and Claims (2)	17,561	25,775
Joint Operations	1,748	1,659
	180,876	204,820
Other Liabilities		
Leases	701,337	787,268
Deferred Income	224,710	241,035
Letters of Credit	54,828	40,645
Payments Pending Application to Collections	229,025	291,693

(Millions of Colombian Pesos (COP))

Maintenance and Repairs	11,015	10,095
Miscellaneous	111,497	83,522
	1,332,412	1,454,258
	1,513,288	1,659,07

(1) The following is the movement of other provisions.

	December 31, 2024	December 31, 2023
Opening Balance	177,386	283,777
Restatement	28,693	(48,205)
Plus:		
Provision	316,219	302,914
Minus:		
Utilizations	(153,111)	(109,012)
Reversals	(207,620)	(252,088)
Closing Balance	161,567	177,386

The following is a breakdown of the maturity of other provisions:

December 31, 2024

	1 Year	1 to 3 Years	3 to 5 Years	5 to 10 Years	Total
FRECH Premium Provision	3,788	250	209	1,336	5,583
Taxes	44,191	-	-	-	44,191
Estimated Liabilities	14,861	1,895	-	-	16,756
Administrative Expenses	1,496	-	-	-	1,496
Loan Loss Provisions	3,545	-	-	-	3,545
Accounts Payable to Vendors	17,835	39	-	-	17,874
Human Resources	50,944	-	-	-	50,944
Credit Cards	14,461	66	6	11	14,544
Creditors and Services	6,588	2	-	44	6,634
	157,709	2,252	215	1,391	161,567

December 31, 2023

	1 Year	1 to 3 Years	3 to 5 Years	5 to 10 Years	Total
FRECH Premium Provision	3,636	2,159	98	1,092	6,985
Taxes	66,928	-	-	-	66,928
Estimated Liabilities	13,421	4,679	-	-	18,100
Administrative Expenses	1,935	-	-	-	1,935
Loan Loss Provisions	2,572	-	-	-	2,572
Accounts Payable to Vendors	19,335	716	-	-	20,051
Human Resources	41,159	-	-	-	41,159
Credit Cards	15,383	60	4	9	15,456
Creditors and Services	4,069	6	38	87	4,200
	168,438	7,620	140	1,188	177,386

(Millions of Colombian Pesos (COP))

(2) Litigation, Indemnities, and Claims.

Movement of the provision for litigation, indemnities, and claims

	December 31, 2024	December 31, 2023
Opening Balance	25,775	26,279
Restatement	646	(1,269)
Plus:		
Provision	5,927	14,056
Minus:		
Utilizations	(317)	(2)
Reversals	(14,470)	(13,289)
Closing Balance	17,561	25,775

Summary of legal proceedings:

	December 31, 2024			December 31, 2023		
	Number of Cases	Provision Amount	Claimed Amount	Number of Cases	Provision Amount	Claimed Amount
Covered by Fogafín Guarantee Contract (*)	7	9,588	70	6	9,588	147
Labor Lawsuits	82	1,037	1,017	26	4,420	4,410
Ordinary Proceedings	2,157	6,936	5,834	155	11,767	6,464
	2,246	17,561	6,921	187	25,775	11,021

The cash outflows related to the settlement of legal proceedings are as follows:

December 31, 2024

	1 Year	1 to 3 Years	3 to 5 Years	Over 10 Years	Total
Covered by Fogafín Guarantee Contract (*)	-	9,588	-	-	9,588
Labor Lawsuits	968	49	20	-	1,037
Ordinary Proceedings	5,373	1,365	-	198	6,936
	6,341	11,002	20	198	17,561

December 31, 2023

	1 Year	1 to 3 Years	3 to 5 Years	Over 10 Years	Total
Covered by Fogafín Guarantee Contract (*)	-	9,588	-	-	9,588
Labor Lawsuits	4,420	-	-	-	4,420
Ordinary Proceedings	4,642	6,954	-	171	11,767
	9,062	16,542	-	171	25,775

(*) These are the legal proceedings related to Granbanco S.A., Fiduciaria Cafetera S.A., Bancafé Panamá S.A. (now Davivienda Panamá), and Bancafé International Corporation (now Davivienda International) that existed as of January 31, 2007, as well as those that were notified between February 16, 2007, and February 16, 2010, and remain ongoing. These proceedings are expressly guaranteed by Fogafín.

For civil, administrative, and special proceedings covered by the Fogafín guarantee agreement, provisions are constituted at 15%, considering the guarantee coverage, based on the value of the respective contingency according to its classification, and only for ordinary, special, and labor-related cases.

Criminal Cases

Under Colombian law, the Bank may be summoned as a Civilly Liable Third Party and must respond for the damage caused by the convicted party's conduct. Based on the legal analysis, the allocation of provisions is determined on a case-by-case basis.

Ordinary Civil, Special, Administrative, and Labor Cases

These types of proceedings create contingent liabilities for the Bank, regardless of the procedural stage, generally due to potential contractual or extra-contractual civil liability, as well as fines or sanctions imposed by competent authorities in the course of their regulatory functions. Each of these proceedings has been assigned an appropriate classification and provision, if necessary.

Below is a breakdown of judicial proceedings that may have a significant economic impact on the Bank:

Banco Davivienda S.A.

Class actions and group actions are legal proceedings designed to protect the rights of a group of individuals. While class actions aim to prevent, cease, or restore collective rights, group actions seek to compensate for damages caused to homogeneous individual rights. The risk associated with these litigations has been deemed remote; however, the nature of the rights at stake and the number of plaintiffs involved make these judicial proceedings significant for the Bank.

Judicial Proceedings Related to the Defunct UPAC System

1. **Plaintiff:** Clara Cecilia Murcia et al.
   Defendant: Banco Davivienda S.A.
   Case Identification: No. 250002315000-2006-00422-00
   Claim Amount: The plaintiffs have filed claims against courts that allegedly failed to comply with the provisions of Law 546 of 1999 regarding the termination of the corresponding mortgage foreclosure proceedings. Among the requests in the lawsuit, they seek a court order directing those courts to terminate such cases. The Bank has been included in the proceedings because it previously filed the relevant foreclosure lawsuits. The claim amount is not specified in the lawsuit.
   Current Status: Closing arguments.
   Provision Amount: $0
   Risk Classification: Remote.
   Estimated Case Resolution Date: December 2025.

Cases related to other Bank activities

2. **Plaintiff:** 100% Legal Colombia Liga de Consumidores, Capítulo Bogotá D.C.
   Defendant: Banco Davivienda S.A.
   Case Identification: No. 110013103021-2022-00123-00
   Claim Amount: The plaintiff has filed a class action lawsuit against Banco Davivienda, alleging violations of consumer rights. The lawsuit seeks to declare Clauses Ten, Eleven, and Twelve of the "Bank Checking Account Agreement", specifically in the "Annex to the Checking Account Agreement - Overdraft Facility (Crediexpress)", as abusive practices by the bank. The plaintiff argues that these clauses infringe upon

consumer and user rights as established in Article 4(n) of Law 472 of 1998. Additionally, the plaintiff demands that Banco Davivienda cease these allegedly abusive practices, claiming they contradict the professional conduct standards expected of financial institutions in their dealings with customers.

Furthermore, the lawsuit requests that the bank be ordered to refund amounts generated from overdraft charges on customers' checking accounts in Bogotá, D.C., when such charges were not related to uncovered check payments. Additionally, where applicable, the lawsuit seeks the correction of any negative credit reports filed with credit bureaus regarding affected customers. The claim amount is unspecified in the lawsuit.
Current Status: Pending hearing.
Provision Amount: $0
Risk Classification: Remote.
Estimated Case Resolution Date: December 2025.

3. **Plaintiff:** ACECO TI Sucursal Colombia
Defendant: Banco Davivienda S.A.
Case Identification: No. 110013103010-2023-00009-00
Claim Amount: The plaintiff has filed a lawsuit seeking compensation for damages resulting from the reversal of a transaction carried out by Empresa de Telecomunicaciones de Bogotá S.A., E.S.P. Currently, Banco Davivienda S.A. has responded to the lawsuit. The claim amount is COP $18,914. It is important to highlight that Banco Davivienda S.A. has filed a third-party claim against Empresa de Telecomunicaciones de Bogotá S.A., which has been admitted by the presiding court.
Current Status: Pending scheduling of a hearing date.
Provision Amount: $0
Risk Classification: Remote.
Estimated Case Resolution Date: December 2025.

<u>**Fiduciaria Davivienda S.A.**</u>

4. **Plaintiff**: Carlos A. Gómez
Defendants: Fiduciaria Davivienda S.A. and Banco Davivienda S.A.
Claim Amount: The plaintiff seeks a declaration of business unity and the recalculation of severance compensation for wrongful dismissal in the amount of COP $165.
Current Status: The ruling was unfavorable and is now final. The defendants have already paid the judgment,but the liquidation of first-instance legal costs is still pending.
Provision Amount: COP $20
Contingency Classification: Probable (The ruling was unfavorable).
Estimated Case Resolution Date: April 2025.

