



DAVIVIENDA

# 20 > GOOD THINGS MULTIPLY < 20

BANCO DAVIVIENDA S.A. REPORT OF THE BOARD OF DIRECTORS AND THE CEO TO THE 2020 ANNUAL GENERAL MEETING





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## About this report

This report covers the period running from January 1st until December 31st, 2020 and includes our operations in Colombia and Central America.

In 2020, we prepared this report in accordance with the “Essential” option of the Global Reporting Initiative (GRI) Standards, based on material information relevant for the Bank and its stakeholders. A third party verified this report to assess if the contents herein are in line with the set of standards for preparing Global Reporting Initiative Sustainability Memories.

We have kept our commitment to sustainability by maintaining our adherence to the Global Compact, making meaningful contributions to fulfill the UN Sustainable Development Goals (SDGs) and partaking in benchmark initiatives such as the Green Protocol, the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Indices (DJSI), and from 2020, the adherence to the Task Force on Climate-related Financial Disclosures (TCFD).

In addition to the letter from the CEO and a summary of the most significant developments and figures for 2020, we report on our economic, environmental, and social performance during an unprecedented year due to the COVID-19 pandemic. Furthermore, we provide a brief description of our business drivers, such as human talent, risk management and corporate governance, as part of a brief description of the economic context in the countries where we operate.

To conclude, we provide an analysis of our financial results and additional appendices attached hereto that are an integral part of this report.



# Content



Banco Davivienda S.A.  
Report of the Board of Directors and the CEO  
to the 2020 Annual General Meeting

Page 4

## Letter from the CEO 17.5 MILLION CUSTOMERS IN COLOMBIA AND CENTRAL AMERICA

Page 10

## INTRODUCTION

Our Higher Purpose .....	12
Awards, Distinctions, and Certifications .....	13
Our Strategy .....	15
Dialogue with our Stakeholders.....	18
Materiality Overview .....	22

Page 23

## Our Results 2020, DIGITAL LEAP: THE WORLD IN A PHONE

Main Figures .....	24
Innovation .....	25
Digital Transformation.....	27
Retail Banking.....	30
DaviPlata .....	36
Commercial Banking .....	39
Wealth Management .....	50
International Banking.....	52
Davivienda's Financial Corporation.....	54

Page 55

## Sustainable Management OUR APPROACH TO SHARED VALUE

Economic Management.....	60
Environmental Management.....	63
Social Management.....	91

Page 108

## Our Enablers BUILDING OVER STRONG FOUNDATIONS

Human Talent .....	109
Enterprise Risk Management .....	121
Corporate Governance and Structure .....	127

Page 140

## Macroeconomic Environment and Financial System REGIONAL ECONOMIC ANALYSIS

Macroeconomic Environment and Financial System - Colombia.....	141
Macroeconomic Environment and Financial System - Central America.....	151

Page 163

## Financial Results ANALYSIS OF A PARTICULAR YEAR

Consolidated Financial Report.....	164
Results by Segment and Perspectives .....	169
Individual Financial Report.....	172
Social Financial Statement.....	179

Page 180

## APPENDICES

Appendix 1	Memorandum of Independent Review.....	181
Appendix 2	Materiality Assessment 2020.....	183
Appendix 3	GRI Content.....	185
Appendix 4	Transactions with Related Parties, Significant Transactions, and Subsequent Events .....	196
Appendix 5	Administrative Matters.....	197
Appendix 6	Consolidated Financial Statements.....	204
Appendix 7	Individual Financial Statements.....	212
Appendix 8	Certification and Responsibility for Financial Information.....	220



## Letter from the CEO

# 17.5 Million Customers in Colombia and Central America

*Focused in our purpose of enriching life with integrity, we did everything possible to help our customers during 2020. And despite the challenges posted by the year, we made important achievements in strategic fronts, consolidating our leadership in Colombia and Central America.*

We have overcome various crises over the course of our over 48-year track record thanks to our organizational culture, the effort and talent of our employees, our robust risk management system, our capacity to adapt, innovate and create value, the support of our customers and the trust of our shareholders.

Focused on our purpose of enriching life with integrity and in response to the extraordinary conditions that marked 2020, our main goal was to do

everything we could to help our clients hurdle the impacts of the economic downturn. We acted promptly driven by the commitment of our people, our technological capabilities, and our sound financial position.

## A CHALLENGING YEAR

Despite the challenges stemming from the unanticipated COVID-19 crisis, we achieved major progress on several fronts and continued to consolidate our leadership, closing 2020 with 17.5 million customers across Colombia and Central America. In Colombia, our market share expanded by nearly 0.7 percentage points, reaching 16.2%<sup>1</sup> We remain at the forefront of mortgage finance and strengthened our position in SMEs financing. In Central America we also succeeded in expanding our reach to more people and companies, growing our market share to 10%<sup>2</sup>

These results drove the growth of our consolidated gross loans portfolio by 9.5% over the year, mainly reflecting the performance of the commercial loan book, which grew by 9.6%, as well as the mortgage segment, growing by 11.4%.

The economic climate significantly altered our risk outlook throughout the year, impacting our financial results. Provision expenses rose sharply, closing at COP<sup>3</sup> 4.2 trillion (72.5% more than in 2019) to cover potential risks in the portfolio. Consequently, our consolidated net profit was COP 408 billion, 72.5% lower than in 2019.

1. Market share in gross loans and securitized portfolios as of December 2020.

2. Market share figures as of December 2020 include Costa Rica, El Salvador, and Honduras.

3. COP: Colombian Pesos average exchange rate for 2020: COP 3,693.36 per 1 USD.

Exchange rate as of December 31, 2020: COP 3,432.50. Exchange rate as of December 31, 2020: COP 3,432.50.





## SUPPORTING OUR CUSTOMERS

Aware of the uncertainty and difficulties faced by our clients, we provided immediate relief to households and companies, offering them the possibility to modify the conditions of their loans, enabling them to adapt to the situation. We granted relief to over 1.2 million individual and corporate clients throughout the year. At the height of the crisis, our relief programs reached nearly 36% of the loan portfolio in Colombia and 46% of the portfolio in Central America.

Furthermore, in an effort to facilitate access to financing, we disbursed over COP 2.3 trillion in new loans guaranteed by the Government under the "United for Colombia" program and other credit lines offered by second-floor banks to support businesses, SMEs, and self-employed workers adversely impacted by the crisis, thereby protecting million of jobs and contributing to the country's economic recovery.

We offered reliefs to over  
**1.2 million people** and  
companies.

## OUR CAPACITY TO ADAPT

To successfully move forward and implement this unprecedented support program, we required a technological infrastructure capable of quickly adapting to unexpected events and serving millions of customers in an expeditious and efficient manner. Consequently, both the efforts and the investments that we have made for over a decade were essential to prepare us for when our customers needed us the most.

This transformation process allowed us to remain as leaders in digital banking; amid the adversity experienced during the year, we were the first bank in Colombia to complete our retail banking offering through digital channels. Our customers are now able to acquire and manage savings, credit, investments, insurance, and payment products via mobile banking. Moreover, focused on the safety and convenience of our customers, we accelerated processes to continue supporting them with friendly and simple experiences in the most important moments of their lives, like buying a vehicle or their dream home, at the tips of their fingers and with no need of going to a branch. We also adapted our mobile loan in record time to facilitate the access to Colombian Government help for the self-employed.

Davivienda, first colombian bank in  
completing its retail banking offer  
**through digital channels.**





Consequently, digital clients increased by nearly 62% over the year, and now account for 84% of overall clients. Additionally, 52% of our monetary transactions and nearly half of our sales were made through digital channels, up from 33% and 40% in 2019, respectively.

**84%**

Digital customers.

### OUR NATIVE DIGITAL BANK

DaviPlata, our digital native bank, consolidated itself as one of the largest platforms of its kind in the region and the main tool for digital adoption and cash reduction in the new environment brought about by COVID-19.

In 2020, our platform reached 11.6 million customers, adding up 5.5 million, serving as a key pillar in stimulating commerce, subsidy payments and banking penetration in Colombia. To date, we successfully included nearly 4.2 million people and have engaged 4.7 million customers with products in the sector, creating tremendous opportunities ahead for us.

DaviPlata was the first platform that enabled anyone in Colombia to send money using social media, transfer funds to other banks, use a free e-card with immediate activation, and receive subsidy payments on a mobile device. It also pioneered in enabling customers to use the application without consuming their data plan, to withdraw money from ATMs without cards, and to adapt to people with disabilities.

**DaviPlata reached 11.6 million customers,**  
consolidating itself as the main tool for digital  
adoption and cash reduction in Colombia.





We continue reinforcing an innovation culture, which allows us to **understand crisis as an opportunity to shift paradigms.**

### IMPROVING SOCIAL WELL-BEING

In 2020, we continued our partnership with the Government to reach millions of Colombians impacted by the economic and social ramifications of the pandemic, by facilitating the payment of subsidies to nearly 4.5 million people through our platform at no cost to them, and accounting for 68% of overall money disbursements.

With the support of our shareholders and the commitment of our employees, we contributed to improving the living conditions of the communities that were hit the hardest, donating over COP 52 billion, mainly to help strengthen the health infrastructure and deliver groceries to over one million people across Colombia and Central America.

Around **4.5 million colombians** affected by the pandemic received government subsidies through DaviPlata.

### STRENGTHENING OUR SUSTAINABLE MANAGEMENT

Amid the challenges posed by the crisis, we have further reinforced the innovation culture that we share as a Business Group and that has allowed us to conceive the crisis as an opportunity to shift paradigms. We have forged strategic partnerships to strengthen our capacity to create value, prepare our business for the future and offer solutions that meet our customers' needs.

The urgency of managing the economic circumstances on all fronts did not prevent us from pursuing our sustainability strategy; on the contrary, we doubled down on it. For the seventh year in a row, we were included in the Dow Jones Sustainability Index. We were also added to the Sustainability Yearbook for the fourth year in a row, remaining among 15% of the companies with the best sustainability practices in the world. We also reaffirmed our commitment to the TCFD<sup>4</sup>, a guide for identifying the opportunities, risks and impacts of climate change finance.

4. TCFD: Task Force on Climate-Related Financial Disclosures.





## We adapted to navigate under an uncertain environment, ensuring equity strength, business growth and healthy liquidity levels.

In 2020, we continued our pursuit to deliver value to all our stakeholders in the economic, social, and environmental realms. Accordingly, the balance of our sustainable project financing portfolio reached COP 2.8 trillion. We issued the first Social Bond with gender focus in Colombia for USD<sup>5</sup> 100 million and obtained additional resources totaling USD 640 million to support sustainable construction projects, low-income housing, and women-led entrepreneurship. A portion of these resources strengthened our capital levels.

Additionally, we approved the diversity and inclusion policy, making explicit the practices that we have been applying over the years in all matters.

The support we provided to our customers, suppliers and the community, and the results obtained, would not have been possible without the dedication and commitment of more than 17 thousand employees who did their best to ensure uninterrupted operations, creating solutions at critical moments, providing high-quality customer service, and making the best decisions to manage risk too.

### SOUND RISK MANAGEMENT

In response to the emergency, we activated a crisis management plan that provided strategic direction at all times, ensuring personal well-being and business continuity, and complying with the measures implemented by the Governments of the countries where we operate.

All our risk systems were tested, and we had to adaptively use the tools to navigate in an environment marked by uncertainty, while staying on track. This was reflected in our capacity to ensure Davivienda's financial strength and withstand the crisis, while managing business growth, maintaining healthy liquidity levels and our full staff. Consequently, our capital adequacy ratio closed at 12.31%, increasing by 0.69% relative to 2019.



5. USD: United States Dollars.



We transformed ourselves to be **closer to our customers and enrich their life** with simple, friendly and reliable experiences.

Moreover, we focused on implementing strategies to mitigate the impact caused by the economic downturn, closely monitoring portfolio performance, and working to adequately manage its risks. This is reflected in our cost of risk, which closed 2020 at 3.94%, 1.44% higher than the figure recorded in 2019. We also adjusted our origination policies, always taking care of the Bank's liquidity and capital adequacy requirements.

### BEING CLOSER TO OUR CUSTOMERS

We will continue working decisively to support the economic recovery of the countries where we operate, while developing talent and relying on data and analytics to inform our decisions, as we partner with the best and transform ourselves to stand alongside our customers and enrich their lives through simple, user-friendly, and reliable experiences.

**EFRAÍN E. FORERO FONSECA**  
CEO, Banco Davivienda S.A.





# Introduction





## We work every day to generate prosperity, welfare, and joy for people.

Digital transformation allows us to innovate and deliver engaging and smoother experiences to our customers, making their lives easier. It also enables us to generate a positive impact on families' wealth and business development, and to finance projects which contribute to the countries where we operate.

In a year that tested the world, we worked without rest to create shared value and contribute to overcoming the consequences left by COVID-19 through our capabilities, resources and talent.

In Davivienda, we work to transform our products, services and processes digitally. In face of mobility restrictions, we accelerated this transformation to deliver simple and safe solutions to people and companies in Colombia and Central America. We learnt important lessons and are satisfied of being in the correct path.

Today we keep our heads held high, proud of our people and our countries, as we all helped to maintain businesses, employment and family's wealth, aware of remaining optimistic, sharing and multiplying the good things.



## Our Higher Purpose

# "To Enrich Life with Integrity"

We achieve the Higher purpose shared with our Corporate Group through the essence of our culture coupled with our management model.



### Our Organizational Culture

*A culture that brings together all companies of Grupo Bolívar.*

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

### Our Mission

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

### Our Principles and Values

We share and promote the principles and values established by Grupo Bolívar. We take pride in highlighting the core values of our organizational culture: respect, equality, honesty, discipline, enthusiasm, joy, and cheerfulness.

### Our Management Model

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

### Shared value

We align our programs and projects based on shared value<sup>6</sup>, addressing social and environmental issues as part of our business model.

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





## Awards, distinctions, and certifications



### COLOMBIA

- > For the seventh year in a row, we were included in the Dow Jones Sustainability Indices, a global framework that acknowledged our sustainability comprehensive management. We were also included in the Sustainability Yearbook.

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

- > We received the Best Innovative Digital Bank and Best Bank for Financial Inclusion and Social Responsibility award granted by The European Business & Finance Awards 2020.



- > Grupo Bolivar, our parent company, was acknowledged at the Corporate Startup Awards for its leadership on digitization, financial inclusion, and sustainability. Additionally, Davivienda was recognized for its capacity for innovation in Latin America, in recognition of its work in open innovation and its efforts to engage with other ecosystem partners.
- > Moreover, Grupo Bolivar was highlighted as a success story by the Superintendence of Industry and Commerce of Colombia in recognition of its intellectual property management, emphasizing most notably the evolution of our Innovation Model.
- > Domo i, our Innovation Center, attained LEED certification for implementing green building standards, thereby demonstrating our commitment to the environment and to the well-being of our employees and visitors.
- > We received a Platinum Seal from the Road Safety Network of the Secretariat of Transportation of Bogota, in recognition of our programs in road safety and transportation for our employees in Bogota.





Recognising Challengers and Disruptors



Bandera Azul Ecológica  
COSTA RICA



### DaviPlata

- > We were recognized as the best mobile money management product at the Future Digital Awards, for being at the forefront of innovation.
- > We were acknowledged as the best electronic wallet and the fastest growing payment solution in Colombia at the Global Banking & Finance Awards, for making a significant contribution to financial inclusion in the country and generating a positive impact on society.
- > We received the award for best payment solution from The European Business & Finance Awards.

### Davivienda App

- > Our app was selected as the best digital transformation solution in Latin America by Interlat, within the framework of LatamDigital..



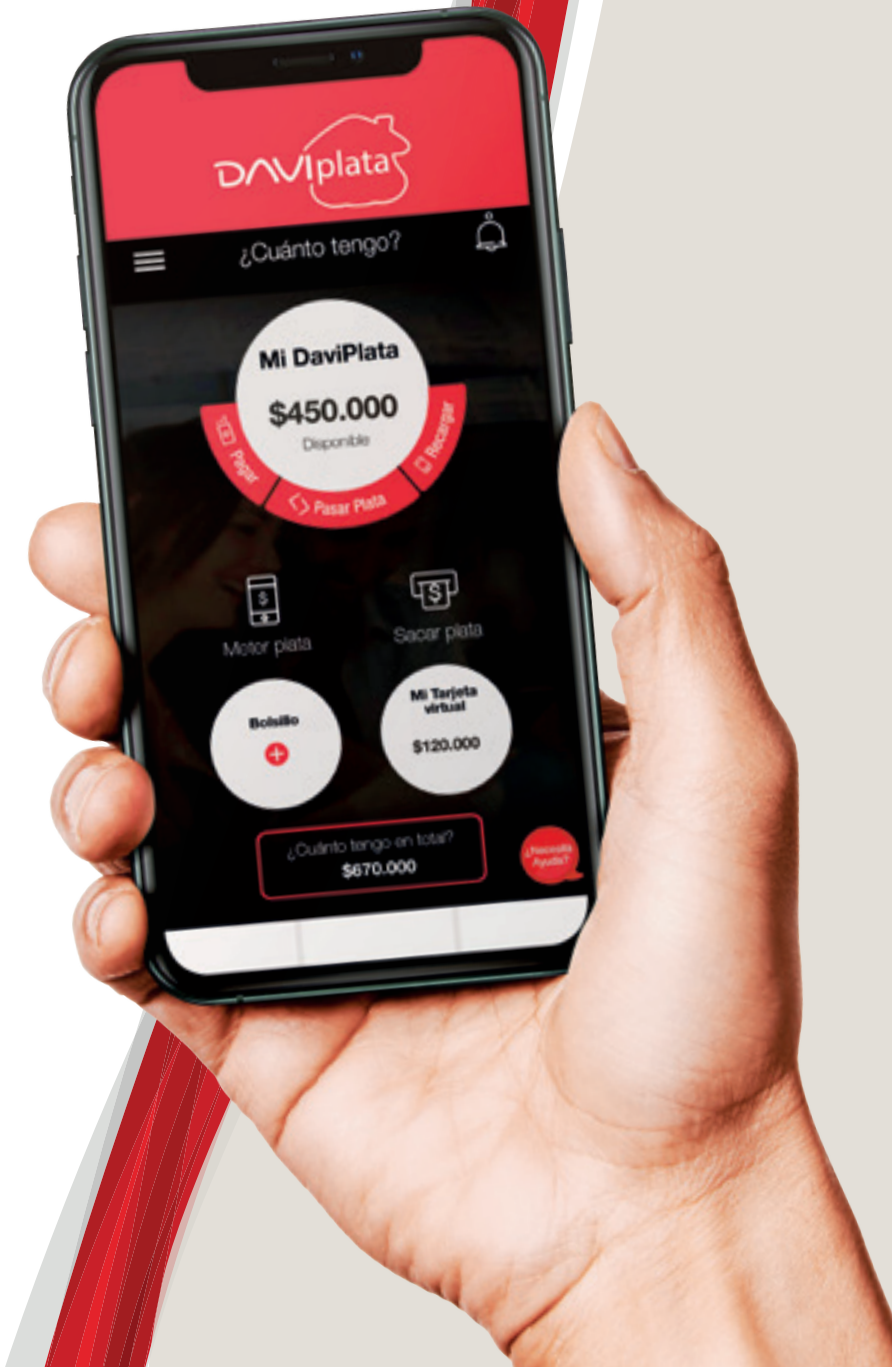
### COSTA RICA

- > We received 11 Blue Flag awards for excellent environmental management at 9 branches and the 2 main corporate headquarters.

### HONDURAS

- > We were acknowledged by Proyecto Génesis - Funadeh for our virtual volunteering initiative.

**DaviPlata**, a world class platform,  
recognized as **best mobile offering**.





## Our Strategy

We work hard every day to achieve the higher purpose of Grupo Bolívar:  
**“Enriching life with integrity”.**

We do this by living within a culture built around our principles and values. This allows us to work towards wellbeing, business development, and to fund projects that contribute to the countries we serve.

We devise and execute the strategy aligned with the management model we have adopted as a business group, aimed at creating a value proposition to enable our customers to fulfill their needs. We protect our customers and their families, and help them to build their equity through products and services yielding positive experiences and long-term emotional bonds. To do so, we rely on a team formed by honest, unconditional people who are always willing to learn.

We protect our customers and their families,  
and **help them to build their equity.**





We conceive our strategic goals as the objectives that we intend to achieve to bring greater value to our stakeholders. Therefore, we have set the following goals:



### CORPORATE STRATEGIC GOALS

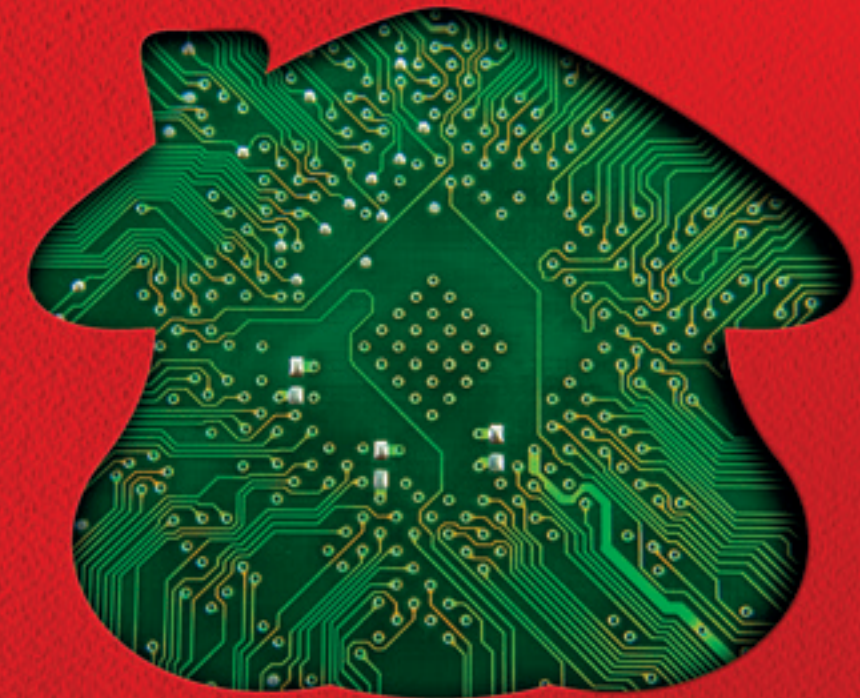
- > **Sustainable Management:** We succeed in positively impacting society and the environment beyond our operation in the countries we serve
- > **Regional Management:** We act as a single bank by identifying best practices and adapting to each market where we operate.
- > **Digital Management:** We are an organization with a digital spirit; we are agile and flexible innovators committed to improve the lives of our clients.
- > **Talent Management:** We assemble the best human team and strengthen their skills to attain what we set out to do.
- > **Leaders in Customer Service:** We are devoted to service; the core of our management model is to satisfy the needs of our customers through simple, user-friendly, and reliable experiences.



### STRATEGIC BUSINESS GOALS

- > **Risk Management:** We all manage risk, anticipate, and seize new opportunities, enabling growth and business sustainability.
- > **Effectiveness and Efficiency:** We accomplish our goals, innovate, and optimize processes to ensure the best use of resources under a cost-optimization approach.
- > **To be a Leader in Retail Banking:** We will succeed by being an organization with digital spirit, innovating, being agile and flexible to improve the lives of our customers.
- > **To be a Main Player in Commercial Banking:** We will focus on strengthening our offer for SMEs.
- > **Benchmark in Wealth Management:** We will become our clients' first choice for managing their equity as well as their needs abroad.

We are an organization with **digital spirit**.







## STRATEGIC PILLARS

Our strategy is grounded on 5 pillars, which are intended to set us apart. These pillars leverage our competitive edge to deliver solutions to our customers through simple, user-friendly, and reliable experiences, and to create value for our shareholders in a sustainable manner.

- > **The Environment:** Davivienda, leader in financing renewable energies and natural resource management projects.
- > **Social:** Davivienda, a sustainable and profitable bank for the base of the pyramid.
- > **Banking Business in the Lives of Individuals and Companies:** We evolved from offering banking products to providing experiences that meet our customers' real needs and add value to their lives.
- > **Productivity and Effectiveness:** We transformed ourselves; our human talent, channels and information are focused on the digital era and on building ecosystems with partners to multiply results.
- > **Regional Davivienda:** Under a unique and uniform corporate governance, we share service centers and operations.

## SUSTAINABILITY STRATEGY

We generate positive impacts on society and the environment beyond our operation, building trust and mutually beneficial relationships with our stakeholders in the countries where we operate. Sustainable management shapes our corporate strategic goals - in line with our Higher Purpose - to maximize value for people, companies, communities, and the environment.

In addition to including priority issues in our agenda, such as climate change and human rights, we also include corporate governance, social, and environmental considerations across our business lines as a requirement for the development and growth of our Multi-Latin operation. This is how we secure a long-term presence for the Bank. Our sustainability strategy allows us to look ahead, identifying opportunities and managing risks.



We are able to honor the following commitments by executing our strategy:

### LOCAL PROTOCOLS



### FRAMEWORKS AND BENCHMARKS



### MULTILATERAL



### CLIMATE CHANGE





## Dialogue with our Stakeholders

2020, an atypical year in every aspect, provided an important opportunity to strengthen our relationship with our stakeholders, by prioritizing our efforts to respond to their needs more effectively. We understand that the key to delivering long-term value to our stakeholders is to foster bonds rooted in trust through communication and transparency.



We build our reputation by managing content, channels, and relationships with all our stakeholders to strengthen trust, aligned with the Merco<sup>7</sup> dimensions in strategic, economic, leadership and management, commercial, talent, ethical, social, environmental, corporate governance, innovation and international issues.

We innovate and invest in knowledge, talent, and technology, always following best global practices to continue positioning our brand in Colombia and the region, improving people's lives, and creating positive impacts in building family wealth, developing businesses and financing projects that benefit communities. We are focused on promoting wellbeing, prosperity, and joy to share with people and companies through the services we provide and what we portray as a brand.

We communicate on the basis of ethical principles, transparency, healthy competition, and a permanent interest in supporting our clients and users through financial education. Consistent with our goals, we acquired self-regulation commitments on gender representation in advertising, as established by the National Association of Advertisers of Colombia (ANDA).

This report outlines the channels and mechanisms we used to reach each of our stakeholders in a convenient and timely manner.



The key to create long term value is to **strengthen trust-based relationships.**

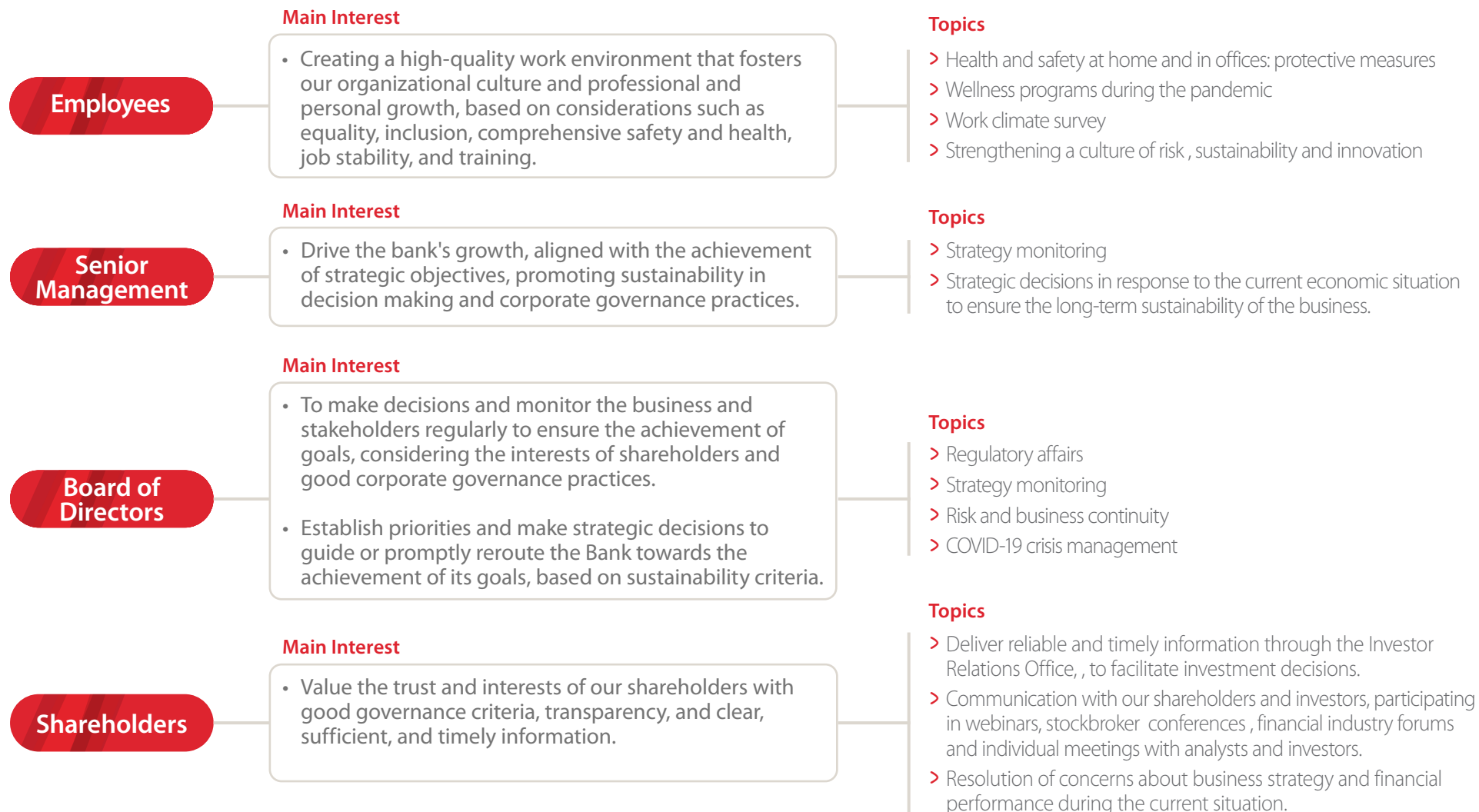
7. Merco: The Corporate Reputation Business Monitor is an instrument to measure the reputation of Ibero-American companies, based on a *multistakeholder* methodology composed of 6 evaluations and over 20 information sources.