5. **Plaintiff:** Laura Liliana Pérez
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $80. The plaintiff seeks a declaration that the accounting reports of the Matissef trust fail to meet the minimum requirements set by the Colombian Financial Superintendency. Additionally, the plaintiff claims that complete information about the project's development was not provided and, as a result, requests the restitution of contributions made. The claim alleges violations of the plaintiff's fundamental rights to information, habeas data, privacy, and reputation.
Current Status: Response to the lawsuit pending.
Provision Amount: COP $87
Contingency Justification: Possible – The lawsuit seeks to declare breaches of the duty of information and diligence, leading to potential fines and restitution of contributed funds. However, based on the Colombian Financial Superintendency's prior rulings, the case is classified as probable.
Estimated Case Resolution Date: December 2025.

6. **Plaintiffs:** Andrés Mauricio Villalba Arjona and Yasmín Laguna Martínez
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $109**.** The plaintiffs seek a declaration that the defendant failed to verify compliance with disbursement orders or the conditions required to declare the project's breakeven point for the Matisse project. Furthermore, they allege that Fiduciaria Davivienda S.A. allowed them to contribute funds to the fiduciary trust without any legal relationship justifying such participation. As a result, they demand the restitution of the contributed funds, including indexation and applicable penalties.
Current Status: Response to the lawsuit pending.
Provision Amount: COP $118
Estimated Case Resolution Date: December 30, 2025
Contingency Justification: Possible – The lawsuit seeks to declare breaches of the duty of information and diligence, leading to potential fines and restitution of contributed funds. However, based on the Colombian Financial Superintendency's prior rulings, the case is classified as probable.

7. **Plaintiffs**: Héctor Fabio Mayr and Mónica Gil Marín
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $89.The plaintiffs seek a declaration that Addendum No. 2 to the fiduciary pre-sale trust is invalid and that Fiduciaria Davivienda S.A. failed to fulfill its duty of information, advisory services, and diligence regarding the Matisse project. They also claim that the fiduciary entity: Did not provide the requested documents, warranting a fine. Failed to oversee the project's progress and did not demand compliance from the project's supervisor. Did not appoint an expert to assess the situation. Did not ensure the proper legalization of funds transferred to the trustors. Did not maintain an accurate record of contributions Failed to provide the plaintiffs with the promise-to-purchase agreement. Broke the fiduciary agreement As a remedy, they request the restitution of their contributions, as well as court costs and attorneys' fees.
Current Status: The fiduciary entity has filed an appeal against the order admitting the lawsuit.
Provision Amount: COP $93
Estimated Case Resolution Date: December 30, 2025
Contingency Justification: Possible – The lawsuit seeks to establish breaches of fiduciary duties related to information disclosure and diligence, potentially leading to fines and reimbursement of contributed funds. However, based on prior rulings by the Colombian Financial Superintendency, the case is classified as probable.

8. **Plaintiffs:** Jorge Alexander Medina Montañez and Geisy Lorena Naranjo Artunduaga
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $43**.** The plaintiffs seek a ruling declaring that Fiduciaria Davivienda S.A. failed to implement internal control procedures to assess the financial feasibility of the Matisse project. Additionally, they claim the fiduciary entity: Did not fulfill its duty of diligence in managing the trust. Failed to monitor the project's progress adequately. Did not enforce the responsibilities of the project's supervisor. Did not appoint an expert to assess the situation. Did not ensure the proper legalization of funds transferred to the trustors. Failed to maintain an accurate record of contributions. Did not provide the plaintiffs with the promise-to-purchase agreement. Broke the fiduciary agreement. As a remedy, the plaintiffs request the restitution of their contributions, as well as court costs and attorneys' fees**.**
Current Status: An appeal has been filed against the order admitting the lawsuit.
Provision Amount: COP $45
Contingency Justification: Possible – The lawsuit alleges breaches of fiduciary duties related to information disclosure and diligence, potentially leading to fines and reimbursement of contributed funds. However, based on prior rulings by the Colombian Financial Superintendency, the case is classified as probable.
Estimated Case Resolution Date: December 30, 2025

9. **Plaintiff**: Inversiones Córdoba & Asociados S.A.S.
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $0.The plaintiff seeks a ruling stating that Fiduciaria Davivienda S.A. breached the trust agreement by refusing to allow modification of the granted collateral (construction contract). As a result, the plaintiff argues that this led to a delay in fulfilling its obligations to the secured creditor, Banco Davivienda. The plaintiff requests the court to order: The defendant to approve the change in collateral (construction contract). Banco Davivienda, as the secured creditor, to refrain from charging default interest on the loan. The removal of any negative reports in credit bureaus related to the delayed payments.
Current Status: Response to the lawsuit has been filed.
Provision Amount: COP $0
Estimated Case Resolution Date: March 30, 2026.

10. **Plaintiff**: César Augusto Restrepo Álzate
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $9.The plaintiff, in connection with the Fiducia en Garantía (Guarantee Trust) established in 1994, known as Hacienda El Retiro, alleges that Fiduciaria Davivienda S.A. breached the trust agreement by: Failing to take necessary actions to protect the trust property. Not executing the guarantee while the guarantee certificates were still valid. The plaintiff claims moral and material damages and harm to his reputation, seeking a declaration that the fiduciary has no right to collect trust management fees.
Current Status: Evidence stage.
Estimated Case Resolution Date: December 2029.
Contingency Classification: Possible.

11. **Plaintiff**: Merly Zulay Morales Parales
Defendant: Fiduciaria Davivienda S.A.
Claim Amount: COP $9. The plaintiff seeks an order requiring Fiduciaria Davivienda S.A. to refund the investment she made, along with the corresponding returns.
Current Status: Response to the lawsuit submitted.
Estimated Case Resolution Date: December 2026.
Contingency Classification: Possible.

12. **Plaintiff:** José Edilberto Sánchez
Defendants: Fiduciaria Davivienda S.A., Sociedad Constructora Esmeralda S.A., and Fideicomiso Mirador de la Colina
Claim Amount: COP $212,666**.**The plaintiff seeks to hold Sociedad Constructora Esmeralda S.A. civilly liable for breaching the trust agreement and to hold Fiduciaria Davivienda S.A. jointly liable for mismanagement and failure to oversee the funds under its administration.
Current Status: Appeal against the order of admission.
Estimated Case Resolution Date: December 2026**.**
Contingency Classification: Possible.

13. **Plaintiff:** Luis Clemente Ponce Marenco
Defendants: Fiduciaria Davivienda S.A., Government of Cundinamarca, Real Estate and Logistics Services Company of Cundinamarca, Charity of Cundinamarca, Notary Office No. 73 of the Bogotá Circuit, District Capital of Bogotá – District Planning Secretariat, Promotora Equilátero S.A.S., Fiduciaria Davivienda S.A., Constructora Bolívar Bogotá S.A., and the Family Compensation Fund Compensar.
Claim Amount: $0. The claim seeks the protection of an important green corridor that connected with the buffer zone of the El Salitre Wetland, which is located just a few meters from the property (RIGHT TO A HEALTHY ENVIRONMENT). The plaintiff also seeks recognition by the defendants of the environmental damage, harm to wildlife, and loss of peace and tranquility in the area caused by heavy machinery (RIGHT TO

PEACE AND TRANQUILITY), as well as accountability for the actions of authorities that permitted changes to the Land Use Plan (POT) for institutional use.
Current Status: Jurisdictional dispute.
Estimated Completion Date: December 2026.
Contingency Classification: Possible.

Corredores Davivienda S.A.

14. **Case Type:** Administrative Proceeding – Action for Annulment and Restitution of Rights against Resolution No. 0445 of March 29, 2023, and Resolution No. 734 of April 9, 2024.
Claim Amount: Through Resolution No. 0445 of March 29, 2023, the Colombian Financial Superintendency imposed a fine of COP 330 million on Corredores Davivienda as a sanction. According to the resolution, violations were found regarding conflict of interest regulations, securities market laws, and intermediary obligations. On April 12, 2023, Corredores Davivienda filed an appeal for reconsideration before the Colombian Financial Superintendency. On April 12, 2023, an appeal was filed before the same entity. This appeal was decided through Resolution No. 734 of April 9, 2024, which imposed a revised sanction of COP 250. No further appeals were allowed against this decision.
Corredores Davivienda paid the imposed fine within the required timeframe. Legal Action Taken: Believing that due process was violated, Corredores Davivienda filed an annulment and restitution of rights claim before the Administrative Circuit Judges in November 2024, following a failed conciliation attempt before the Office of the Attorney General of the Nation. In the lawsuit, Corredores Davivienda requested the court to: Annul the first paragraph of Article 1 of Resolution No. 0445 of March 29, 2023. Annul Article 1 of Resolution No. 0734 of April 9, 2023. Annul Article 2 of Resolution No. 0734 of April 9, 2023. Order the Colombian Financial Superintendency to refund 100% of the fine paid by Corredores Davivienda. Order the Colombian Financial Superintendency to delete any record or sanction impose due to the proceedings that led to Resolution No. 0734 of April 9, 2023. Order the Colombian Financial Superintendency to pay the legal costs and expenses of the case.
Contingency Classification: There is no contingency, as the sanction has already been paid.