## RELEVANT AGENDA WITH OUR STAKEHOLDERS

All the issues on the agenda that we will pursue along with each stakeholder group are framed within our higher purpose, principles, and values, under a shared value approach, knowing that **good things multiply**.

### INTERNAL STAKEHOLDERS







## RELATED STAKEHOLDERS

### Creditors

#### Main Interest

- Use resources responsibly and comply with commitments acquired with partner institutions.

#### Topics

- > Managing resources devoted to funding projects that yield environmental and social benefits, and advisory services to strengthen the different capacities of the bank.
- > Providing timely, accurate and reliable information to bondholders and lenders through the Investor Relations Office.

### Customers

#### Main Interest

- Strengthening trust, business relationships, access to our products and services, and, overall, customer satisfaction.
- Integrate innovation and sustainability criteria as part of a broad, inclusive, and competitive products and services portfolio.

#### Topics

- > Products, strengthened channels and services enabled during the economic downturn: digital and self-managed service model, in addition to traditional channels.
- > Support and relief
- > Strengthening product offering, including digital product offering.
- > Customer satisfaction survey (81.3 points in 2020)

### Suppliers

#### Main Interest

- Strengthening partnerships and relationships, fostering business competitiveness.
- Have a space to share information and best practices to facilitate the achievement of our objectives and the growth of our suppliers.

#### Topics

- > Advance payments to suppliers as well as support throughout the economic downturn
- > Compliance with biosafety protocols
- > Training in risk management
- > Supply chain operational risks assessment
- > Annual strategic supplier meeting



## EXTERNAL STAKEHOLDERS

### Trade Associations

#### Main Interest

- Participation in trade associations and similar groups to promote collective actions to positively impact public policy for the industry and overall sustainability, creating value for our stakeholders and contributing towards the country's competitiveness and development.

#### Topics

- > Asobancaria: Active participation to cooperate with the trade association during the crisis: committees on sustainability, communications, and the Green Protocol, as well as meetings on sustainable finance.
- > Camacol and the Colombian Green Building Council: Sustainable construction
- > ANDI (National Business Association of Colombia): Circular economy
- > Colombia Chamber of Electronic Commerce

### Community

#### Main Interest

- Leverage our products and services, technical capabilities, know-how and in-kind contributions to improve quality of life by facilitating access to the financial system for all, encouraging public-private partnerships and shared-value programs.
- Improve communication and sharing of useful information with the public.

#### Topics

- > New digital services available
- > Strengthening channels to provide solutions during the economic downturn
- > Partnerships: Metro de Medellín, Enel X Codensa
- > Moving for Colombia: donating groceries and medical supplies
- > Gender-focus resources
- > Gran Feria Virtual Davivienda: mortgages and cars
- > Dr. Julia, a solution to streamline COVID-19 diagnostic processes
- > Financial education in times of crisis

### Regulators

#### Main Interest

- Comply with applicable laws and regulations governing the industry and, specifically, the sector.
- Actively participate in research initiatives and efforts to promote compliance with standards and regulations.

#### Topics

- > Risk control and monitoring
- > Implementation and deployment of measures to secure the availability of financial services
- > Application of relief measures' regulation, and economic recovery
- > Green taxonomy to harmonize definitions for measuring green lines
- > 2020 Survey on Opportunities and Risks posed by climate change.







## Materiality Overview

In 2020, we analyzed and reviewed relevant issues to our stakeholders on the economic, social, and environmental aspects on which we have the greatest impact. Accordingly, we identified the areas of work that directly contribute to achieving the Bank's corporate strategy and sustainable development.

This approach enabled us to foster an ongoing dialogue with our stakeholders to identify their expectations and best practices to address risks and opportunities, creating value and strengthening our ties with them.

The main material issues are directly related to the definition of the company's strategy. We explain how we manage these material issues throughout this report<sup>8</sup>.

8. For more information, see Appendix , materiality Report 2020.







# 2020, digital leap: the world in a phone

Our Results



# MAIN FIGURES 2020

## Consolidated Figures

(in COP trillion, except variation in %)

	2019	2020	VARIATION
ASSETS	122.2	136.4	11.6%
GROSS LOANS	97.4	106.7	9.5%
LOAN LOSS RESERVES	4.1	6.4	54.3%
DEPOSITS	75.6	87.2	15.4%
EQUITY	12.7	12.7	0.5%
NET PROFIT	1.48	0.4	-72.5%
CAPITAL ADEQUACY RATIO	11.61%	12.31%	0.69 pps
TIER I	7.99%	8.26%	0.27 pps

	BANCO DAVIVIENDA AND NATIONAL SUBSIDIARIES	INTERNATIONAL SUBSIDIARIES	TOTAL
BRANCHES	534	141	675
CUSTOMERS	16.4 million	1.1 million	17.5 million
ATMs	2,201	509	2,710

## Risk Ratings

	INTERNATIONAL			NATIONAL	
	S&P	Fitch	Moody's	Fitch	BRC
LONG-TERM RATING	BBB-	BBB-	Baa3	AAA	AAA
SHORT-TERM RATING	A-3	F3		F1+	BRC 1+
OUTLOOK	Negative	Negative	Negative	Stable	

## Individual Figures

(in COP trillion, except variation in %)

	2019	2020	VARIATION
ASSETS	94.9	106.5	12.3%
GROSS LOANS	76.1	83.1	9.2%
LOAN LOSS RESERVES	4.4	6.1	38.8%
DEPOSITS	56.7	67.1	18.3%
EQUITY	11.5	11.4	-1.0%
NET PROFIT	1.3	0.2	-83.0%
CAPITAL ADEQUACY RATIO	14.57%	15.32%	0.75 pps
TIER I	9.56%	9.83%	0.26 pps

	2019	2020
BANCO DAVIVIENDA BRANCHES	529	526
CUSTOMERS	10.8 million	16.4 million
ATMs	2,186	2,201





## Innovation



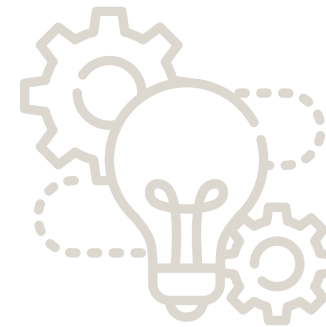
Innovation is a skill that we have been developing for 12 years in different levels of the organization, through 3 main themes:

- > **Structure:** Programs that accompany, leverage and implement ideation in the Bolívar Group through the Recognition Scheme, Intellectual Property Route, Innovation Center, Prototype Factory and Observatory.
- > **Training:** Cutting-edge innovation methodologies
- > **Results:** Innovative value proposition in the market

Under this structure, innovation stems from the synergy of more than 23 thousand employees across Grupo Bolívar and great initiatives are launched to deliver new experiences to our customers and society as a whole.

Our model has positioned itself as an innovation ecosystem via partnerships with the government, universities, other industries, and startups to further enhance our value proposition. To succeed, we reinforced the model by building an Innovation Center that places us at the forefront of world developments and provides us with more tools to continue delivering value to our stakeholders.

We understand that methodologies and discipline are pivotal for systematic innovation. Consequently, our training program evolved with Skills i, to become a 100% digital tool available to the entire organization.



**16 thousand**  
Bank employees  
were certified in  
Fundamentals of the  
Innovation Cycle.





We proudly report that over 16 thousand Bank employees were certified in Fundamentals of the Innovation Cycle and nearly 200 new digital coaches received training in the Specialized Module in Design and UX/UI. Similarly, we continue experimenting new methodologies using the Innovation Cells formed by interdisciplinary teams of university students, to transfer knowledge across the organization.

Demonstrating the skills we have acquired throughout these years, our teams demonstrated in 2020 how we can build better companies and better countries by innovating. Our customers prefer us and let us be a part of their lives, their families' lives and their businesses because of the solutions we design.

We continue fostering a culture of innovation within our organization, with initiatives such as the Grupo Bolívar Innovation Awards. Over 160 innovation projects were submitted this year, including 127 from Davivienda in Colombia, Central America and its subsidiaries

As a result of this endeavor, the Award honored 15 of these achievements that shifted paradigms by redesigning experiences and transforming processes to deliver our entire value proposition right to our customers' mobile devices.

Over the past 5 years we expanded our strategy with startups and strengthened our relationship with important entities such

## PLUGANDPLAY

Plug and Play acknowledged our efforts to meet the challenges brought about by COVID-19 in terms of **technology, digital transformation, and innovation culture.**

as Plug & Play. In 2020, this entity acknowledged our efforts to meet the challenges brought about by COVID-19 in terms of technology, digital transformation, and innovation culture.

We partnered with Rockstart, one of the most important accelerators in Latin America, to support the national entrepreneurial ecosystem by offering the first credit card designed for this segment in Latin America.

In 2021, we will continue strengthening our innovation expertise and designing new experiences to improve our customers' lives, with the conviction grounded in our experience that good things multiply.





## Digital Transformation

This year challenged our operational capabilities and business continuity, limiting human contact in an unprecedented way without warning. Thanks to the skills we acquired before the pandemic, we were able to significantly accelerate the execution of our digital transformation plans and strategies, safeguarding the health of our customers, employees, and other stakeholders.

In 2020, we continued breaking paradigms, leveraging our innovation and digital transformation culture to deliver beyond financial solutions to our customers and non-customers improving their daily life during a singular time<sup>9</sup>.

As part of such measures, we increased our call center capacity by more than 240%, which enabled us to answer 1,600 calls simultaneously. Additionally, we adapted our processes to automatically provide relief measures to retail banking customers in Colombia, simplifying procedures and reassuring them. We reached out directly to all customers affected by the pandemic via text messages, voicemails, and emails, conveying our solidarity and support. We supported nearly 165,000 customers per month with our expert financial advisory staff, achieving a 91.6% satisfaction rate.

In addition, we launched a new service for those more vulnerable and in need of assistance, Banco a Domicilio, which recorded over 38,000 transactions.

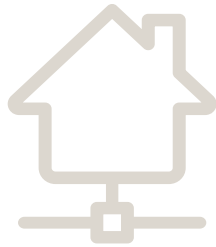
DaviPlata scaled up its platform four times to support an increased number of simultaneous transactions. Likewise, we established a key partnership with the government to disburse subsidies. We were able to reach every corner of the country from the very beginning, thanks to our technological and logistical capacity.

9. For a description of the various strategies implemented, see Notes to the Financial Statements, Business Continuity.



We increased  
our call center  
capacity by more  
than 240%, which  
enabled us to  
**answer 1,600 calls  
simultaneously.**





We increased our remote connection capacity, enabling **85% of our employees in Colombia and nearly 55% in Central America** to continue working remotely.

We were chosen by the national Government and local governments to participate in the design, implementation, execution, and follow-up of the payment processes for each of the beneficiaries that received permanent attention.

To maintain our operations under remote working conditions, given the needs at the time, we increased our remote connection capacity, enabling 85% of our employees in Colombia and nearly 55% in Central America to continue working remotely throughout the most challenging months of the pandemic.

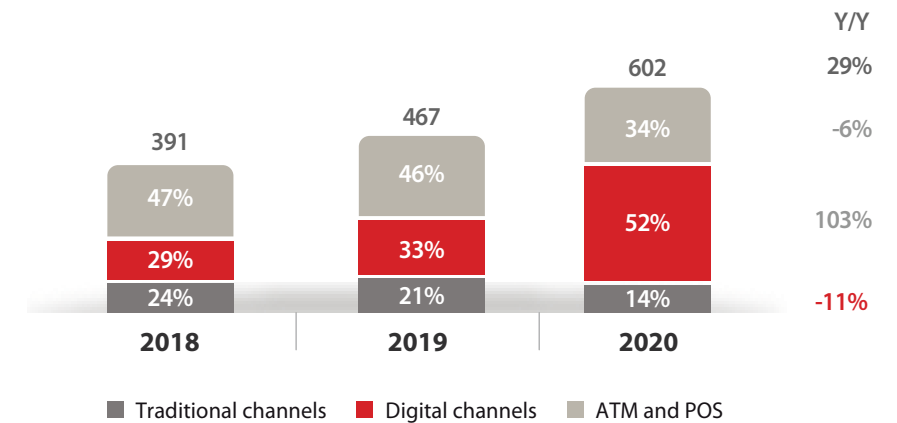
On the cyber security front, we equipped this new ecosystem and work environment called “home” with protection and threat detection mechanisms. These new tools allowed us to process a high volume of requests from employees, customers, and partners, effectively channeling them in a digitally secure environment.

Furthermore, we streamlined process automation by building 19 robots to reduce costs and increase revenues, implementing new solutions for human resources management, accounting consolidation, and fraud prevention. We also standardized our commercial management, deploying the same model across all of our operations. This led to an increased capacity of self-management and a lower operational overhead, both efficiencies worth more than \$25 billion; and, most importantly, we built better capabilities that allowed us to continue to enrich life with integrity wherever we are.

One of our strategic objectives is digital management; having a digital spirit allows us to build bridges and opportunities where physical barriers stand in the way. Today, our customers may safely access our entire retail banking solutions online in less than 5 minutes. We also expanded our digital services, enabling our customers to request loans to fund business projects, manage wealth and acquire insurance policies.

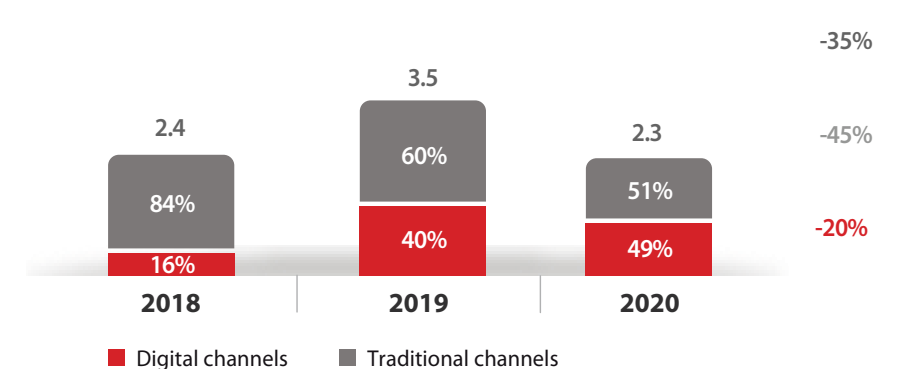
### TRANSACTIONAL MIX

(Millions of monetary transactions)



### PRODUCT SALES

(Millions of products)







## 84% of our overall customers in Colombia are digital.

These progresses are reflected in the way our customers manage their money: now, 84% of our overall customers are digital; in Colombia, this figure is 87%, and in our Central American operations, it is 47%.

In 2020, Davivienda handled 602 millions of monetary transactions, 29% more than the previous year. 52% of these transactions were done through digital channels, increasing 103% compared to 2019, while transactions through traditional channels accounted for only 14% of the total, decreasing nearly 11% over the year.