Cases of Subsidiaries in Central America

Due to the negotiation conducted by Banco Davivienda with HSBC Holdings plc for the acquisition of "HSBC Costa Rica" Grupo del Istmo (Costa Rica) S.A., "HSBC El Salvador" Inversiones Financieras HSBC S.A., "HSBC Honduras" Banco HSBC Honduras, S.A., Seguros HSBC Honduras, Sociedad Anónima, and Honduras Seguros Holdco, transactions completed between November 23 and December 7, 2012, this report includes a list of legal proceedings that may generate contingent liabilities for the Bank, detailed as follows:

Honduras

15. **Case Type:** Ordinary Lawsuit for Damages and Compensation
Plaintiff: Green Development Corporation S.A. (GDC)
Defendants: Banco HSBC Honduras S.A. and Banco Lafise S.A.
Claim Amount: USD $160– COP $704,627
Summary and Current Status: A first- and second-instance ruling was unfavorable against Banco Davivienda Honduras and another local bank. On August 4, 2014, both banks filed a cassation appeal before the Supreme Court of Justice of Honduras, which was admitted on August 25, 2015. On April 27, 2022, the Civil Chamber of the Supreme Court of Justice of Honduras, unanimously ruled in favor of Banco Davivienda Honduras, dismissing the lawsuit filed by GDC and absolving Banco Davivienda Honduras from any payment obligations related to the plaintiff's claims. The court also ordered GDC to pay legal costs. Subsequent Legal Action: GDC filed a review appeal against the cassation ruling, which was admitted on May 29, 2023. On February 9, 2024,

a hearing was held to present evidence from both parties regarding the review appeal. The case is currently pending a ruling from the Constitutional Chamber of the Supreme Court of Justice.
Contingency Classification: Remote
Potential Material Impact: Given the remote probability of an unfavorable ruling against Banco Davivienda Honduras regarding the plaintiff's review appeal, the potential material impact is low.

16. **Case Type**: Ordinary Lawsuit for Nullity and Compensation for Damages
Plaintiff: Gaylor Wilfredo Quiñonez Zelaya
Defendant: Banco Davivienda Honduras
Claim: Nullity of an executive proceeding and compensation for damages allegedly arising from procedural errors in the executive trial initiated by the Bank.
Claim Amount: USD $1,3 – COP $5,929
Summary and Current Status: The first-instance ruling was unfavorable to the Bank, and the plaintiff appealed. On July 22, 2016, the Bank filed a cassation appeal, and on February 13, 2019, the Supreme Court of Justice issued an unfavorable cassation ruling, confirming the Court of Appeals' decision. In March 2019, the Bank filed a criminal pre-trial motion and opposed the execution process. On September 2, 2019, the court rejected the criminal pre-trial motion. On December 5, 2019, the Bank filed an amparo appeal against the decision rejecting the pre-trial motion. On February 8, 2023, the Constitutional Chamber denied the amparo appeal, upholding the Court of Appeals of La Ceiba's ruling. Consequently, the execution of the judgment and opposition process continued. In November 2024, through a new amparo appeal, the Bank secured a ruling suspending the execution hearing. This ruling was sent for review to the Constitutional Chamber, which has yet to issue a decision.
Contingency Classification: Possible
Potential Material Impact: Given the likelihood of an unfavorable ruling, the potential material impact is moderate.

<u>Costa Rica</u>

17. **Case Type**: Administrative - Tax Litigation (1999-2005).
Plaintiff: Ministerio de Hacienda
Defendant: Corporación Davivienda/Banco Davivienda Costa Rica.
Claim: The petition seeks to annul the administrative act confirming the income tax assessment for the periods 1999-2005.
Claim Amount: USD $14,9 - COP $65.935
Summary and Current Status: On July 9, 2014, a payment under protest of approximately USD $9.50 was made. The case is still pending resolution in court. On June 19, 2017, a hearing was held regarding the new facts presented by the Bank, specifically regarding the payment made under protest in 2014. While awaiting the call for oral argument to discuss the merits of the dispute, on November 13, 2020, the Bank and other financial institutions filed a constitutional motion regarding the broad interpretation of the principle of territoriality. The court ruling was suspended pending a ruling by the Constitutional Chamber of the Supreme Court of Justice. In a resolution of January 11, 2023, the constitutional motion was rejected on the merits with two dissenting votes. After analyzing the latest case law issued by the First Chamber of the Supreme Court of Justice, it was determined that a new unconstitutionality action was necessary due to the non-application of the principle of legitimate trust. Therefore, a brief invoking this action was filed on January 3, 2024. The unconstitutionality action was filed on March 6, 2024, and is currently being processed.
Contingency Classification: Possible
Potential Material Impact: Considering that the payment has already been made, the potential material impact is Low.

18. **Plaintiff**: Silvercat Investments Inc.
Defendant: Banco Davivienda Costa Rica
Claim: Annulment of the execution of the Guarantee Trust and reversal of its effects to the pre-execution stage.
Claim Amount: USD $21.1 – COP $93,228
Summary and Current Status: The Bank was notified of a lawsuit in which the plaintiff challenged the execution of a trust agreement and the foreclosure of properties adjudicated to the Bank as a result of a loan default by Silvercat Investments Inc. The Bank raised preliminary objections, including the existence of an arbitration clause and the statute of limitations. The arbitration clause defense was upheld, leading to the dismissal of the lawsuit. A preliminary hearing was conducted, followed by a trial hearing from November 22 to 25, 2022, during which testimonial evidence was presented, and closing arguments were made. On January 31, 2024, Ruling No. 2024000030 was issued, upholding the statute of limitations defense and dismissing the lawsuit. On February 21, 2024, the plaintiff filed an appeal for cassation. On the same day, Davivienda also filed a cassation appeal, but only regarding the exemption of legal costs. On February 22, 2024, the co-defendants filed similar appeals aligned with Davivienda's stance. On June 4, 2024, the First Chamber of the Supreme Court admitted all appeals for review.
Contingency Classification: Remote
Potential Material Impact: Given the low probability of an unfavorable ruling against the Bank, the potential material impact is low.

19. **Type of Proceeding**: A total of seven administrative proceedings before the National Consumer Commission.
Plaintiff: Customers of the bank.
Defendant: Banco Davivienda (Costa Rica), S.A.
Claims: Compensation for damages.
Claim Amount: The claims vary, and the specific amount cannot be determined until the Commission issues a ruling.
Summary and Current Status: In most cases, we are awaiting a resolution.
Classification/Probability of an Adverse Outcome: Seven cases classified as possible.
Potential Financial Impact: Due to the nature of the hearings held and the evidence presented by the plaintiffs, the potential financial impact is low.

20. **Type of Proceeding:** Ordinary labor lawsuit.
Plaintiff: Leonardo Esteban Lostalo Calderón.
Defendants: Banco Davivienda (Costa Rica), S.A. / Elizabeth Mora Arancibia.
Claims: Seeks compensation for alleged workplace harassment**.**
Claim Amount: USD $0.19 – COP $837.
Summary and Current Status: A hearing was initially scheduled for January 2022 but was postponed at the plaintiff's request due to a pending medical evaluation. As a result, a new hearing was set for March 11 and 12, 2024. However, by resolution dated February 26, 2024, the scheduled hearing was canceled, and a new one was set for May 6, 7, and 8, 2024. The proceedings concluded in August 2024, and the final ruling is pending.
Classification/Probability of an Adverse Outcome: Possible**.**
Potential Financial Impact: Considering the claim amount and the precedent it may set, the potential financial impact is moderate.

21. **Type of Proceeding:** Ordinary labor lawsuit.
Plaintiff: Catherine Gómez Sojo.
Defendants: Banco Davivienda (Costa Rica), S.A. / LAC.
Claims: Seeks compensation for alleged workplace harassment.
Claim Amount: USD $0.99 – COP $4,352.
Summary and Current Status: The Bank responded to the lawsuit, and notification to the co-defendant is still pending. On December 22, 2023, the Forensic Medicine Department initiated the process to issue the expert

report. On September 17, 2024, the Forensic Psychological Expert Report was submitted to the case file, and notification to the co-defendant is pending for the continuation of the proceedings.
Classification/Probability of an Adverse Outcome: Possible.
Potential Financial Impact: Considering the claim amount and the precedent it may set, the potential financial impact is moderate.

22. **Type of Proceeding:** Contentious Administrative Lawsuit.
Plaintiff: Monica Yanez Palencia.
Defendant: Banco Davivienda (Costa Rica), S.A.
Claims: Seeks the annulment of the credit agreement due to alleged abusive clauses and lack of information regarding the insurance contract.
Claim Amount: USD $0.037 – COP $161.
Summary and Current Status: The Bank responded to the lawsuit, and a ruling on the jurisdictional objection before the First Chamber of the Supreme Court of Justice is pending. By Judgment 001030-C-S1-2024, issued on July 30, 2024, the jurisdiction was determined, stating that the case should be heard by the First Instance Collegiate Courts of San José. By resolution dated September 4, 2024, the First Collegiate Court assumed jurisdiction over the case and reported technological issues with the case file. The preliminary hearing is pending and has been rescheduled for March 11, 2025.
Classification/Probability of an Adverse Outcome: Possible.
Potential Financial Impact: Considering the claim amount and the precedent it may set, the potential financial impact is moderate.

23. **Type of Proceeding:** Arbitration Process.
Plaintiffs: Alan Alfaro Bogantes and Sonia Castañeda Díaz.
Defendant: Banco Davivienda (Costa Rica), S.A.
Claims: Seeks compensation for the purchase of a property in an inalienable zone. The specific claims are yet to be determined as the arbitration claim has not been formally filed.
Claim Amount: USD $0.50 – COP $2,205.
Summary and Current Status: On November 14, 2023, the plaintiffs submitted an arbitration request to initiate the process. On November 27, 2023, we submitted a response appointing our legal representatives and designating Mr. William Molinari as the respondent's arbitrator. By resolution dated December 7, 2023, Mr. José Rafael Fernández Quesada was appointed as the Tribunal's president. By resolution dated January 9, 2024, the parties were summoned to a virtual hearing scheduled for January 25, 2024, with a 15-day deadline for filing the arbitration claim, which was set to expire on January 30. The hearing was attended, but it could not proceed due to the lack of notification to one of the defendants (Trustee). Once notification was completed, a new hearing was scheduled for April 9, 2024. On May 20, 2024, the plaintiffs filed their arbitration claim. On June 28, 2024, Intermanagement Costa Rica S.A. submitted its response to the claim. On July 1, the Bank filed its response. On July 12, the plaintiffs submitted their reply. On September 10, the Arbitral Tribunal ruled in favor of the Bank's jurisdictional objection. On September 13, the plaintiffs filed a motion for reconsideration and appeal. The reconsideration motion was denied, and the appeal was admitted, leading to the case being forwarded to the First Chamber of the Supreme Court, where a decision is pending.
Classification/Probability of an Adverse Outcome: Possible.
Potential Financial Impact: Given the claim amount and the precedent it may set, the potential financial impact is moderate.

24. **Type of Proceeding**: Administrative – Sanctioning (2016).
Plaintiff: Ministry of Finance.
Defendant: Corporación Davivienda/Banco Davivienda Costa Rica.
Claims: Seeks the annulment of the administrative sanctioning act confirming the fine related to the income determination process for the 2016 period.
Claim Amount: USD $1.43 – COP $6,300.

Summary and Current Status: On March 8, 2024, the Administrative Tax Tribunal issued Resolution FRA-074-S-2024 in favor of the Bank, declaring the annulment of the sanction, which amounted to ₡732,574,095. However, on November 13, 2024, the Tax Administration issued Sanctioning Resolution No. MH-DGT-DGCN-DF-RES-0119-2024, reimposing the fine for the same amount. On January 8, 2025, the Bank filed a motion for reconsideration against the resolution, along with a request for an administrative precautionary measure, and a decision from the Tribunal remains pending.
Classification/Probability of an Adverse Outcome: Possible.
Potential Financial Impact: Given that there is a judicial ruling in favor of the Bank regarding the tax determination process, which also covers the sanctioning matter, the potential financial impact is low.

<u>**El Salvador**</u>

25. **Type of Proceeding:** Common Commercial Declaratory Action for Interest Claims.
Plaintiff: Sociedad José Antonio Salaverría y Compañía de Capital Variable.
Defendant: Banco Davivienda Salvadoreño S.A.
Claims: The plaintiff claims default interest due to an alleged late payment of the judgment related to the summary commercial proceeding, Reference 34-SM-09, previously processed and concluded in the First Commercial Court of San Salvador.
Claim Amount: USD $9.6 – COP $42,115.
Summary and Current Status: On September 20, 2022, the Bank was notified of the first-instance ruling, which ordered it to pay the claimed amount. On September 26 of the same year, the Bank filed an appeal against the ruling, which was admitted. On December 9, 2022, the Bank was notified of a favorable appellate ruling that fully overturned the first-instance judgment and dismissed the plaintiff's claim in its entirety. On March 7, 2023, the Bank was notified that the opposing party had filed a cassation appeal, which was admitted due to formal grounds. The Bank was given notice to respond, which it did on March 16, 2023, requesting that the cassation appeal be dismissed and the favorable appellate ruling be upheld. A final ruling is pending. The Bank is covered by a guarantee to mitigate the financial impact of an adverse judgment.
Classification/Probability of an Adverse Outcome: Possible.
Potential Financial Impact: Given that the Bank is covered by a guarantee to mitigate the risk of an adverse ruling, the potential financial impact is low.

26. **Type of Proceeding:** Common Declaratory Action for Recognition and Establishment of Damages and Losses.
Plaintiff: José Emilio Marcos Kalil Ghattas Dahbura.
Defendant: Banco Davivienda Salvadoreño, S.A.
Claims: Damages that the plaintiff alleges to have suffered due to the Bank's alleged defamatory and malicious actions.
Claim Amount: USD $2.7 – COP $12,076.
Summary and Current Status: On May 17, 2022, a favorable acquittal ruling was issued for the Bank, which the opposing party appealed. By resolution dated August 30, 2022, the appellate chamber ordered the first-instance court to set aside the ruling and expand its reasoning while also ruling on the ongoing precautionary measures. On November 4, 2022, the Bank was notified that the first-instance judge, upon receiving the case file from the appellate chamber, declared the evidentiary hearing null and ordered it to be redone. On March 9, 2023, the Bank was notified that the order to hold a new evidentiary hearing had been revoked and that the case was being moved directly to judgment. By resolution dated July 3, 2024, the judge currently handling the case abstained from issuing a new ruling, arguing that she had not presided over the evidentiary hearing. The matter was then referred to the appellate chamber for a decision. On July 16, 2024, the appellate chamber rejected the judge's abstention request and ordered her to issue a ruling. By resolution dated July 25, 2024, the first-instance judge issued a ruling in favor of the Bank. On October 4, 2024, the Bank was notified that the opposing party's appeal had been admitted, and a hearing was scheduled for October 22, 2024. After the hearing, on November 18, 2024, the Bank was notified of the appellate chamber's resolution,

(Millions of Colombian Pesos (COP))

which declared the July 25, 2024, first-instance ruling null, ordered the ruling to be redone, and instructed that the previous judge who oversaw the evidentiary hearing be the one to issue the final judgment.

Classification/Probability of an Adverse Outcome: Remote**.**

Potential Financial Impact: Given the remote likelihood of an adverse ruling against the Bank, the potential financial impact is low.

12.26. Equity

Equity comprises all concepts and values representing shareholders' contributions or rights through subscribed capital, appropriated reserves from prior years' earnings as mandated by the General Meeting, in compliance with legal, statutory, or specific purposes, surplus, and dividends declared in shares, including share premium.

12.26.1. Capital Stock

As of December 31, 2024, and December 31, 2023, the Bank's authorized capital amounts to $90,000, represented by 500,000,000 shares, with a par value of $180 (pesos per share).

The subscribed and paid-in capital as of December 31, 2024, and December 31, 2023, amounts to $87,781 and $81,301, respectively.

The authorized, subscribed, and paid-in capital is represented by the following shares and other equity details:

	December 31, 2024	December 31, 2023
Subscribed and Paid-In Common Shares	371,069,401	343,676,929
Subscribed and Paid-In Preferred Shares	116,601,012	107,993,484
Total Outstanding Shares	487,670,413	451,670,413
Par Value at the Date	180	180

12.26.2. Share placement premium

This refers to the amounts received above the par value of the shares, as well as the capitalization of retained earnings from the distribution of profits from prior years with an increase in par value, as determined by the decisions of the Annual General Meeting. The details of the share premium that make up the equity are as follows:

	December 31, 2024	December 31, 2023
Share premium on ordinary shares	3,551,999	3,009,080
Share premium on preferred shares	1,978,808	1,808,207
	5,530,807	4,817,287

12.26.3. Reserves

As decided by the Annual General Meeting, appropriations have been made from the earnings generated in the annual periods.

(Millions of Colombian Pesos (COP))

The details of the reserves that comprise the equity are as follows:

	December 31, 2024	December 31, 2023
Legal Reserve:		
From Appropriated Earnings	5,527,225	5,526,835
At the Discretion of the Board of Directors	16,727	368,966
At the Discretion of the Annual General Meeting	56,980	607,480
For Future Capitalizations	43,354	43,354
	117,061	1,019,800
	5,644,286	6,546,635

12.26.4. Realizations on First-Time Adoption

The following outlines the movement of realizations upon first-time adoption:

	December 31, 2024	December 31, 2023
Opening Balance	107,023	109,767
Realization of Bonds	-	(94)
Revaluation of the Sale of Fixed Assets	(2,327)	(2,650)
Closing Balance	104,696	107,023

12.26.5. Basic Earnings Per Share

The basic earnings per share as of December 31, 2024, and 2023, were $(241) and $(876), respectively. This was calculated based on the basic profit at the end of each period divided by the weighted average number of shares outstanding.

	December 31, 2024	December 31, 2023
Total Shares Outstanding	487,670,413	451,670,413
Earnings Attributable to the Controlling Shareholders	(115,975)	(395,700)
Basic Earnings per Share (*)	(241)	(876)

(*) As of December 31, 2024, and 2023, the weighted average number of shares outstanding was 480,588,446 and 451,670,413, respectively.