For the first time in Davivienda's history, digital sales of products and services matched sales through traditional channels in Colombia; in the coming years, the percentage of virtual transactions is expected to increase.

Our continuous internal transformation leads to a better customer experience, strengthens our

relationships with customers and is a cornerstone for long-term sustainability. We are an open bank that interacts with all types of platforms such as banks, financial technology companies, and smart cities, to make life easier for our customers at every moment of their lives and to offer them experiences that contribute to their well-being.

We went even further: we are satisfied to have supported, beyond extending our financial help, those who were adversely hit by the pandemic. Thus, along with Clínica Las Américas AUNA in Colombia and Peru, we developed "Dr. Julia", a new diagnostic tool for COVID-19. It uses artificial vision to read the patient's chest CT scans, enabling the physician to make a diagnosis in less than 5 minutes, saving valuable time required to treat patients timely in emergency rooms.

We will continue leveraging digital transformation, analytics, and artificial intelligence to stay closer to our customers and to drive economic recovery.



# 49%

of our product sales in Colombia were done through digital channels.



## Retail Banking

We have supported our customers since the onset of the sanitary crisis, and we strive to help them manage it successfully. In 2020, we granted financial reliefs to over 1.2 million customers in our retail banking business and, at the peak of the crisis, nearly 52% of this portfolio in Colombia and 56% of the portfolio in Central America benefited from these measures. However, by year-end, only 10% of the portfolio in Colombia and 9% of the portfolio in Central America were under relief arrangements.

As part of our customer support strategy, we prioritized maintaining clear and transparent communication channels. For this purpose, we trained more than 3,200 people, among them salesforce at our branches, customer service representatives, and collection agents (both external and from our subsidiaries).

We understood that in this emergency our clients needed time, comprehension of their situation, attention, and immediate solutions. Therefore, over the first few months of the pandemic, we granted automatic reliefs on various retail banking products.

Simultaneously, we maintained a close relationship with each of our customers and conveyed solidarity and reassurance in the midst of uncertainty, through the message "The value of staying at home!"; by November, we had sent them 34 million messages through different channels.

Furthermore, we enabled our contact channels ([www.davivienda.com](http://www.davivienda.com), Davivienda App, call center, mass media and financial assistance channels) to listen, understand, and offer different alternatives tailored to each customer's financial situation. Through assisted channels, we contacted our customers with the help of 600 financial advisory experts, providing them reassurance of redefinitions offered.



We were **the first bank in Colombia** to complete its Retail Banking offer in digital channels.

On the other hand, we leveraged the digital transformation process that we have been developing for several years and accelerated it during the current situation; this enabled us to stay close to our customers when they needed it most, facilitating transactions and handling of requests through virtual channels, as more mobile products and services were provided. This is how we became the first bank in Colombia to complete its retail banking offer in digital channels, thereby protecting the health of our customers and our employees during the sanitary crisis.

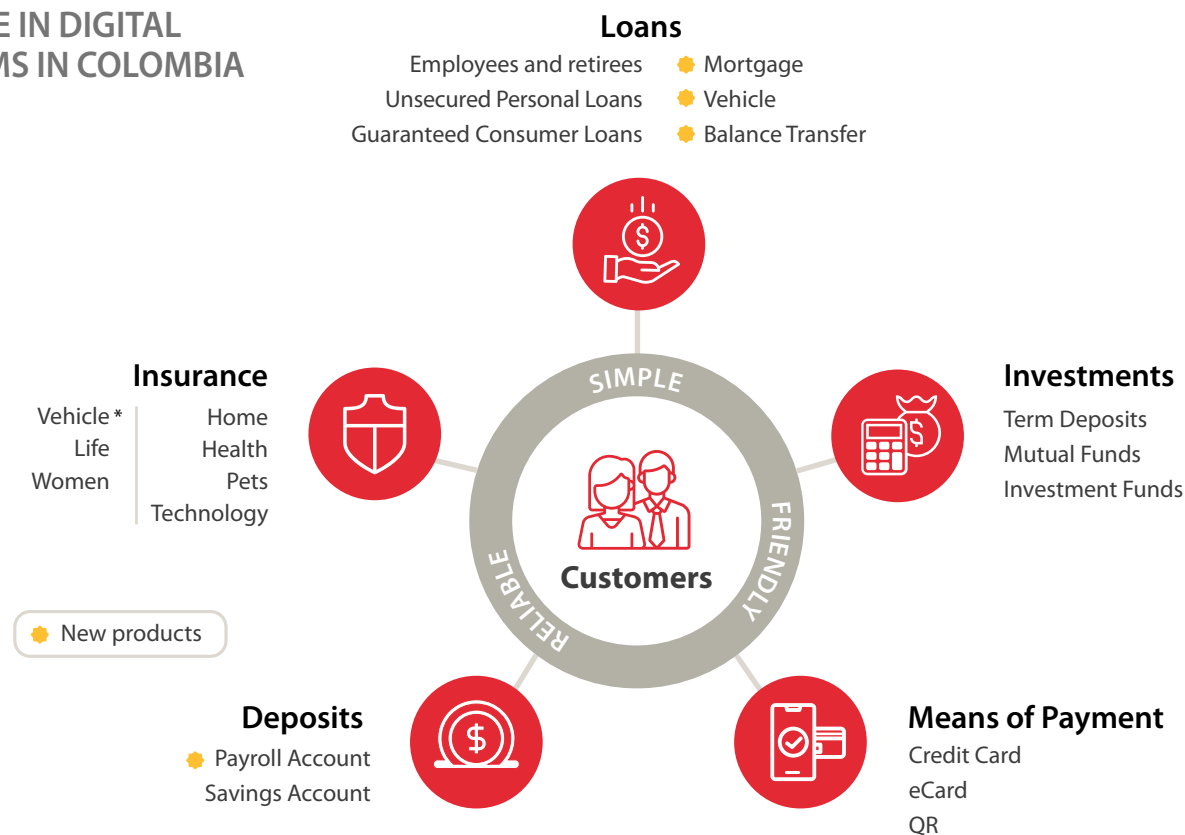






Our consolidated Retail Banking closed with an outstanding balance of **COP 56.9 trillion**, growing at an annual rate of **9.4%**.

## RETAIL BANKING PRODUCTS AVAILABLE IN DIGITAL PLATFORMS IN COLOMBIA



\* Compulsory third party insurance

We launched digital products that are increasingly present in the day-to-day lives of our customers. Now users are able to: open a payroll account using their mobile phone, no longer needing to visit a branch; purchase the car they have longed for thanks to the mobile vehicle loan; consolidate their consumer credit obligations with other banks, and benefit from better conditions through mobile loan portfolio purchases. Besides this, they can achieve their dream of buying their own home accessing in a simple, reliable, and friendly way any of the Bank's virtual channels.

We also fine-tuned our digital lending process in record time to meet the needs of the current economic conditions, releasing the unsecured personal mobile loan guaranteed by the National Guarantees Fund, which helped us to help more self-employed workers to weather these challenging times.

- > The consolidated outstanding amount balance of retail banking (consumer and mortgage) closed at COP 56.9 trillion<sup>10</sup>, growing at an annual rate of 9.4%, accounting for more than half of the consolidated gross loan portfolio.
- > The consumer portfolio, with COP 31 trillion, recorded a 7.8% annual growth rate.
- > The mortgage portfolio closed with a balance of COP 25.9 trillion, 11.4% higher than the previous year.

In Colombia, retail banking closed with a COP 45.5 trillion balance and an annual growth of 6.8%. In our international subsidiaries, retail banking closed with a balance of USD 2.9 billion<sup>11</sup> and a 6.7% annual growth rate in our international subsidiaries<sup>12</sup>.

10. Full IFRS figures.

11. Individual figures of Colombia's operation.

12. Full IFRS figures.



## DIGITAL CREDIT PRODUCTS RELEASES FOR RETAIL BANKING IN 2020



### MOBILE MORTGAGE

- > It allows customers to apply, via their mobile devices and in 5 minutes, for up to COP 800 million to purchase a new or used home through mortgage loans or leasing for housing.
- > COP 2.6 trillion approved during the first 2 months after its release.



### MOBILE VEHICLE LOAN

- > First bank to offer a 100% mobile solution in Colombia to purchase a personal car without pledge.
- > Since October, Colombians can have a loan approved and disbursed in minutes to buy a new or used personal vehicle without pledge at car dealers allies, with no need to go to the sales room.
- > COP 74 billion disbursed.
- > 24% share in overall car loan disbursements.



### MOBILE BALANCE TRANSFER

- > From a mobile phone, in just 5 minutes and without paperwork, customers can consolidate their obligations with different entities into a single credit and improve their cash flow.
- > COP 409 outstanding amount in 5 months.



### MOBILE PAYROLL BALANCE TRANSFER

- > Employees in our payroll deduction agreements can consolidate their debts in Davivienda, and have the payments deducted directly from their paychecks.
- > Since its release, 27% of disbursements of portfolio purchases with payroll deductions up to COP 100 million have been made through the mobile channel.



### MOBILE PAYROLL ACCOUNT

- > Through a 100% digital enrollment process, employed customers across the country may receive their salaries directly into their accounts and access our comprehensive range of services.





## DIGITAL CREDIT PRODUCTS IN RETAIL BANKING



### MOBILE ACCOUNT

- 1.6 million accounts, with balances amounting to COP 1 trillion.



### MOBILE UNSECURED PERSONAL LOAN

- It accounted for 8% of the consumer portfolio in Colombia in 2020.



### MOBILE PAYROLL LOAN

- 27 thousand loans disbursed for COP 435 billion. 41% annual growth.



### ADVANCED PAYROLL

- 496 thousand payroll advances.



### MOBILE CREDIT CARD

- Mobile cards increased 24%, accounting for 65% of credit card placements.

## CONSUMER

In 2020, we strived to stay close to our customers and committed to provide different forms of assistance to those experiencing financial hardship. We offered reliefs to nearly 1.1 million customers, and in the most difficult moments, loans under reliefs reached nearly 54% of the consumer portfolio in Colombia and 51% in Central America.

In addition, we quickly adapted our mobile credit service to include government support programs targeting self-employed workers in Colombia. This made us the first bank in Colombia to offer loans with disbursement in 5 minutes, 100% digital and guaranteed by the National Guarantee Fund, pursuant to Government policies providing support to this segment in the midst of the pandemic. By the end of December, we had granted COP 351 billion in this type of loans, accounting for nearly 65% of system-wide disbursements under this scheme.

We also stayed close to retirees, enabling them access to financial services without leaving home, simplifying the opening of accounts and having their debit cards delivered to them.

Following these initiatives, 100% of retirees who used to receive their pension over the counter started to use banking services. More than 1,900 debit cards were issued to replace traditional paper checkbooks and there was an increased use of channels different from physical branches for the acquisition of new products.

It is our priority to offer environmentally friendly products. Through retail banking, we finance the purchase of electric and hybrid cars for up to 110% of the car's value (including the charger and the installation of the home charging station); in this initiative, we increased our market share to 17%, reaching a balance of COP 50 billion by 2020 year-end.





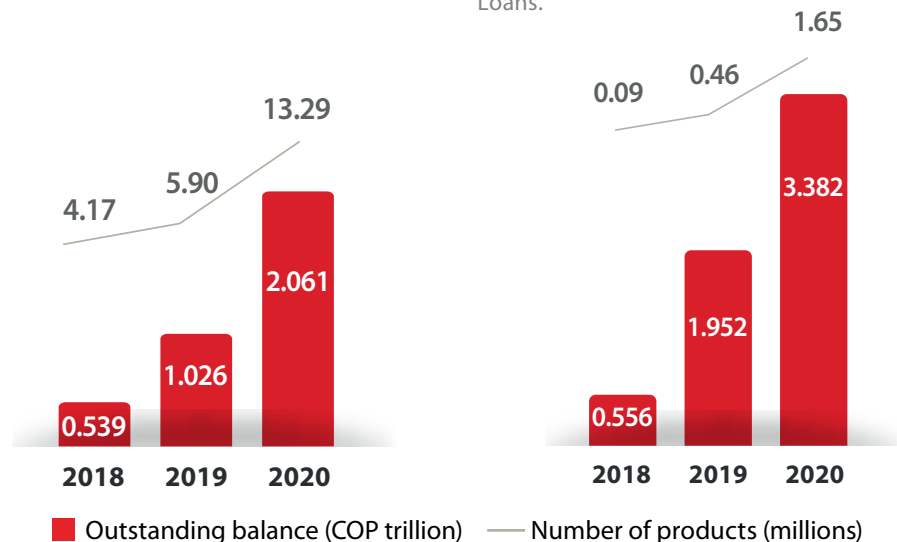
As part of our digital transformation process, we benefit our customers by offering them a comprehensive array of products within their reach, as we achieve internal operational efficiencies at the same time. Notably, the cost of digitally opening an account reduced around 90% compared to traditional methods.

At the end of the year, our digital products closed at an outstanding balance of COP 3.4 trillion, recording a remarkable 73% growth. This figure accounted for nearly 13% of the consumer portfolio in Colombia, against 8% in 2019.

### DIGITAL DEPOSITS

(COP trillion)

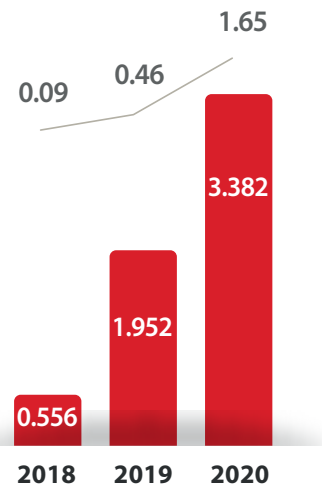
Includes Mobile Account, Mobile Payroll Account, Digital Term Deposits and DaviPlata.



### DIGITAL LOANS

(COP trillion)

Includes Mobile Loan, Mobile Loan Portfolio Purchase, Mobile Payroll Balance Transfer, Mobile Credit Card, Mobile Payroll Loan, Advanced Payroll, Nanocredit, and Vehicle Loans.



Notably, digital deposits reached nearly COP 2.1 trillion, growing over 100%, and accounting for 6.1% of savings accounts in Colombia, compared to 4.0% last year, reflecting a major trend in the business.

The consumer portfolio in Colombia<sup>13</sup> reached an outstanding balance of COP 24.8 trillion and an annual growth of 4.5%. As a result, our market share in the segment grew 0.4%, from 15.3% in December 2019 to 15.7% in December 2020.

This growth primarily centered around the fixed-loan segment, driven by the performance of the digital product.

In our international subsidiaries<sup>14</sup>, the consumer portfolio closed with a balance of USD<sup>15</sup> 1,576 million growing by 8.3%; El Salvador and Honduras made the greatest contribution to this growth, mainly as a result of payroll loans, credit cards and personal loans.

As part of our digital transformation, we launched a mobile savings account in 2020 in all the countries where we operate, being pioneers in El Salvador. In addition, we launched the “Casita Roja” button in El Salvador and Costa Rica and enabled virtual remittance payment.

13. Individual figures of the operation in Colombia.

14. Full IFRS accounting figures.

15. USD: United States dollars.

Our digital credit products accounted for nearly **13% of the consumer portfolio** in Colombia.