At the Annual General Meeting held on March 19, 2024, the following resolutions were approved:

Distribution of Profits

Increase the occasional reserves with the result from the 2023 fiscal year by $105,939.

12.26.6. 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.

(Millions of Colombian Pesos (COP))

Based on the provisions established in Decree 2555 of 2010, Technical Reserves are the sum of Common Equity Tier One, Additional Core Equity and Additional Equity, discounting Common Equity Tier One 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 (VaR) 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 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 be implemented 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 common equity tier one and additional tier one capital ratio 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:

	Regulatory Minimums
Common Equity Tier One Capital Ratio (CET1)	4.50%
Conservation Buffer (CET1)	1.50%
Systemic Buffer (CET1)	1.00%
Minimum Common Equity Tier One Capital Ratio + Buffers	7.00%
Additional Tier One Ratio (AT1)	1.50%
Minimum Additional Tier One Ratio + Buffers	8.50%
Tier Two Capital Ratio (T2)	3.00%
Minimum Total Capital Adequacy Ratio + Buffers	11.50%
Leverage Ratio	3.00%

(Millions of Colombian Pesos (COP))

The Bank has complied with the minimum requirements by maintaining capital levels that exceed the total capital adequacy minimum by about 583 basis points on average during 2024. The capital adequacy ratio as of December 31, 2024 is presented below:

	December 31, 2024	December 31, 2023	Variation dic 24 - dic 23
Technical Capital			
Common Equity Tier One Capital[1]	14,194,706	13,106,036	1,088,670
Additional Tier One Capital (AT1)	2,218,916	1,919,782	299,134
Tier One Capital (T1)	16,413,622	15,025,818	1,387,804
Tier Two Capital	3,774,396	3,575,550	198,846
Technical Capital Deductions	90	16,823	(16,733)
Total Technical Capital	20,187,928	18,584,545	1,603,383
Risk-weighted assets			
Credit Risk Weighted Assets	113,537,148	109,672,836	3,864,312
Market Value at Risk	282,431	287,232	(4,801)
Operational Value at Risk	1,170,345	1,347,206	(176,861)
Total [2]	129,679,104	127,833,258	1,845,846
Capital Adequacy Ratios and Leverage Value			
Common Equity Tier One Capital Ratio (CET1)	10.95%	10.25%	0.70%
Tier One Capital Ratio (CET1 + AT1)	12.66%	11.75%	0.91%
Total Capital Adequacy Ratio	15.57%	14.54%	1.03%
Leverage Value	205,779,823	194,301,251	11,478,572
Leverage Ratio	7.98%	7.73%	0.25%

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.

12.27. Non-Controlling Interest

It consists of the portion of net assets (equity) and the results of the Subsidiaries, attributable to equity rights whose owners are different from those of the consolidated group of entities.

December 31, 2024

	Equity	% Minority Interest	Minority Interest
Fiduciaria Davivienda S.A.	290,233	5.30%	15,340
Corredores Davivienda S.A.	168,341	4.30%	7,228
Cobranzas Sigma S.A.S.	2,254	6.00%	135
Inversiones Financieras Davivienda S.A.	1,641,403	3.88%	63,491
Banco Davivienda Salvadoreño S.A.	1,694,456	1.76%	29,735
Valores Davivienda El Salvador S.A.	2,291	0.00%	-
Seguros Comerciales Bolívar S.A.	103,878	0.00%	-

(Millions of Colombian Pesos (COP))

Davivienda Servicios El Salvador S.A. de C.V.	19,577	0.00%	-
Banco Davivienda Honduras S.A.	996,538	2.75%	27,346
Seguros Bolívar Honduras S.A.	230,201	9.67%	22,198
Corporación Davivienda Costa Rica S.A.	2,211,983	0.03%	593
Davivienda Seguros Costa Rica S.A.	108,283	49.00%	52,923
Ediciones Gamma S.A.	6,255	2.90%	182
Promociones y Cobranzas Beta S.A.	122,748	2.60%	3,176
Delta International Holdings LLC - (USA)	16,006	1.00%	160
Corporación Financiera Davivienda S.A.	368,580	0.00%	-
			222,507

December 31, 2023

	Equity	% Minority Interest	Minority Interest
Fiduciaria Davivienda S.A.	284,231	5.30%	15,015
Corredores Davivienda S.A.	170,320	4.30%	7,310
Cobranzas Sigma S.A.S.	1,922	6.00%	115
Inversiones Financieras Davivienda S.A.	1,376,373	3.88%	53,213
Banco Davivienda Salvadoreño S.A.	1,402,776	1.76%	24,604
Valores Davivienda El Salvador S.A.	1,937	0.00%	-
Seguros Comerciales Bolívar S.A.	86,947	0.00%	-
Davivienda Servicios El Salvador S.A. de C.V.	16,580	0.00%	-
Banco Davivienda Honduras S.A.	815,942	2.75%	22,380
Seguros Bolívar Honduras S.A.	176,351	9.88%	17,364
Corporación Davivienda Costa Rica S.A.	1,832,433	0.03%	493
Davivienda Seguros Costa Rica S.A.	85,495	49.00%	41,765
Ediciones Gamma S.A.	4,354	2.90%	128
Promociones y Cobranzas Beta S.A.	107,396	4.10%	4,357
Delta International Holdings LLC - (USA)	12,755	1.00%	127
Corporación Financiera Davivienda S.A.	434,561	0.00%	-
			186,871

13. Specific Line Items of the Consolidated Income Statement

13.1. Investments and Valuation, Net

The following is the detail of the income and valuation of investments:

	December 31, 2024	December 31, 2023
Debt Instruments		
Income	1,586,939	1,675,977
Expense	253,601	171,798
Fair Value Valuation of Investments	1,333,338	1,504,179
Income	392,801	444,644
Expense	31,643	8,732
Interest of Investments at Amortized Cost	361,158	435,912
	1,694,496	1,940,091

(Millions of Colombian Pesos (COP))

	December 31, 2024	December 31, 2023
Equity Instruments		
Income	40,796	86,118
Expense	27,305	47,533
Valuation of Equity Instruments, Net	13,491	38,585
Sale of Investments		
Profit	80,209	117,623
Loss	29,924	31,026
Sale of Investments, Net	50,285	86,597
	1,758,272	2,065,273

13.2. Insurance Operations, Commissions, and Services Income, Net

The following presents the detail of insurance operations, commissions, and services:

	December 31, 2024	December 31, 2023
Income from Insurance Operations	698,036	596,447
Expense from Insurance Operations	504,595	400,990
	193,441	195,457
Income from Commissions and Services	2,929,806	2,785,513
Expenses from Commissions and Services	954,030	891,942
	1,975,776	1,893,571
	2,169,217	2,089,028

The main items of these commissions are originated by transactional operations.

13.3. Operating Expenses

The following presents the detail of operating expenses:

	December 31, 2024	December 31, 2023
Operating Expenses		
Salaries and Benefits	1,912,826	1,786,191
Incentives	182,743	190,979
Employee Benefits	401,207	335,327
	2,496,776	2,312,497
Administrative and Operational Expenses		
Maintenance and Improvements	308,813	314,535
Cleaning and Security Services	72,646	73,396
Advertising, Promotion, and Public Relations	219,193	216,692
Insurance	189,789	247,754
Contributions and Other	217,368	187,600
Leases	86,316	88,236
Electronic Data Processing	119,989	113,101
Professional Fees	432,100	442,137
Transportation	167,584	153,723

(Millions of Colombian Pesos (COP))

Taxes	518,243	531,085
Deposit Insurance	313,444	297,636
Other	627,351	584,590
	3,272,836	3,250,485
Amortization and Depreciation	447,386	377,322
	6,216,998	5,940,304

13.4. Other Income and Expenses, Net

The details of Other Income and Expenses are as follows:

	December 31, 2024	December 31, 2023
Judicial Recoveries and Other	39,432	38,026
Losses From Impairment, Net	84,929	(122,817)
Provision for Rate Coverage	2,960	2,953
Results From Partnerships	75,371	11,389
Reversals of Surplus and Balances in Favor of Portfolio	5,426	24,461
Profit From Exchange of Non-Controlling Equity Securities	-	13,761
Other Income	257,490	270,440
Operational Risk Losses, Net	(35,120)	(20,758)
Profit From Sale of Properties, Net	(19,373)	(10,747)
Other Expenses	(133,257)	(2,778)
Total Other Income and Expenses, Net	277,858	203,930

13.5. Income Tax

13.5.1. Components of the Income Tax Expense

The income tax expense for the years ended December 31, 2024, and 2023 comprises the following:

	December 31, 2024	December 31, 2023
Income Tax	183,766	225,667
Tax Benefit	(325)	(544)
Expense From Prior Periods - Income Tax 2023	5,064	(7,389)
Total Current Income Tax (1)	188,505	217,734
Total Deferred Income Tax	(162,370)	(839,205)
Total Income Tax Expense	26,135	(621,471)

(1) In compliance with Paragraph 6 of Article 240 of the Colombian Tax Code, the Group's Effective Tax Rate (TTDG) was calculated under Grupo Bolívar, resulting in a rate higher than the 15% threshold established by current tax regulations. Consequently, no additional current income tax expense was recognized.