**We doubled** the outstanding balance of digital deposits.





## MORTGAGE

As the leading bank in mortgage financing in Colombia, we are committed to providing financial relief to our customers, helping them to preserve their equity: we offered assistance to more than 152 thousand customers and reliefs covering up to 53% of the mortgage portfolio in Colombia and nearly 61% in Central America.

At the end of the year, we held online the Colombia Housing Showroom, which, coupled with home buying dynamics in the system, led to the disbursement of 35 thousand mortgage loans in 2020.

We also collaborated with Constructora Bolivar and Fiduciaria Davivienda to generate synergies that allowed us to offer our customers online home-buying experiences, making this process more simple and reliable.

We released digital approval for mortgage loans and granted loans through this channel to close to 17 thousand clients for more than COP 2 trillion.

In 2020 we reached an outstanding balance of COP 20.7 trillion in mortgage loans in Colombia, 9.8% higher than the figure recorded in 2019, accounting for a 25.2% share in the system<sup>16</sup>.

In our international subsidiaries, the mortgage portfolio grew by 4.9%. El Salvador and Panama were the main contributors to this growth. We closed the year with a portfolio of USD 1.4 billion in Central America.

In addition, we approved more than COP 286 billion for Colombians who, living abroad, sought to buy a house in the nation to either return back home, invest, or improve their families' life quality. Supported by an extended network of 21 international brokers, we guided them through the entire lending process.

We released **digital approval for mortgage loans and granted them** through this channel to close to 17 thousand clients.

## Social Housing (VIS)

This portfolio reached COP 6.2 trillion at the end of December, with an annual growth rate of 9.2%. Throughout the year, we actively participated in Colombian government programs supporting the dream of home ownership for nearly 14 thousand households within the social housing (VIS) category, with disbursements amounting to COP 1 trillion.

## Residential Leasing

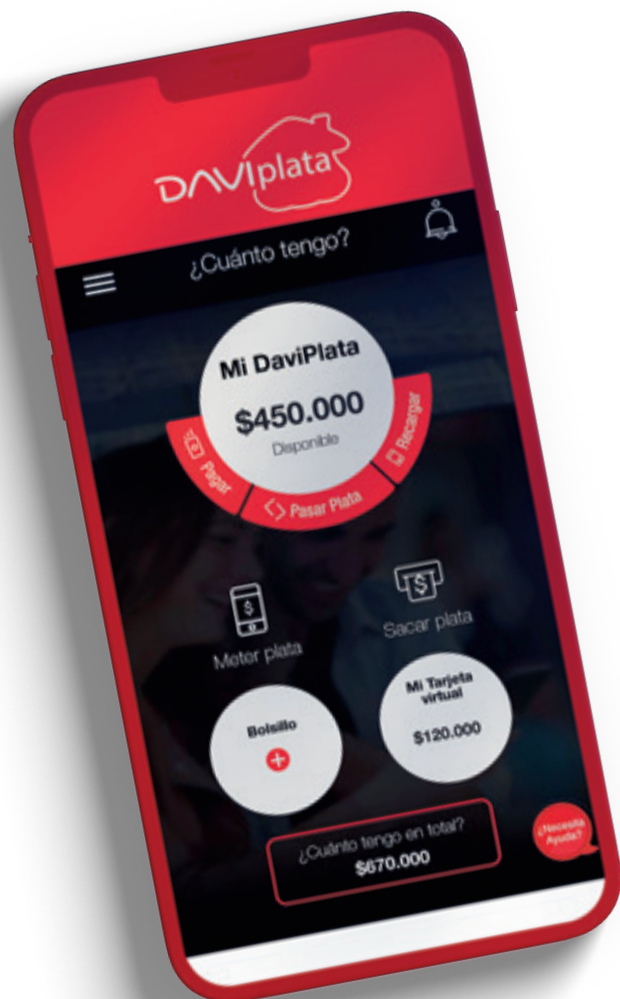
This segment had an annual growth rate of 8.0%, with a balance of COP 10.9 trillion. The disbursements we made over the year for COP 2.3 trillion benefited nearly 8 thousand households who were able to fulfill their homeownership goals.

## Residential Housing (>VIS)

In the residential housing segment, the balance totaled COP 3.7 trillion at the end of 2020, with an annual growth of 15.9%. During the year, we disbursed approximately COP 1.1 trillion, accompanying more households in their homeownership projects.



16. Market share figures as of December 2020. Source: Financial Superintendence of Colombia.



## DaviPlata

In 2020, we continued to consolidate our Native Digital Bank to reach more people, contribute to the reduced use of cash and support economic reactivation in the midst of the crisis.

We added 5.5 million customers during the year, closing with 11.6 million customers on our platform in Colombia, covering all corners of the country and reaching all segments of the population, especially the financial inclusion segment, where we have brought close to 4.2 million people -who have never had a financial product before- to the financial system.

For several years, DaviPlata has been an ally of the Colombian Government in the distribution of subsidies. Given the exceptional circumstances generated by COVID-19, DaviPlata brought the government and local authorities closer to millions of affected families by means of subsidies' dispersion and VAT refunds. Amid mobility restrictions in place, we timely dispersed COP 4 billion to more than 4.5 million people in Colombia, avoiding commutes and crowdings that could affect their health.

In this way, we remained as the government's most important ally: we reached more than 1,100 municipalities throughout the country and made more than 19.3 million payments corresponding to 4 national and 16 local programs.

During 2020, nearly 735 million monetary and non-monetary transactions were made through DaviPlata (4.3 times the number of transactions made in the previous year), and we doubled the number of DaviPlata e-cards, reaching 1.2 million at the end of December, thus enabling more Colombians to access virtual commerce. In turn, the balance of deposits reached COP 521 billion, 3.4 times that obtained in 2019, and transactional revenues reached nearly COP 76 billion, with a significant increase above 200%.

**DaviPlata**, strategic ally of the Colombian Government, with a 68% share in the distribution of subsidies.



**11.6**  
million

Customers in our platform in Colombia. **735 million** transactions.





As part of our management of the platform during the year, we focused on strengthening the acceptance of DaviPlata as a means of payment, reaching 100% acceptance in national and international e-commerce platforms. This has reaffirmed our pioneer vision of a cashless world that we have been promoting since 2011, when we released the platform in Colombia.

At the same time, we are working to strengthen our risk management practices by implementing biometric authentication processes (facial recognition and fingerprint recognition), which provide greater security and improve the user experience.

On the other hand, we continue seeking strategic allies and expanding our ability to be an open bank to connect with different ecosystems, making DaviPlata available to everyone, everywhere, and integrating innovative solutions into a single platform. We have partnerships with the Rappi SuperApp and we have connected with the first smart city.

Allied with Rappi, we reached Colombians with tens of thousands of connected businesses, both national and international, where they made more than half a billion COP in purchases.

We partnered with Metro de Medellín to create a city ecosystem through the Cívica App. This alliance means the creation of a unique model in which citizens can move around the city and the region, planning and paying for their trips easily.

We have partnered with Bavaria to offer store owners access to our lending and payment solutions, like our Mobile Loan and DaviPlata. We devised a credit model leveraged on artificial intelligence which enables us to support their working capital and liquidity needs. In this way we give them the possibility to reactivate their businesses through a 100% digital loan, available 24 hours, requested and received in 5 minutes from their mobile devices, and which can also be guaranteed by the National Guarantee Fund.



**DaviPlata:** alliances with Rappi, Metro de Medellín, Bavaria, Postobón, Fenalco, Artesanías de Colombia, and others.

We also forged partnerships with other mass consumption companies such as Postobón, making Davivienda the financial ally in the implementation of an App for store owners. More than 16 large companies in the country joined this initiative to provide this sector with greater opportunities and business alternatives.





Recognising Challengers and Disruptors

**DaviPlata:** Best mobile money offer, best e-wallet and fastest growing payment solution in Colombia, at the Future Digital Awards.

We also established partnerships with associations such as Fenalco, who are the gateway to reach neighborhood businesses, offering them DaviPlata and the QR code as new means of payment, thus contributing to economic reactivation in this industry and in the communities where it operates.

As part of this strategy, we built a model in synergy with agricultural and territorial banking segments to provide banking services to individuals and businesses, reaching more than 40 remote municipalities in Colombia with alternatives tailored to the needs of this economic sector.

In Usiacurí, Atlántico, we continued to support artisans, providing them with opportunities to make the most out of national and international markets through virtual channels. In addition, we partnered with Artesanías de Colombia to support two other municipalities known for their craftsmanship: Sibundoy, in Nariño, and Guacamayas, in Boyacá.

DaviPlata supported Cultivarte in redesigning a strategy to reach more families digitally, stimulating financial education, encouraging the reduced use of cash in order to improve biosecurity standards, and promoting the QR code and other virtual solutions as means of payment in marketplaces, churches, and at the Mundo Aventura amusement park in Bogotá.

In 2020, our platform received important international awards that encourage us to continue advancing in digital solutions that promote the development and well-being of society:

- > Best mobile money offering, best e-wallet and fastest growing payment solution in Colombia at the Future Digital Awards.
- > At the Global Banking & Finance Awards<sup>17</sup> we were recognized for being at the forefront of innovation, making a significant contribution to financial inclusion in the country and generating a positive impact on society.
- > We were recognized by Interlat, in development of LatamDigital, as the best digital transformation solution.

In the meantime, we are working on a comprehensive review of the DaviPlata business unit, attracting the best talent to strengthen this platform, both in technology, and in organizational and operational capacity, in order to face the challenges of the near future.

## DAVIPLATA EL SALVADOR

In El Salvador we continue to strengthen DaviPlata: we ended the year with 72 thousand customers and 126% growth compared to 2019. In deposits, we closed with a balance of USD 566 thousand and a growth of 332%.

17. Recognition awarded to major banks such as Bank of America, Wells Fargo, Bank of China, and world-class disruptive companies such as Google, Amazon and IBM.



## Commercial Banking

During 2020 we focused an important part of our efforts on supporting companies with mechanisms that would allow them to face the economic emergency generated as a consequence of the urgent measures imposed by the sanitary crisis: from granting our clients extensions and grace periods, to renegotiating their obligations adapting their conditions to the new economic reality.

We offered reliefs to over 10 thousand companies: in the most difficult times, about 18% of the commercial portfolio in Colombia and 36% of our commercial portfolio in Central America were under reliefs. However, by the end of the year, credits with current relief accounted for 3% of the portfolio in Colombia and around 24% in Central America.

We focused on providing our commercial banking customers with personalized advice and support, evaluating their situation in each case, so that we could offer them the most convenient and timely solution, according to their needs, possibilities, and size.

Aiming to support entrepreneurs in recovering and reopening their businesses, we implemented strategies to place resources to help them resume their activities and maintain their liquidity position. To do so, we relied on credit lines offered by the Colombian government through the National Guarantee Fund and second-floor banks such as Bancoldex, Findeter, and Finagro, which allowed us to offer better conditions to our customers. We served close to 48 thousand customers in Colombia, disbursing over COP 2.3 trillion for working capital and payroll payments for SMEs, affected sectors, and independent workers.

In the most difficult times,  
**18% of the commercial portfolio in Colombia and 36% of our commercial portfolio in Central America** were under reliefs.



**We supported close to 48 thousand customers, among them SMEs, affected sectors, and independent workers, through COP 2.3 trillion in disbursements.**



**DISBURSEMENTS THROUGH REACTIVATION PROGRAMS IN COLOMBIA**

(Credit limits and disbursements in COP billions)

## DAVIVIENDA

PROGRAM	CREDIT LIMIT (COP)	DISBURSED (COP)	AVAILABLE	DISBURSED (COP)	NUMBER OF DISBURSEMENTS	SHARE
Fondo Nacional de Garantías - Unidos por Colombia*	25,566	11,580	55 %	1,448	45,495	12 %
Bancóldex - "Responde" and others	1,819	1,446	21 %	402	1,393	28 %
Finagro - Colombia Agro Produce	50**	572***	0 %	86***	686	15 %
Findeter	1,270	985	22 %	388	166	40 %
<b>Total</b>	<b>28,705</b>	<b>14,583</b>	<b>49 %</b>	<b>2,324</b>	<b>47,740</b>	<b>16 %</b>

\* Includes disbursements to individuals using the credit line for self-employed workers.

\*\* Interest rate subsidy quota.

\*\*\* Disbursements that received interest rate subsidies.

With these results, we consolidated ourselves as one of the leading banks in the use of rediscount credit lines. We were the No. 1 in placing funds under Bancoldex special "Responde" credit lines designed to meet the needs of several regions, and we accounted for 28% of total disbursements. We supported private and public customers in important development projects, in areas such as education, transportation, infrastructure, water, and basic sanitation, disbursing over COP 380 billion and reaching a 40% share.

Our consolidated commercial portfolio, which accounted for 47% of the Bank's gross loans, closed with a balance of COP 49.7 trillion, recording a 9.6% annual growth.

In Colombia, Commercial Banking closed with a balance of COP 37.7 trillion<sup>18</sup> and a 12.3% annual growth; our market share as of December 2020 was 13.6%, increasing by 1 percentage point relative to December 2019. In our international subsidiaries, Commercial Banking closed with a USD 3,675 million<sup>19</sup> balance and a 3% annual growth rate.

18. Individual figures for Colombia's operation. 19. Figures under IFRS accounting.

We actively participated  
**offering support to  
businesses** through the  
different credit **lines for  
reactivation** in Colombia.

**9.6%**

Consolidated commercial  
portfolio annual growth.  
Outstanding balance  
of COP 49.7 trillion.



We financed projects with environmental benefits, and climate change mitigation and adaptation projects, totaling **COP 1 trillion** in portfolio balances.



Throughout the health and economic crisis, we maintained our commitment to promoting the protection and proper management of the environment by financing projects to strengthen institutions, protect strategic ecosystems, develop renewable energies, protect, restore, and manage watersheds and springs, and to promote territorial development. Collectively, these actions have contributed significantly to the environmentally sustainable development of our nation, and the preservation, restoration, and sustainable use of our natural resources.

Consequently, in 2020 we financed projects with environmental benefits and climate change mitigation and adaptation projects, totaling COP 1 trillion in portfolio balances, growing by 21% over the year.

We continued our partnership with the Government acting as an ally in the implementation of projects and development plans aimed at improving people's life quality and supporting territorial management. In 2020, we funded

the expansion of energy cogeneration plants and the building of aqueduct plants in several municipalities across Cundinamarca, Antioquia, and Boyacá, benefiting both rural and urban communities.

We enabled our customers to sign up and open accounts through virtual channels; in 2020, 17% of our customers signed up through these means.

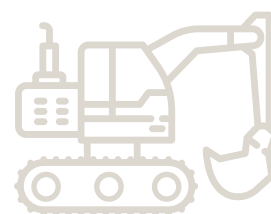
Transactional portals' sales showed significant progress towards digitalization, with 41% of these sales being done by digital means.

We also released Credipyme Digital, a new digital product aimed to attend our micro-SMEs customers with mobile loans, improving our response-time.

In 2021, we will continue to expand our digital offer for Commercial Banking customers, including deposit, credit, insurance, and investment products.