13.5.2. Components of Income Tax Expense

The applicable tax regulations for the Bank and its subsidiaries in Colombia stipulate the following:

- The corporate income tax rate for 2024 and 2023 is 35%.

- For 2024 and 2023, financial institutions, insurance and reinsurance entities, brokerage firms, agricultural commodity exchanges, and market infrastructure providers are subject to an additional 5% surtax on the general income tax rate from 2023 to 2027, resulting in a 40% total tax rate if their taxable income equals or exceeds 120,000 UVT.

- Since 2021, the Economic Growth Law set the presumptive income tax base at 0% of net equity as of the last day of the prior taxable year.

- The Social Investment Law extends the audit benefit for 2023 and 2024, allowing taxpayers who increase their net income tax liability by at least 35% (2023) or 25% (2024) compared to the prior year to have their tax return finalized within 6 or 12 months of filing, respectively.

- The statute of limitations for income tax returns where taxpayers offset or recognize tax losses or are subject to transfer pricing regulations is five years.

- Pursuant to the Economic Growth Law 2010 of 2019, income and supplementary tax returns of taxpayers that determine or offset tax losses or are subject to the transfer pricing regime will be final after a period of 5 years.

- Excess presumptive income can be carried forward and offset against taxable income for the next five taxable years.

- Tax losses can be offset against ordinary taxable income for the next 12 taxable years.

- Capital gains tax is levied at a 15% rate for 2024 and 2023.

Tax Regulations Applicable to CAM Subsidiaries

The corporate income tax rates for Banco Davivienda's subsidiaries in Central America are as follows: 30% (Costa Rica, Honduras, El Salvador). 25% (Panama and El Salvador for companies with lower income levels). 0% (Panama Lic, International, Rojo Holding, and Torre Davivienda Floors 12–18, as well as Corredores Panama).

Costa Rica: As of July 1, 2019, the Law for Strengthening Public Finances (Law 9635) took effect, introducing significant changes, including:

- Replacement of the Sales Tax with the Value-Added Tax (VAT), which now applies specifically to the services sector.

- Corporate Income Tax Reform, introducing a new Capital Gains and Losses chapter, with A standard capital gains tax rate of 15%. A distinction between real estate and movable assets. A separate 8% rate for securities issued before the reform. For 2019, this was a single and final tax. For regulated entities under CONASSIF, as of January 1, 2020, capital gains tax is treated as a prepayment of ordinary corporate income tax.

- As of January 1, 2020, an integrated income tax system applies exclusively to the regulated financial sector under CONASSIF.

In accordance with IAS 12, paragraph 81(c), the following table presents the reconciliation between the total income tax expense calculated at the applicable tax rates and the actual tax expense (income) recorded in the financial statements for the years ended December 31, 2024, and 2023.

(Millions of Colombian Pesos (COP))

	December 31, 2024	Effective Rate	December 31, 2023	Effective Rate
Profit (Loss) Before Income Tax	(63,520)		(993,803)	
Income Tax at Statutory Rate (40% for 2024 and 2023)	(25,408)	40%	(397,521)	40%
Non-Deductible Expenses and Taxable Income	543,484		388,866	
Tax-Exempt Income	(60,867)		(73,602)	
Tax Deductions and Non-Taxable Income	(547,267)		(664,995)	
Tax Benefit	(325)		(544)	
Adjustment for Subsidiary Tax Rates (1)	46,809		48,707	
Deferred Tax Effect Due to Rate Changes	64,190		83,231	
Changes in Estimates Related to Prior Periods	5,064		(7,389)	
Current Tax for Miami Branch	455		1,776	
Total Income Tax Expense (Benefit)	26,135		(621,471)	0%

1) The subsidiary tax rate adjustment corresponds to the difference between the 40% statutory tax rate applicable in Colombia for 2024 and 2023 and the average national tax rates in other countries.

13.5.3. Expense for Other National and Local Taxes and Parafiscal Contributions

	December 31, 2024	December 31, 2023
Parafiscal Contributions	301,810	286,544
Value-Added Tax (VAT)	6,228	6,456
Industry and Commerce Tax	305,546	301,576
Financial Transactions Tax	128,904	153,996
Other	77,565	69,057
Total Other Taxes	820,053	817,629

13.5.4. Deferred Tax by Type of Temporary Difference

Differences between the carrying amounts of assets and liabilities under IFRS and their tax bases give rise to temporary differences that generate deferred taxes. These taxes are calculated and recognized as of December 31, 2024, and 2023, based on the applicable tax rates for the years in which such differences are expected to reverse.

	Balance as of December 31, 2023	Impact on Income Statement	Impact on OCI	Adjustment for Prior Periods (*)	Balance as of December 31, 2024
Deferred Tax Assets					
Tax Losses	1,486,443	145,270	-	252	1,631,965
Total Assets	1,486,443	145,270	-	252	1,631,965
Deferred Tax Liabilities					
Investments in Associates	68,974	2,715	24,251	-	95,940
Investments Measured at Fair Value	107,457	(17,489)	(4,332)	-	85,636
Other Liabilities, Provisions, Derivatives, and Property, Plant & Equipment (PP&E)	818,515	(84,048)	(43,733)	8,653	699,387

(Millions of Colombian Pesos (COP))

Other Assets	46,756	81,722	232	-	128,710
Goodwill	406,618	-	-	-	406,618
Total Liabilities	1,448,322	(17,100)	(23,582)	8,653	1,416,293
Net Deferred Tax	38,121	162,370	23,582	(8,401)	215,672

	Balance as of December 31, 2022	Impact on Income Statement	Impact on OCI	Adjustment for Prior Periods (*)	Balance as of December 31, 2023
Deferred Tax Assets					
Investments Measured at Fair Value	63,117	(49,268)	(13,849)	-	-
Tax Losses	-	1,486,444	-	-	1,486,444
Total Assets	63,117	1,437,175	(13,849)	-	1,486,443
Deferred Tax Liabilities					
Investments in Associates	63,410	977	4,587	-	68,974
Investments Measured at Fair Value	-	34,726	72,731	-	107,457
Other Liabilities, Provisions, Derivatives, and Property, Plant & Equipment (PP&E)	(93,480)	684,656	148,174	79,163	818,513
Other Assets	33,944	14,134	(1,322)	-	46,756
Goodwill	543,142	(136,523)	-	-	406,619
Total Liabilities	547,018	597,970	224,170	79,163	1,448,321
Net Deferred Tax	(483,901)	839,205	(238,019)	(79,163)	38,122

(*) The prior period adjustment primarily pertains to the Bank and corresponds to the reconciliation between deferred tax and current tax due to the filing of the 2022 and 2023 income tax returns. This adjustment reflects the final determination of taxable income and applicable tax credits for each fiscal period.

The Group offset deferred tax assets and liabilities by entity or taxable entity, in accordance with the applicable tax regulations in Colombia and other jurisdictions where its subsidiaries operate. This follows the legal right to offset current tax assets and liabilities, as well as the requirements outlined in paragraph 74 of IAS 12 regarding deferred tax assets and liabilities by entity or taxable entity.

13.5.5. Effect of Current and Deferred Taxes on Components of Other Comprehensive Income in Equity

	Balance as of December 31, 2023	Movement by OCI Component	Deferred Tax	Subtotal Movements in OCI Component	Balance as of December 31, 2024
OCI Components That Will Not Be Reclassified to Profit or Loss					
Valuation of Financial Instruments	77,021	(45,074)	-	(45,074)	31,947
Impairment of Loan Portfolio for Consolidated Financial Statements	2,150,932	508,029	(20,138)	487,891	2,638,823
Long-Term Employee Benefits	(7,057)	1,881	-	1,881	(5,176)
OCI Components That Will Be Reclassified to Profit or Loss					
Ownership in Investments Measured Using the Equity Method	(16,934)	(25,712)	22,795	(2,917)	(19,851)
Foreign Currency Translation Differences from Foreign Subsidiaries	1,203,094	808,441	20,925	829,366	2,032,460
Cash Flow Hedge with Derivatives	-	29,563	-	29,563	29,563
	3,407,056	1,277,128	23,582	1,300,710	4,707,766

(Millions of Colombian Pesos (COP))

	Balance as of December 31, 2022	Movement by OCI Component	Current Tax	Deferred Tax	Subtotal OCI Movements	Balance as of December 31, 2023
OCI Components That Will Not Be Reclassified to Profit or Loss						
Valuation of Financial Instruments	(171,215)	248,236	-	-	248,236	77,021
Impairment of Loan Portfolio for Consolidated Financial Statements	1,566,311	688,547	-	(103,926)	584,621	2,150,932
Long-Term Employee Benefits	579	(7,636)	-	-	(7,636)	(7,057)
OCI Components That Will Be Reclassified to Profit or Loss						
Ownership in Investments Measured Using the Equity Method	(12,885)	(5,218)	135,261	(134,093)	(4,050)	(16,934)
Foreign Exchange Differences on Translation of Foreign Subsidiaries	2,156,014	(952,920)	-	-	(952,920)	1,203,094
	3,538,804	(28,991)	135,261	(238,019)	(131,749)	3,407,056

13.5.6. Uncertainty Over Income Tax Treatments

As of January 1, 2020, through Decree 2270 of 2019, IFRIC 23 Uncertainty Over Income Tax Treatments was adopted for local financial reporting purposes under Group 1. In applying this standard, the Bank and its subsidiaries analyzed tax positions taken in tax returns subject to review by tax authorities as of December 31, 2024, and 2023. No events or situations were identified that would indicate uncertainty regarding differences between these positions and those expected to be accepted by the tax authorities.