**COP 23.9  
trillion**  
Outstanding  
balance of  
the corporate  
portfolio in  
Colombia.  
Growing  
**17.5%** over  
the year.

## CORPORATE AND WHOLESALE SEGMENT

Our corporate portfolio in Colombia closed with a balance of COP 23.9 trillion, growing 17.5% over the year, while the wholesale portfolio increased 11.7% to close at COP 2.9 trillion.

### Infrastructure

The infrastructure sector, despite the challenges posed by lockdowns and social distancing measures, played a key role in economic reactivation due to its countercyclical role and its contribution to jobs and demand generation.

In Colombia, we support key initiatives in the energy sector; we are involved in conventional and non-conventional energy generation and transmission projects, jointly with the IFC<sup>20</sup> and the FDN<sup>21</sup>; moreover, we continue supporting road construction throughout the nation, contributing to 4G<sup>22</sup> projects, private initiatives, and urban roads, in addition to port and airport projects.

In the coming years, we will continue exploring our participation in power generation and transmission projects, including renewable and non-conventional energies, in addition to roads, airports, and social infrastructure, which are essential for stimulating the economy.

20. IFC: International Finance Corporation, a World Bank Institution present in 184 countries.

21. FDN: Financiera de Desarrollo Nacional S.A., a Colombian institution established in 2011 to promote the involvement of private companies in the financing of large-scale infrastructure projects.

22. 4G: Fourth generation of road concessions, a government program to build and manage more than 8,000 km of highways in Colombia under concession.





## CONSTRUCTION SEGMENT

We closed 2020 with a COP 4.5 trillion portfolio balance, decreasing by 1.9% relative to the previous year. We disbursed nearly COP 2.5 trillion, one third of this amount went to social housing (VIS) projects<sup>23</sup>.

Throughout the year we ratified our commitment to the financing of sustainable projects. We started with the issuance of the Green Bond, promoting projects certified with sustainable building standards such as LEED<sup>24</sup> and EDGE<sup>25</sup> among our builders; this financing amounted to COP 672 billion, including COP 433 billion for the Green Bond.

In 2020, we continued our efforts to certify EDGE projects with the support of IFC. This will facilitate increased access to green housing for Colombian families and optimize the use of our natural resources with buildings that minimize their environmental impact.

We will also continue working towards strengthening our policies, procedures, and capabilities to identify business opportunities and continue to offer products for sustainable building.

23. VIS: Social Housing. In Colombia, this is new residential housing which value is less than 135 current legal monthly minimum wages (135 current legal monthly minimum wages amounted to COP 118.5 million in 2020).

24. LEED® (Leadership in Energy & Environmental Design) is an environmentally sustainable building certification created by the U.S. Sustainable Building Council.

25. EDGE® (Excellent in Design for Greater Efficiency) is a software application, standard and international certification system for sustainable building created by the IFC.

## SOME PROJECTS FUNDED BY DAVIVIENDA IN COLOMBIA, 2020

> Olmo Veramonte  
**Constructora Bolívar S.A.**  
BOGOTÁ





> Céntrica  
**Ingeurbe S.A.S.**  
BOGOTÁ

> La Colina - La Felicidad (VIS)  
**Constructora Colpatria S.A.**  
BOGOTÁ



> Salamanca  
**Amarilo S.A.**  
BOGOTÁ

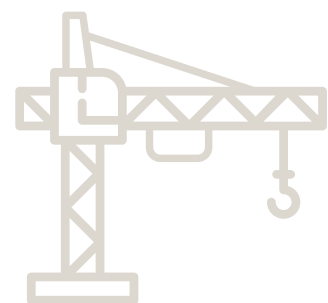






> Hyatt Place (Different from residential housing)  
**Constructora Capital Bogotá S.A.S.**  
BOGOTÁ

> Canelo Novaterra (VIS)  
**Constructora Capital Bogotá S.A.S.**  
MOSQUERA



We promote among our builders projects certified with sustainable **building standards such as LEED and EDGE.**





> Oceana  
**Londoño Gómez S.A.S.**  
MEDELLÍN



> Ciprés de Bella Suiza  
**Constructora Berlín S.A.S.**  
MANIZALES



> Novacentro  
**DOS Constructores S.A.S.**  
PASTO





> Las Margaritas (VIS)  
**Zarcol S.A.S.**  
RIOHACHA

> Housing project Los Rosales (VIS)  
**Proyectar Urbano Ltda.**  
LA ZULIA, NORTE DE SANTANDER



> Ciprés (VIS -Green Line)  
**León Aguilera S.A.**  
NEIVA



We will continue identifying business opportunities to offer products allocated **to sustainable construction.**



## SMEs SEGMENT

As part of our commitment to address the effects of the economic crisis on SMEs, we reached more than 70 thousand small and medium-sized companies, closing 2020 with a portfolio of COP 6.4 trillion, growing by 5.8% over the year.

We further supported the mechanisms designed by the government to protect formal employment. We contributed to disburse PAEF<sup>26</sup> program resources, delivering payroll subsidies to approximately 108 thousand companies, benefiting approximately 2.3 million employees. We had a 20% share of all funds delivered under this program.

We continue offering tools to stimulate the growth of our SMEs through the Py+ platform, which features a broad range of user-friendly e-learning content including webinars, tutorials, and e-commerce articles.

As part of our sustainable management approach, we pursued the Women SMEs strategy, using resources from the gender-focused Social Bond and our own resources, offering a portfolio beyond financial products and services to SMEs led by women, helping them to grow and consolidate their businesses.

Despite the challenges we faced during the year, we consolidated our position as the third largest bank in the country in supporting small and medium-sized companies, with a 12.0% market share. These results encourage us to continue implementing more agile processes, leveraging our digital capabilities to deliver more products and services to our clients to facilitate their recovery, growth, and consolidation.

26. PAEF: Formal Employment Support Program, a Colombian government initiative.

We continue working to  
be the bank for SMEs.  
In Colombia, this  
segment **grew 5.8%  
annually.**

We leveraged our  
**Women-led SMEs**  
strategy through the  
funds obtained from  
multilaterals and the  
gender-focused  
social bond.







Our agribusiness portfolio **increased by 6.5%** over the year, closing with an **outstanding balance of COP 4.4 trillion** in 2020.

### AGRIBUSINESS

2020 proved to be an atypical and difficult year for the agricultural sector, which, nevertheless, was able to maintain the food supply of the country. Our agricultural portfolio expanded by 6.5% over the year, closing with a balance of COP 4.4 trillion in 2020.

In 2020 we delivered prompt financial relief through our specialized agribusiness salesforce and the new processes we implemented in response to the pandemic.

In addition, we supported more clients in this sector through special credit lines Colombia Agro Produce and Emergencia Económica en Campo No Para, launched by the Ministry of Agriculture through Finagro, with disbursements totaling close to COP 47 billion.

We also provided access to the DFC<sup>27</sup> guarantee, with a USD 6.5 million quota, to enable clients in the agribusiness sector to access investment loans on more favorable terms if normal guarantees were insufficient following credit score checks.

With the support of USAID<sup>28</sup>, we continued deploying the value chain methodology that allowed us to massively reach more than a thousand clients with quotas in excess of COP 19 billion.

In 2021, we will continue to support the country's economic recovery, deploying strategies, and leveraging technology to reach more clients in the agricultural sector with development loans.

27. DFC: U.S. International Development Finance Corporation, the United States development bank, works in partnership with the private sector to finance solutions addressing the most critical challenges faced by the developing world.

28. United States Agency for International Development.



## Wealth Management

Despite 2020 financial markets' high volatility and uncertainty, Davivienda's assets under management balance grew 12.3%, COP 7.4 trillion more than in 2019 with an outstanding balance of COP 67.7 trillion.

We focused on protecting our customers' assets, mitigating the effects of the broad capital markets decline, and creating new investment alternatives to capitalize on these volatilities to benefit our customers.. Furthermore, this crisis required us to change how we communicate with our customers accelerating our digital transformation process. We increased our presence in channels that formerly intended to complement on-site customer service. We maintained permanent and close communication with our clients, providing them with accurate and timely information to protect and manage their assets.

In this matter, we increased our participation in live remote events through digital platforms such as YouTube, the reach of our economic outlook reports, and webinars with different economic sector experts, surpassing 66,000 hours of online streamed content.

In 2020, we also increased our market share and, in just four months, our customer base and assets under management grew. By the end of the year, we earned 1.3% market share points in mutual funds, closing at

13.9%, with COP 13.9 trillion in assets under management in contrast with COP 10.5 trillion in 2019, growing 32.3% year-on-year.

These results reflect our digital transformation process acceleration; online investments account openings represented 50% of 2020 total sales against 24% in 2019. Furthermore, we added new transactional features to our digital channels to complement our value offer. Now, over 60% of transactions conveniently take place online from any smartphone.

We believe in the importance of capital markets as an enabler for people to invest in their well-being and prosperity. Therefore, we strive to reduce administrative fees for our main investment funds, positively impacting 11% of our clients and bringing us closer to the goal of democratizing access to investments and capital markets. We also designed the "Investing to meet your goals" experience, where we focus on the customers dreams and how we will help them achieve them through investment advisory services.



# COP 67.7 trillion

Assets under management.  
**12.3%** annual growth.







Digital openings of investment products accounted for **50% of total sales, vs. 24% in 2019.**

Finally, by mid-2020, the Information Exchange Agreement between Panama and Colombia was approved within the OECD's Common Reporting Standard (CRS)<sup>29</sup>. This agreement and tax harmonization caused an outflow of resources from Davivienda Panama. Our strengthened value offer and our management strategies resulted in channeling most of these resources to Wealth Management Banking products in Colombia, reflecting our customer retention capacity and our resilience facing changes.

We plan on delivering new digital features and additional services to our corporate clients in 2021, enabling them to manage their cash flow and liquidity needs, including transfers to other banks and payment transfers to third parties. We will also implement new regulations relating to investment advisory business and management of voluntary pension funds, to maintain our compliance with best practices and legal standards.



29. OECD: Organization for Economic Cooperation and Development, an international organization dedicated to promoting policies aimed at advancing prosperity, equality, opportunity and well-being for everyone.



## International Banking

In 2020, we continued to advance in our common operating and service models, processes, and project management models, sharing the best corporate practices we have learned over the years.

Due to this year's critical conjuncture, we stood beside our customers, especially those who faced the most significant difficulties throughout the year. During the first phase of the relief programs, our subsidiaries implemented new communication processes in record time with our customers. Furthermore, our risk and collection teams contributed to bringing a massive offer of relief and deferrals to more than 214 thousand customers, including individuals and companies, covering a total portfolio balance of USD 2,670 million.

By June, during the second phase of these support and relief programs, most of our customers had been able to normalize their payments; however, we offered tailored payment solutions to customers who were still financially burdened. By the end of the year, 17% of our international portfolio had some form of payment solution in place.

Despite travel restrictions due to the pandemic, we maintained the continuity of our operations in record time by offering new payment, credit, and deposit solutions for our customers.

We also accelerated our digital transformation process and launched a Mobile account reaching 46 thousand new deposits. Moreover, the "Casita Roja" phone key transformed how money is transferred, enabling users to do so anytime and anywhere without accessing the App. In El Salvador, we also launched the first 100% mobile loan in the country, with disbursements equaling USD 10 million, and we continue to grow.



Relief and deferral programs reached **more than 214 thousand customers**, covering a total portfolio balance of USD 2,670 million.

We launched El Salvador's **first 100% mobile loan**.







In 2020, transactions through digital channels increased by 180%, while traditional channels contracted by half. We will continue to work on digital transformation, developing new products and more features to offer our customers the best solutions at their fingertips.

Our retail banking business unit grew 6.7%<sup>30</sup>, driven mainly by El Salvador, Honduras and Panama, whose performance boosted the consumer, credit card and mortgage portfolios. The commercial portfolio contracted 3.8%<sup>31</sup>, mainly reflecting how our operations in El Salvador, Honduras, and Costa Rica, were impacted by Panama's corporate segment performance.

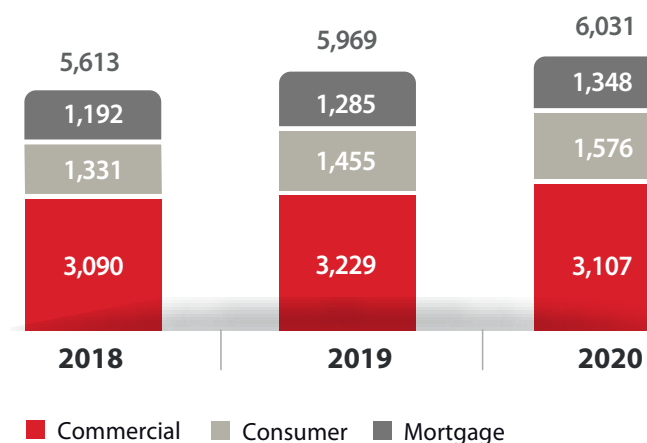
Accumulated net profit in our international operation reached USD 69.6 million<sup>32</sup> by the end of the year, impacted by higher portfolio provisions, lower income from fees and a lower gross margin, compensated by higher income from exchange and derivatives.

As part of our sustainability strategy, we reiterated our commitment to achieving the Sustainable Development Goals (SDGs)<sup>33</sup> in our international operations. We financed sustainable projects for more than USD 302 million. Renewable energy projects accounted for 56%, consistent with the Sustainable Energy Strategy for Central America launched more than a decade ago.

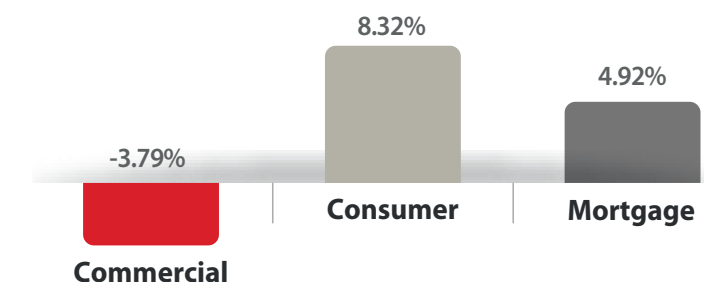
Clean industries and recycling financing accounted for 22% of our portfolio, followed by power efficiency projects (14%) and sustainable building (8%). These projects increase companies' competitive edge by reducing their industrial activity's environmental footprint while increasing their long-term profitability.



#### GROSS LOANS OUTSTANDING BALANCE (USD Million)



#### CENTRAL AMERICA PORTFOLIO ANNUAL GROWTH



30 - 31 - 32. Figures under IFRS accounting.

33. SDG: Sustainable Development Goals, a United Nations initiative to advance the development agenda across all member countries in the wake of the Millennium Development Goals (MDGs).



## Davivienda's Financial Corporation



Corporación Financiera Davivienda was established in 2019 to complement our product and service offerings and diversify investments. In 2020, it focused on real sector companies, mainly startups with technological content in industries such as marketplaces, agrotech, traveltech, loyalty, edutech and investment funds. In its first year, its investments equaled COP 25.6 billion.