13.5.7. Deferred Taxes Related to Subsidiaries, Associates, and Joint Ventures

In accordance with paragraph 39 of IAS 12, the Group has not recognized a deferred tax liability related to temporary differences arising from investments in subsidiaries and associates. This is because: i) The Company has control over its subsidiaries and the decision to sell investments in associates, thereby determining the timing of the reversal of such temporary differences; and ii) The Company does not anticipate realizing these temporary differences in the foreseeable future.

As of December 31, 2024, and 2023, temporary differences related to these investments amounted to $6,335,420 and $3,354,039, respectively.

13.5.8. Transfer Pricing

In accordance with Laws 788 of 2002, 863 of 2003, 1607 of 2012, and 1819 of 2016, as regulated by Decree 2120 of 2017, the Bank and its subsidiaries conducted a transfer pricing study on transactions carried out with foreign-related parties during 2023. The study did not result in any adjustments affecting the Company's taxable income, costs, or expenses.

Although the 2024 transfer pricing study is still in progress, no significant changes are anticipated compared to the prior year.

13.5.9. Tax Reform for Equality and Social Justice

Law 2277 of December 13, 2022, introduced a tax reform that modifies several aspects of corporate income tax regulations. The key provisions are as follows:

- The general corporate income tax rate remains at 35% for domestic companies, their equivalents, permanent establishments of foreign entities, and foreign legal entities, whether resident or non-resident, that are required to file an annual income tax return.

- Financial institutions, insurance and reinsurance companies, securities brokerage firms, agricultural commodity brokerage firms, agricultural, agro-industrial, and other commodity exchanges, and infrastructure providers for securities markets are subject to a 5-percentage-point surcharge in addition to the general corporate tax rate from 2023 to 2027. This results in a total tax rate of 40% for those whose taxable income is equal to or exceeds 120,000 UVT (COP 5,648 in 2024). This surcharge is subject to a 100% advance payment.

- A minimum tax is established for Colombian tax residents, imposing an additional tax liability if the adjusted tax burden is lower than 15% of pre-tax accounting profit, after specific adjustments. Taxpayers must (i) determine the adjusted tax burden of the Colombian entity or, if applicable, the consolidated group, (ii) calculate the adjusted taxable income of the entity or group, and (iii) compute the effective tax rate (adjusted tax burden ÷ adjusted taxable income). If this rate is below 15%, the entity or group must calculate and pay the additional tax.

  This minimum tax does not apply to Special Economic and Social Zones (ZESEs) during their zero-tax period, entities with zero or negative adjusted taxable income, entities governed by Article 32 of the Tax Code (E.T.) related to concessions, state-owned industrial and commercial enterprises engaged in state-regulated monopolies (e.g., gambling, lotteries, and liquor sales), and hotels and theme parks, provided they are not required to file country-by-country reports.

- A 3% cap on ordinary taxable income applies to the sum of certain tax-exempt income, special deductions, and tax credits.

- The deduction for science, technology, and innovation (CTeI) investments is eliminated. Instead, these investments qualify for a 30% tax credit, up from 25%. The 50% deduction for the Industry and Commerce Tax (ICA) is eliminated. Instead, 100% of ICA paid before filing the tax return is deductible. All taxes, fees, and contributions related to income generation (except income tax) remain 100% deductible, while 50% of the Financial Transactions Tax (GMF) is deductible regardless of its connection to taxable income.

- Non-deductible expenses include social club memberships, personal staff expenses (e.g., household employees), personal expenses of shareholders, executives, or their families, all of which are treated as taxable in-kind income for the beneficiaries.

- Fines, penalties, and punitive damages arising from legal, administrative, or arbitration proceedings are non-deductible (Article 105, paragraph 3 of the Tax Code).

- The capital gains tax rate is set at 15%.

- Withholding tax on dividends received by domestic corporations, previously 7.5%, is increased to 10%. This withholding is creditable against the final tax liability of resident individuals and foreign investors. Dividends and profit distributions received by permanent establishments of foreign corporations are subject to a special 20% tax rate.

- The tax on taxable dividends is calculated as follows: (i) Apply the corporate tax rate (35%) to the taxable portion, and (ii) apply the dividend tax rate (Article 241 of the Tax Code) to the remaining amount, depending on the recipient’s classification (resident individuals or estates of deceased residents).

(Millions of Colombian Pesos (COP))

- Dividends declared from earnings before 2016 retain their previous tax treatment. Dividends from earnings of 2017, 2018, and 2019, declared after 2020, follow the rates established in Law 2010.

14. Related Parties

The Bank may engage in transactions, agreements, or contracts with related parties, provided that such transactions are conducted at fair value, considering, among others, the following criteria:

- Market conditions and rates prevailing in the sector in which the transaction occurs.
- Business activities of the companies involved.
- Growth prospects of the respective business.

The following are considered to be related parties:

1. Group Companies:

Controlling Entity:	Grupo Bolívar
Subsidiaries:	Fiduciaria Davivienda S.A., Corredores Davivienda S.A., Cobranzas Sigma S.A., Corporación Financiera Davivienda S.A., VC Investments S.A.S., Inversiones CFD S.A.S., Promociones y cobranzas Beta S.A., Ediciones Gamma S.A., Delta International Holding, Banco Davivienda Panama S.A., Banco Davivienda International S.A., Inversiones Rojo Holding S.A., 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., Corredores Panama S.A., Banco Davivienda Honduras S.A., Seguros Honduras S.A., Grupo del Istmo Costa Rica S.A., Davivienda Seguros Costa Rica S.A., Banco Davivienda Costa Rica S.A., Corporación Davivienda Costa Rica S.A., Davivienda Corredora de Seguros S.A., Davivienda Leasing Costa Rica S.A., Banco Davivienda Salvadoreño S.A., Davivienda Puesto de Bolsa S.A., Inversiones Financieras Davivienda El Salvador, Davivienda Servicios de C.V. S.A., Seguros Commerciales Bolívar El Salvador S.A., Valores Davivienda El Salvador S.A., Davivienda Investment Advisor USA LLC, Datio Inversiones S.A.S., Holding Davivienda International S.A., Epayco,Com S.A.S.
Companies of Grupo Empresarial Bolívar:	Capitalizadora Bolívar S.A., Company de Seguros Bolívar S.A., Seguros Commerciales Bolívar S.A., Investigaciones y Cobranzas El Libertador S.A., Multinversiones Bolívar S.A.S., Soluciones Bolívar S.A.S., Servicios Bolívar Facilites S.A.S., Construcción y Desarrollo Bolívar S.A.S., Inversora Bolívar S.A.S., Constructora Bolívar Bogota S.A., Constructora Bolívar Cali S.A., CB inmobiliaria S.A., CB Hoteles y Resorts S.A., Prevención Técnica LTDA., Riesgo e Inversiones Bolívar International S.A., Agencia de Seguros el Libertador LTDA., Sentido Empresarial S.A.S., Sentido Empresarial International S.A., Servicios Bolivar S.A., Negocios e Inversiones Bolívar S.A.S., Sociedades Bolívar S.A.S., Inversora Anagrama S.A.S., Inversiones Financieras Bolívar S.A.S., Bolivar Salud IPS S.A.S., Salud Bolivar EPS S.A.S.

2. Associate Companies:	Redeban S.A. Titularizadora S.A. Hitos, Servicios de Identidad Digital S.A.S. Sersaprosa, Serfinsa, ACH El Salvador, Zip Amarateca, Bancajero Banet.

(Millions of Colombian Pesos (COP))

3. Joint Ventures	Holding Rappipay S.A.S., Rappipay Company de Financiamiento S.A.
4. Key Management Personnel:	Board of Directors and Strategic Committee: The latter is composed of the President and Executive Vice Presidents.
5. Other:	Shareholders Holding Between 5% and 10%: Inversiones Cusezar S.A. and Inversiones Meggido S.A. Entities in which the Bank Holds More than 10% Ownership: ACH Colombia S.A., Finagro, and Credibanco.

The Bank has office network agreements with Fiduciaria Davivienda and Corredores Davivienda, a business collaboration contract with Fiduciaria Davivienda, and real estate lease agreements with Promociones y Cobranzas Beta, Ediciones Gamma, and Seguros Commerciales Bolívar. Additionally, it has service provision contracts, financial product integration and licensing agreements, and data transfer agreements with Servicios Bolívar; a maintenance contract with Servicios Bolívar Facilities; and a specialized services contract with Prevención Técnica. Furthermore, Davivienda Servicios has entered into an administration and support contract for the Multilatina Davivienda corporate portal with Banco Davivienda El Salvador, Banco Davivienda Colombia, Banco Davivienda Costa Rica, Banco Davivienda Honduras, and Banco Davivienda Panama. It also has a vulnerability testing contract with Banco Davivienda Panama, Banco Davivienda Costa Rica, Banco Davivienda Honduras, and Banco Davivienda Colombia, as well as a contract for development, support, and IT advisory services with Banco Davivienda Panama and Banco Davivienda Colombia.