# Our approach to shared value

Sustainable Management





Since 2014 we have been included in the Dow Jones Sustainability Index and in 2020, we were included for the fourth year in a row in the Sustainability Yearbook, part of the 15% of companies with the best sustainability practices in the world.

We have defined and prioritized issues that enable us to implement our sustainability strategy. We monitor and follow up on these issues. The Sustainability Committee, our highest governance body in this area, strengthens this strategy by ensuring that decisions and the monitoring of goals contribute to the Bank's objectives. That is why we work directly with the business lines and areas involved, focusing on the most relevant issues. In addition, there is one person responsible for each sustainability issue in each country where we operate, and the Bank's presidents are also responsible for actions implemented locally.

Thanks to our shared value approach, in 2020 we took on the challenges brought about by the economic crisis, not only through our business lines, but also through our internal management and programs that add value to people. It was a challenging year in which we made significant progress in our most relevant sustainability indicators. Highlights include obtaining USD 765 million in resources from the IFC and the IDB for our sustainable finance and financial inclusion credit lines, and the launch, in conjunction with IDB Invest, of the first Social Bond with gender focus in Colombia for USD 100 million, to finance SMEs led by women, and mortgage loans for VIS in which women are direct beneficiaries.



### Annual General Meeting

- > Results overview
- > Annual report



### Board of Directors

Monitoring of strategy and results

**Quarterly**



### Executive Committee

Strategic decision making



### Sustainability Committee

Proposes and reviews policies, guidelines and procedures on sustainability issues

CEO + Board Member + EVP Risk + Sustainability Director

**Quarterly**



### Director of Sustainability and Public Relations

- > Strategy monitoring
- > Consolidation, analysis and reporting of Information
- > Promote and lead best practices in Sustainable Finance
- > Communicate to Stakeholders



### Vice-President of Credit Risk

- > Products policy guidelines
- > Project evaluation - SARAS
- > Certification of green and social products





In 2020, we became the first Colombian member of the Financial Alliance For Women (FAFW), strengthening our commitment to gender equality, inside and outside the Bank. This partnership encourages us to continue working on closing gender gaps through the adoption of best practices, in collaboration with all the organizations involved, mutually collaborating in the creation of programs that boost women's participation and the female economy.

By participating in the Carbon Disclosure Project (CDP), we have strengthened our strategy to address climate change, measuring environmental sustainability factors and adopting best practices.

In 2020, we also joined the Task Force on Climate-Related Financial Disclosures (TCFD), a guide to identify opportunities, risks and impacts of climate change financing based on its main pillars: governance, strategy, risk management, metrics and objectives. In 2021, we will continue to focus on identifying physical and transition risks, scenario analysis, targets and metrics, as well as managing and identifying businesses with environmental benefits.

Another launch in Colombia adding to our suite of products featuring ESG<sup>34</sup> criteria was the Global Sustainable Multiportfolio, which promotes sustainable investments around issues such as climate change, pollution, and waste management, as well as social opportunities and good corporate practices.

34. ESG criteria refers to environmental, social and corporate governance considerations.

## FINANCIAL ALLIANCE FOR WOMEN

We are the first  
Colombian member  
of the **Financial  
Alliance For Women**,  
strengthening our  
commitment to  
gender equality.



Our sustainable management made significant progress in social programs, **enhancing the quality of life of vulnerable people, and contributing to regional development** throughout Colombia.



Our sustainable management made significant progress in social programs, enhancing the quality of life of vulnerable people, and contributing to regional development throughout Colombia, while pursuing shared-value programs:

- > Labor inclusion project launched in Pensilvania, Caldas.
- > The progress of our Cultivarte Family project, linked to social housing projects, which in 2020 moved to a 100% digital model.
- > The financial education program targeting our clients, employees and the community created a positive impact amidst the crisis, mainly due to its educational efforts and the rapid manner in which its platform and capabilities were adjusted.

Our comprehensive human talent management approach has allowed us to broaden the scope of the sustainability culture when creating content to familiarize our employees -Davivienda and its national and regional subsidiaries- with the idea that each small action regarding waste separation, water and energy saving, corporate citizenship and financial education, among others, can change the world.

In the midst of the economic crisis we are facing, our sustainable management has allowed us to act swiftly and promptly to meet the needs of our stakeholders, not only by responding to and addressing their needs, but also by innovating in products and channels. The strength of the Bank, grounded in human talent, corporate governance and risk management, has enabled us to respond efficiently. For example, during the health emergency, DaviPlata became the National Government's best partner in the distribution of subsidies and aid.





## Our commitment to the Sustainable Development Goals - SDGs

















Since the launch of the SDGs in 2012, countries and businesses have had a common roadmap to contribute to sustainable development. The Bank has identified the goals to which it directly contributes, as well as the specific initiatives and objectives on which it works.

We are committed to identifying goals and initiatives in all countries where we operate. 2020 demonstrated the benefit of having practiced the SDGs for 8 years because when we contribute to achieving these goals, we also contribute to the sustainable recovery of the countries where we operate during the crisis.

Resources such as the Social Bond with gender focus in Colombia, precisely in these times, not only promotes economic recovery, but also closes gaps and fosters entrepreneurship and wealth building through the empowerment of women. We also offer products and initiatives that contribute to mitigating climate change.

Today, we integrate SDG contribution elements into new projects from their inception and monitor progress on a quarterly basis. This has enabled us to analyze products and initiatives to make decisions on best practices.

### DAVIVIENDA AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	GOAL	DAVIVIENDA	SDG	GOAL	DAVIVIENDA
	1.4 1.a	Social Housing (VIS), agribusiness, SME, DaviPlata IDB, IFC		10.2	Women-led SMEs, Women-owned Social Housing (VIS) DaviPlata Agricultural
	3.4 3.8 3.d	Wellness  Occupational health		11.1 11.6	Mortgage Eco-efficiency SARAS
	4.3 4.4 4.7 4.a	Cultivate family Labor inclusion Financial Education Cultivate FBD		12.2 12.8	SARAS Eco-efficiency Sustainability culture
	5.5 5.a	Women-led SMEs Women-owned Social Housing (VIS)		13.1 13.2 13.3 13.b	TCFD SARAS Learning Eco-efficiency
	6.4	Sustainable infrastructure SARAS		14.2	SARAS Volunteering
	7.5	Renewable energy Eco-efficiency SARAS		15.2 15.a	Compensation SARAS
	8.2 8.3 8.4 8.8 8.10	Innovation Women-led SMEs Eco-efficiency SARAS Employment Women-owned Social Housing (VIS) DaviPlata		16.5 16.b	Code of Conduct Human rights policy Diversity and Inclusion Policy
	9.3 9.4 9.a 9.b	SMEs Green financing Eco-efficiency Sustainable infrastructure Innovation		17.9 17.17	Multilateral funds Donations



## Economic Management

Sustainable economic management seeks to strengthen business growth by addressing social and environmental issues. Our business lines that finance projects with environmental and social benefits, as well as responsible investment, fulfill an important role in our clients' growth, both corporate and individual.

In a year marked by great challenges, we increased our green financing by 24%, and in less than 6 months we managed funds worth COP 14.8 billion. In 2021, we will continue to expand value creation for all our stakeholders.

### SUSTAINABLE FINANCE

Sustainable management is one of our corporate objectives. It focuses on achieving positive impacts in the countries where we operate. We accomplish this objective based on a shared value approach, by encouraging and developing business models aimed at solving social and environmental problems. Consequently, we constantly upgrade our products by integrating ESG<sup>35</sup> (environmental, social and governance) criteria into the projects, activities and products we finance, to ensure they meet social and environmental needs, as we strengthen our products and services for companies and individuals so that everyone may all take part in sustainable development.

35. ESG: An acronym for environmental, social and corporate governance. It references the 3 main factors for assessing the sustainability of an investment.

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

An important element in promoting sustainable finance is applying environmental and social risk assessment through SARAS<sup>36</sup> for lending decisions and investment evaluations. In 2020, we assessed 216 projects in Colombia and Central America, for USD 1.52 billion.

### Colombia

#### Sustainable Investment

The sustainability strategy of Grupo Bolivar seeks to further integrate ESG criteria in investment decision-making processes involving financial resources managed in the company's own portfolios or third-party portfolios managed in consortiums, individual portfolios and mutual funds. By integrating ESG criteria, we better identify and control risks and opportunities, and contribute to the sustainable development of the countries where we operate.

To establish the general guidelines to incorporate the criteria, Grupo Bolivar published the Responsible Investment Policy - available at <https://sostenibilidad.davivienda.com/>, and also on the websites of its other companies - to play a more active role in risk management and the development of the Group's responsible business practices.

**COP 12.3 billion** to finance projects with environmental and social benefits in Colombia.

#### SUSTAINABLE FINANCING IN COLOMBIA

**COP 1.8 trillion**  
Financing with environmental benefit:

- > Renewable Energy
- > Energy efficiency
- > Sustainable mobility
- > Clean production
- > Sustainable construction
- > Sustainable infrastructure
- > Green mortgages

**COP 10.5 trillion**  
Financing with social benefit:

- > Social housing (VIS), Women-owned Social housing (VIS)
- > Agribusiness
- > SMEs led by Women

**TOTAL: COP 12.3 trillion**  
Equivalent to USD 3.6 billion





**USD 640 million** in resources from the IFC and the IDB for our sustainable finance and financial inclusion credit line.

#### SUSTAINABLE FINANCING CENTRAL AMERICA

##### **USD 302.2 million** Financing with environmental benefits

- > Renewable Energy
- > Energy efficiency
- > Sustainable mobility
- > Clean production
- > Sustainable construction
- > Green mortgages

##### **USD 4.8 million Green Products:**

- > Green Savings Account
- > Green Insurance

##### **USD 40.3 million** Financing with social benefits

- > Social housing (VIS)

Davienda is the leading bank in Honduras in granting housing loans with government bonds; 45% of these loans are held by women.

**TOTAL: USD 342.6 million**

In 2020 we launched the Global Sustainable Multiportfolio, which offers Dafuturo Voluntary Pension Fund clients a product that invests in ESG-rated instruments. It raised COP 14.8 billion by the end of the year.

#### MULTILATERAL RESOURCES

##### **Colombia**

In 2020, in line with our commitment to generate shared value, we managed USD 640 million earmarked by the IFC and the IDB to finance projects with social and environmental benefits. These resources have allowed us to devise strategies to bridge social and economic gaps for people, especially women; we also support projects that mitigate the impacts and effects of climate change in Colombia and Central America.

Funds have also created added value, strengthening skills, knowledge and identifying opportunities.





## MULTILATERAL RESOURCES COLOMBIA

2020: USD 640 million

IFC  
USD 635 million

## Green Bond

USD 150 million

Issuance: April 2017

Term: 10 years

**Committed to:** Sustainable construction, energy efficiency and renewable energies

## IFC Subordinate

USD 335 million

Issuance: December 2019

Term: 10 years

**Committed to:**

- Green Building, agribusiness
- Women-led SMEs, Social housing (VIS)

IFC  
USD 150 million

## Senior IFC

USD 100 million

Issuance: April 2020

Term: 8 years

**Committed to:**

- Green Building, agribusiness
- Women-led SMEs, Social housing (VIS)

## OFID Subordinate

USD 50 million

Issuance: June 2020

Term: 10 years

**Committed to:** v• Green Building

- Women-led SMEs and Social housing (VIS)

BID  
USD 490 million

## Gender Social Bond

USD 100 million

Issuance: August 2020

Term: 7 years

**Committed to:**

- Women-led SMEs
- Women-owned Social housing (VIS)

## IDB Subordinate

USD 100 million

Issuance: September 2020

Term: 10 years

**Committed to:** SMEs

## DFC Subordinate

USD 250 million

Issuance: September 2020

Term: 10 years

**Committed to:**

- 70% SMEs and Social housing (VIS)
- 30% Women-led SMEs and Women-owned Social housing (VIS)

## Findev Subordinate

USD 20 million

Issuance: October 2020

Term: 10 years

**Committed to:**

- 70% SMEs and Social housing (VIS)
- 30% Women-led SMEs and Women-owned Social housing (VIS)

## Blended finance

USD 20 million

Issuance: September 2020

Term: 7 years

**Committed to:**

- Green projects.
- Renewable resources
- Energy efficiency

- > **Social Bond with gender focus:** This is the first issuance and investment of a bond of this type under international standards in Colombia, with incentives linked to objectives. The proceeds from the bond placement will be used exclusively to finance the growth of SMEs led by women, as well as the purchase of low-income housing by women.

The allocation of these resources will strengthen our strategy with a gender focus, which by 2020 was already showing significant results. By doing so, we continue consolidating products that benefit society, reflecting our commitment to equal opportunities, development, and the empowerment of women nationwide.

COP 58.7  
billion1,101 women building  
wealth.COP 37.2  
billion1,452  
entrepreneur women.

**Social Bond with gender focus:**  
First issuance of a bond of this type under international standards in Colombia.

**Added Value:** This is the first operation in Colombia to be part of the Women Entrepreneurs Finance Initiative (We-Fi), a partnership that works to open up financing and access to markets for women-led businesses. As part of the bond issuance process, IDB Invest will also provide technical assistance services with funds from the We-Fi program to support us in the design of a value proposition and positioning focused on the SME Women segment.





## Central America

We continue generating shared value by working with our partners to finance eco-friendly projects integrating ESG criteria. This is how we continue financing projects with external resources:

### COSTA RICA USD 106 MILLION

ECOBUSINESS	IDB	IFC
<b>Amount:</b> USD 16 million <b>Year:</b> 2017 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Sustainable building (EDGE or LEED). Estimated resource consumption savings of at least 20% and/or equally significant emission reductions.</li> <li>• Investments in green technology</li> <li>• Renewable clean energy generation</li> <li>• Cleaner transportation.</li> </ul>	<b>Amount:</b> USD 30 million <b>Year:</b> 2018 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Companies with sustainability certification.</li> </ul>	<b>Amount:</b> USD 60 million <b>Year:</b> 2019 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Green constructions</li> <li>• Energy efficiency,</li> <li>• Renewable energy</li> <li>• Climate-smart agriculture</li> </ul>

### EL SALVADOR USD 235 MILLION

IFC	FMO	ECOBUSINESS	BID
<b>Amount:</b> USD 50 million <b>Year:</b> 2014 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• SME working capital</li> </ul>	<b>Amount:</b> USD 60 million <b>Year:</b> 2015 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Renewable energy projects, mainly solar and biomass</li> </ul>	<b>Amount:</b> USD 25 million <b>Year:</b> 2020 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Agriculture production and processing, fisheries and aquaculture, forestry, tourism (working capital).</li> </ul>	<b>Amount:</b> USD 100 million <b>Year:</b> 2020 <b>Committed to:</b> <ul style="list-style-type: none"> <li>• Green financing / SMEs</li> </ul>

## Environmental Management

For us, an environmentally sound business model is when direct and indirect environmental impacts are factored in and mitigated throughout the entire business cycle.