The Bank also has placement and premium collection agreements and bancassurance distribution contracts with Seguros Bolívar and Seguros Commerciales Bolívar.

All transactions were conducted at market prices. Deposit rates range between 0.00% and 17.00%, while lending rates range between 4.69% and 26.39%, including mortgage loans granted to key management personnel at rates of RVU and RVU+2%, structured as employee benefits.

As of December 2024, there are no loans granted to related parties under interest rates, terms, collateral, or other conditions different from those agreed with third parties.

By regulatory mandate, the Bank must make and maintain mandatory investments in securities issued by the Fund for Agricultural Sector Financing (Finagro), specifically in Agricultural Development Securities (TDA) amounting to $565,446. Class A securities were issued at a nominal quarterly rate of 3.67%, and Class B at a nominal quarterly rate of 1.71%, which do not correspond to market rates.

Additionally, the Bank engaged in rediscount operations with Finagro, as detailed below:

	December 31, 2024	December 31, 2023
Rediscount - Small Guarantee	270,440	416,638
Payable Interest on Rediscount	5,598	10,147
Interest Expense on Rediscount	41,684	59,328

These transactions correspond to the portfolio fund directed to the agricultural sector at preferential rates.

(Millions of Colombian Pesos (COP))

Below are the transactions with Related Parties:

December 31, 2024		Group Companies						
	Parent Company	Subsidiaries	Others	Associates	Joint Ventures	Key Personnel (1)	Other	Total
Assets (2)	-	417,794	462,166	26,637	53,335	5,385	2,328	967,645
Cash	-	253,863	-	-	-	-	-	253,863
Loan Portfolio and Financial Leasing	-	193	422,194	26,527	-	5,372	4	454,290
Accounts Receivable	-	163,226	5,599	110	53,335	13	2,324	224,607
Other Assets	-	512	34,373	-	-	-	-	34,885
Liabilities (3)	605,165	63,022	307,257	149,247	66,310	8,232	98,458	1,297,691
Financial Liabilities	605,165	60,508	273,436	144,452	66,310	8,218	79,200	1,237,289
Accounts Payable	-	2,514	33,810	4,795	-	14	19,258	60,391
Other	-	-	11	-	-	-	-	11
Income	5	93,282	424,356	239,900	7,857	583	210,217	976,200
Fees	5	775	353,198	236,879	7,857	231	185,674	784,619
Interest	-	5,140	65,985	421	-	352	1	71,899
Dividends	-	-	-	-	-	-	24,542	24,542
Other	-	87,367	5,173	2,600	-	-	-	95,140
Expenses	42,071	18,873	181,372	159,002	-	1,255	119,221	521,794
Fees	5,335	18,873	12,488	156,903	-	306	84,311	278,216
Other	36,736	-	168,884	2,099	-	949	34,910	243,578

(1) In accordance with IAS 24, key management personnel are defined as individuals who have authority and responsibility for planning, directing, and controlling the entity's activities, directly or indirectly. This includes members of the Strategic Committee and the Board of Directors of the Bank.

The transactions reported include all dealings with key management personnel, except for employee benefits, which are detailed separately.

(2) Assets: The most significant related-party transactions involving assets included mortgage loans with employee benefits, granted at placement rates tied to the Real Value Unit (RVU) or RVU+2.0%, as approved by the Board of Directors, with a 15-year term and acceptable collateral. Additionally, consumer loans were issued at market rates of up to 26.39%.

Other transactions involved working capital loans, construction credit, corporate loans, and credit cards issued to Group Companies with interest rates ranging from 5.99% to 24.75%.

(3) Liabilities: The most significant related-party transactions involving liabilities included checking accounts with interest rates ranging from 0.0% to 0.25%, savings accounts with interest rates between 0.00% and 7.3%, and Certificates of Deposit (CDs) with interest rates ranging from 0.9% to 0.15% with Group Companies. Other transactions included savings accounts with a 7.03% interest rate for shareholders holding between 5% and 10% of the Bank's capital, and checking accounts with a 0% interest rate as well as savings accounts with a 7.3% interest rate for shareholders holding 10% or more of the Bank's capital.

(Millions of Colombian Pesos (COP))

December 31, 2023	Group Companies							
	Parent Company	Subsidiaries	Others	Associates	Joint Ventures	Key Personnel (1)	Other	Total
Assets (2)	-	365,465	508,433	21,503	-	4,921	2,491	902,813
Cash	-	170,814	-	-	-	-	-	170,814
Loan Portfolio Financial Leasing Operations	-	4	500,787	21,503	-	4,921	12	527,227
Accounts Receivable	-	194,221	4,308	-	-	-	2,479	201,008
Other Assets	-	426	3,338	-	-	-	-	3,764
Liabilities (3)	513,361	120,822	276,932	126,299	103,063	3,499	149,850	1,293,826
Financial Liabilities	513,361	99,876	248,119	60,739	103,063	3,499	118,544	1,147,201
Accounts Payable	-	20,946	28,797	65,560	-	-	31,306	146,609
Other	-	-	16	-	-	-	-	16
Income	4	61,137	453,703	294,980	31,155	355	221,417	1,062,751
Fees	4	180	388,122	290,247	31	5	196,204	874,793
Interest	-	-	60,964	4,313	31,124	350	-	96,751
Dividends	-	-	-	-	-	-	25,213	25,213
Other	-	60,957	4,617	420	-	-	-	65,994
Expenses	12,453	30,434	223,879	184,195	4,737	278	140,667	596,643
Fees	-	1,441	-	175,014	-	-	81,161	257,616
Other	12,453	28,993	223,879	9,181	4,737	278	59,506	339,027

(1) In accordance with IAS 24, key management personnel are defined as individuals who have the authority and responsibility to plan, direct, and control the entity's activities, directly or indirectly. This includes members of the Strategic Committee and the Board of Directors of the Bank.

The reported transactions include all dealings with key management personnel, except for employee benefits, which are detailed separately.

(2) Assets: The most significant related-party transactions involving assets included mortgage loans with employee benefits, granted at placement rates tied to the Real Value Unit (RVU) or RVU+2.0%, as approved by the Board of Directors, with a 15-year term and acceptable collateral. Additionally, consumer loans were issued at market rates of up to 43.40%.

Other transactions involved working capital loans, construction credit, corporate loans, and credit cards issued to Group Companies with interest rates ranging from 0.01% to 43.40%.

(3) Liabilities: The most significant related-party transactions involving liabilities included checking accounts with interest rates ranging from 0.5% to 12%, savings accounts with interest rates between 0.10% and 12%, and Certificates of Deposit (CDs) with interest rates ranging from 3.68% to 20.16% with Group Companies. Other transactions included savings accounts with a 10.75% interest rate for shareholders holding between 5% and 10% of the Bank's capital, as well as checking accounts with a 0% interest rate and savings accounts with an 11% interest rate for shareholders holding 10% or more of the Bank's capital.

(Millions of Colombian Pesos (COP))

The transactions with key management personnel are as follows:

	December 31, 2024		December 31, 2023	
	Maximum Balance	Closing Balance	Maximum Balance	Closing Balance
Mortgage Loans and Other Secured Loans	794	1,360	644	1,512
Credit Cards	120	296	74	373
Other Loans	475	540	631	1,604
		2,196		3,489

The following details the payments made to key management personnel:

	December 31, 2024	December 31, 2023
Short-Term Benefits		
Salaries	13,647	12,280
Other Short-Term Benefits	160	1,345
	13,807	13,625

There were no significant decisions made or omitted by Banco Davivienda due to the influence or interest of Grupo Bolívar S.A., nor were there any decisions made or omitted by Grupo Bolívar S.A. in the interest of Davivienda.

15. Subsequent Events

Agreement for the Integration of Scotiabank Operations

On January 6, 2025, Banco Davivienda S.A. announced that, following authorization from its Board of Directors, it entered into an agreement with Scotiabank Canada (The Bank of Nova Scotia) to integrate Scotiabank's operations in Colombia, Costa Rica, and Panama into Davivienda. Under this agreement, Scotiabank's global expertise will remain as it becomes a shareholder of Davivienda. The implementation of the agreement is subject to, among other conditions, approvals from the regulatory authorities in each jurisdiction and the respective corporate authorizations.

Capitalization of Davivienda Investment Advisor USA LLC (RIA)

On January 30, 2025, Banco Davivienda S.A. announced that its subsidiary, Holding Davivienda International S.A., subscribed to shares in Davivienda Investment Advisor USA LLC (RIA), a subsidiary of the Bank, for $4,300.

Incorporation of Renting Davivienda S.A.S.

On February 4, 2025, Banco Davivienda S.A. announced that its subsidiary, Inversiones CFD S.A.S., wholly owned by Corporación Financiera Davivienda S.A., incorporated Renting Davivienda S.A.S. as part of its ordinary business activities, with a subscribed and paid-in capital of $100 million and a 51% ownership stake.

16. Approval of Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors and the Legal Representative on February 26, 2025, for submission to the Annual General Meeting of Shareholders for approval, which may approve or modify them.