Based on our environmental policy, benchmarks, and external commitments, and using training and outreach as cross-cutting areas, we devised a strategy that includes climate change management based on the following lines of action:

- > Environmental and Social Risk Analysis System - SARAS
- > Eco-efficiency
- > Environmental products and programs

### Climate Change Management

We manage climate change as a cross-cutting issue that stretches across processes, products, and programs within our environmental strategy, enabling us to contribute to mitigating and/or adapting to the impacts or effects, as well as to take advantage of opportunities arising from internal operations and indirect management:

- > Within our operations, by measuring and reporting our carbon footprint, renewable energy use in our facilities, energy and water efficiency and waste management programs.
- > In business-related management by including variables for climate change risk analysis in the Environmental and Social Risk Analysis System - SARAS, and financing climate change mitigation and adaptation projects.

**SARAS****SARAS 2020 Methodology and Results**

We identify and mitigate environmental and social risks in the financing of sensitive projects and sectors.

The Environmental and Social Risk Analysis System - SARAS is part of our comprehensive risk management process and is managed by the Environmental and Social Risk Department of the Vice-Presidency of Credit Risk, reporting to the Corporate Risk Committee, the Credit Risk Committees and the Sustainability Committee. It includes policies and procedures to apply it in loan evaluations in the corporate, construction, business and leasing segments, as well as in investment decisions and in the management of strategic suppliers.

The SARAS methodology has established outreach policies, considering amounts, terms, sensitive activities, and local regulations, when required by credit approval bodies; it is also aligned with IFC standards, performance standards and exclusion list. In evaluating large infrastructure projects, the evaluation considers the elements of the methodological Equator Principles benchmark, including due diligence by an independent consultant.

## Assessed Items:

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

The applicable methodology allows us, based on existing information, to generate a categorization of environmental and social risk A, B or C, taking into account the probability of greater to lesser environmental or social impact, assess possible environmental and social risks, generate an environmental and social concept, establish action plans when required and follow-up measures (covenants) to verify the performance of environmental and social aspects during the term of the loan with the Bank. In infrastructure projects (project finance), we support the process since the credit structuring stage.

As part of the SARAS process, we include procedures and work plans for climate change risk management and human rights risk management.

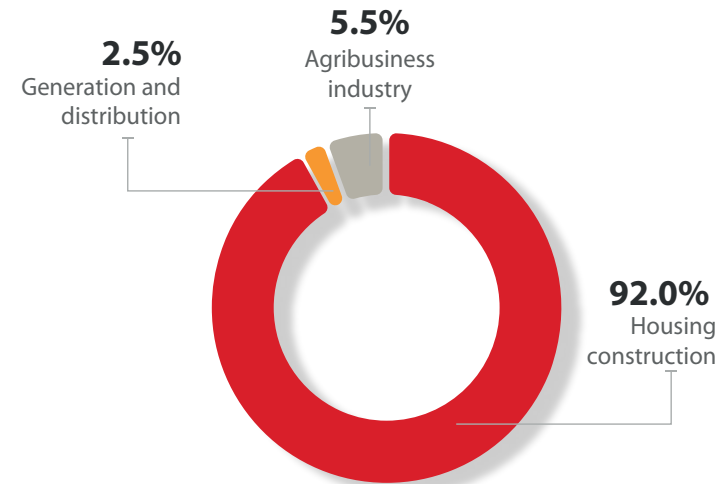




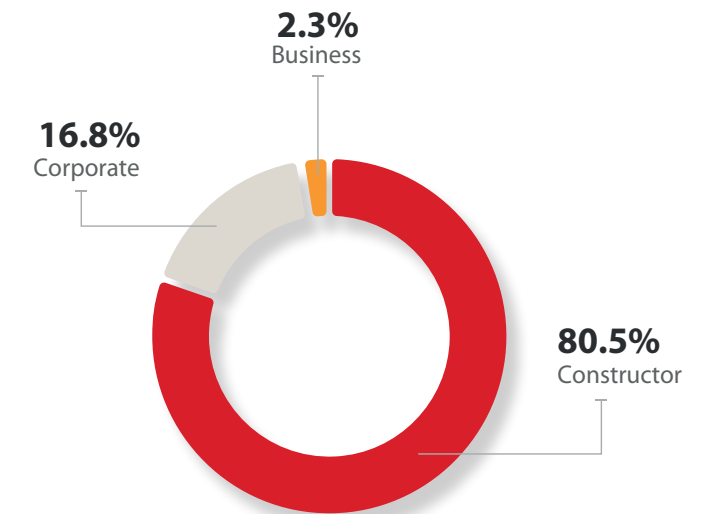
**Colombia****NEW SARAS EVALUATIONS  
OF CREDIT APPLICATIONS 2020**  
(COP billion)

	QUANTITY	AMOUNT
<b>Category A</b>	<b>37</b>	<b>1,101.1</b>
Corporate Loan	5	537.0
Construction Loan	30	512.9
Business Loan	2	51.2
Leasing Loan	0	0.0
<b>Category B</b>	<b>163</b>	<b>3,827.3</b>
Corporate Loan	7	293.0
Construction Loan	148	3,453.8
Business Loan	6	61.6
Leasing Loan	2	18.9
<b>Category C</b>	<b>0</b>	<b>0.0</b>
<b>TOTAL*</b>	<b>200</b>	<b>4,928.4</b>

\* Equivalent to USD 1,435 million.

**INDUSTRIES ASSESSES BASED ON SARAS****SARAS EVALUATIONS IN COLOMBIA, ACCUMULATED**  
(COP billion)

	2018		2019		2020	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>Category A</b>	41	1,443	41	1,756	37	1,101
<b>Category B</b>	190	4,125	137	2,900	163	3,827
<b>Category C</b>	0	0	0	0	0	0,0
<b>Total</b>	<b>231</b>	<b>5,568</b>	<b>178</b>	<b>4,656</b>	<b>200</b>	<b>4,928</b>

**SARAS DISTRIBUTION BY SEGMENT****SARAS MONITORING**  
(COP billion)

TRAINING	QUANTITY	AMOUNT REQUEST	No. OF MONITORINGS
Corporate (Includes Project Finance)	12	830	185
Construction	178	3,967	380
Business	8	113	29
Leasing	2	19	0
<b>Total</b>	<b>200</b>	<b>4,929</b>	<b>594</b>



Out of the 200 operations evaluated during the year, 5 were Project Finance, with an independent review and one structured with Ecuador Principles.

As part of other relevant activities carried out in the environmental and social risk management process, we implemented the automation of the filing of applications for the builder credit risk assessment, we conducted analyzes and made comments on the regulatory projects associated with environmental and social aspects, and which may have an impact on the business.

## SARAS - Supplier

The implementation of this system has allowed us to promote among our suppliers the importance of managing environmental, social and climate change risks, and to take advantage of opportunities to measure, manage and report environmental indicators.

In 2020, we evaluated 86 suppliers, 42% of which were classified in environmental and social risk category B (medium) and 58% in category C (low).

## Training

In 2020, we conducted training processes on topics related to environmental and social risk management, reaching employees in the commercial, credit and risk areas.

TRAINING	THEMATIC	EMPLOYEES	HOURS
Internal	SARAS policies (virtual)	315	1
	SARAS policies	58	23
External (virtual)	Climate change	22	32
	Human Rights	5	10
	Green financing	42	52
	Environmental and social risk	20	54

## Climate Change

Climate change risk management is part of the Social and Environmental Risk Analysis System (SARAS) when reviewing loan applications, by focusing on historical data on climate events such as floods, droughts, and landslides, and using geographic tools to profile risks and identify existing or required mitigation and adaptation measures.

We developed a work plan aligned with TCFD's recommendations aimed at analyzing and prioritizing the way in which climate change, physical and transition risks may impact the business in the Bank's credit and investment portfolios. It also focuses on identifying opportunities arising from the low-carbon economy in projects and investments to be financed directly contributing to climate change management, such as renewable energies, energy efficiency and sustainable building.

These are among the activities conducted for climate change risk management in 2020:

- > Conducting a pilot test to identify physical risks associated with the mortgage loan portfolio, classifying them by flood and landslide threat levels.
- > Analysis and prioritization of physical climatic variables associated with various types of loans in the Bank's portfolio, as a basis for further evaluation.





- > Extraction, review, and analysis for initial understanding of climate change scenarios data for Colombia.
- > Identifying regulations related to climate change that could lead to changes affecting industries that generate the most CO<sub>2</sub> emissions and, therefore, pose a transition risk.
- > Adhering to the TCFD framework, joining a group of leading companies committed to taking action on climate change and thinking about how it may impact business.
- > Special training for the team of employees directly involved in managing and identifying climate change risks and renewable energy opportunities within the framework of the Green Banking - Renac program.
- > Raising awareness and training Bank employees through the "Good things multiply" sustainability culture program, focusing on the efficient use of water and energy, the fundamentals of biodiversity and climate change, and the importance of waste management.
- > Participating in the task force convened by the Financial Superintendence of Colombia to review green finance taxonomy in Colombia.

## Human Rights

We conduct human rights risk analysis in accordance with our Human Rights Policy and international protocols, as part of the SARAS Environmental and Social Risk Management System. The scope of the evaluation covers employees, customers, suppliers, and the community.

Risk assessment includes the review of potential and actual impacts of activities on human rights, and follow-up on measures to avoid or minimize risks and address adverse impacts. We use risk matrices for each stakeholder as an analysis tool, including factors such as the associated contexts, interactions where there are potential threats to human rights, and control activities required in accordance with regulations.

We periodically assess the scope of loan applications and follow-up, supplier management and the relationship with our employees, without establishing residual risks at a high level for human rights violations in 2020.

Our employees were trained in human rights fundamentals and policies as part of key activities.

## Sustainable Investment

When evaluating and assigning issuers' investment caps in the financial and real sector, both local and international, we involve ESG aspects such as governance, labor, environmental and social management, stakeholders, and reporting, which are evaluated through a sustainable investment rating model that includes SARAS methodology components.





We evaluated 311 local and international issuers of the real and financial sector in ESG criterial. **Most of them are classified at “outstanding” and “acceptable” levels.**

In addition, we devised a methodology to evaluate sovereign investment from an ESG standpoint, which incorporates risk rating agency criteria, as well as World Bank indicators.

A heat map showing the status of the portfolio based on internally defined ESG rating criteria stands out among the projects completed during the year; based on the heat map, approximately 75% of our portfolio is in the “outstanding” and “acceptable” levels.

In 2020 we monitored and evaluated 157 issuers in the local and international financial sector, 19% more issuers than in 2019; 68.8% of the financial sector entities with which we have defined investment caps or that are authorized to market to clients are classified at “outstanding” and “acceptable” levels of implementation of sustainability criteria, compared to 65.2% in the previous year.

We also evaluated 154 issuers in the real sector, 21% more than in 2019; we invested in these companies through ordinary bonds, finding that 88% are at “outstanding” and “acceptable” levels, based on the sustainability criteria. The model is managed in conjunction with the Vice-Presidency of Investment Risks of Grupo Bolívar. The evaluation was conducted based on information reported in the 2019 management and/or sustainability reports published by each issuer.

In 2021 we will continue evaluating issuers that are approved for portfolios and to be marketed to clients, and we will enhance our sustainable investment rating model by incorporating climate change aspects.

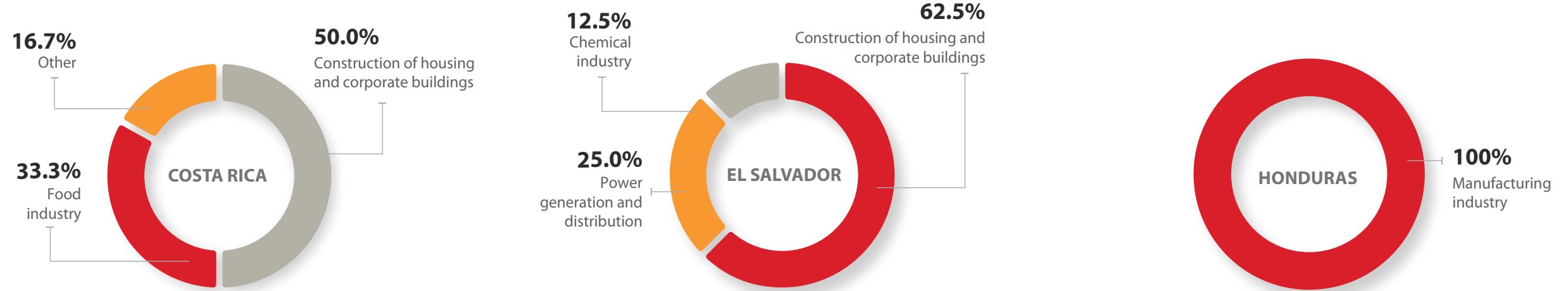
### Adherence

We continue to actively participate in the Green Protocol, an initiative promoted by the Colombian financial sector, Asobancaria and the National Government. In 2020 we participated in the review of training content and tools to be used in banks, received training and attended workshops on topics such as climate change risk management and green business opportunities, and provided input on legislative initiatives concerning environmental and social issues.



## Central America

### SECTORS ASSESSED BASED ON SARAS



We conducted 6 new SARAS assessments amounting to USD 49 million and periodically monitored 99 loans assessed in previous years.

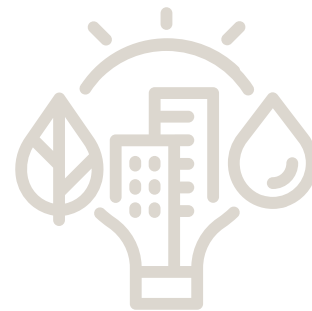
We conducted 8 new SARAS assessments amounting to USD 24 million and periodically monitored 60 loans assessed in previous years.

We conducted 2 new SARAS assessments amounting to USD 11 million and periodically monitored 35 loans assessed in previous years.

### SARAS EVALUATIONS CENTRAL AMERICA, ACCUMULATED

	COSTA RICA		EL SALVADOR		HONDURAS		PANAMA	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Category A	3	38.4	0	0	1	7.1	0	0
Category B	3	11.2	3	4.4	1	4.4	0	0
Category C	0	0	5	19,6	0	0	0	0
Total (USD million)	6	49.6	8	24.0	2.0	11.5	0	0
SARAS monitoring	99		60		35		4	



**TRAINING AND EDUCATION**

AREAS	COSTA RICA		EL SALVADOR		HONDURAS	
	Hours	Employees	Hours	Employees	Hours	Employees
Credit	0	0	4	1	1	14
Risks	5	25	0	3	0	0
Commercial	0	0	0	0	1	14
<b>Total</b>	5	25	4	4	2	28

THEMATIC						
Environmental strategy	1	23	0	0	1	14
SARAS policies	4	25	0	0	1	14
Sustainability Protocol Implementation Plan (Abansa)	0	0	4	14	0	0

**ADHERENCES**

COSTA RICA	EL SALVADOR	HONDURAS
<p><b>Green Protocol</b></p> <p>In 2020, we held roundtables to align banks and financial institutions in terms of sustainable internal policies, to mitigate direct operational impacts and indirect impacts generated by financial products and services.</p> <p><b>Chamber of Banks and Financial Institutions of Costa Rica:</b></p> <p>In 2020, guidelines and goals were established based on 3 principles:</p> <ol style="list-style-type: none"> <li>1. Financing lines and programs promoting quality of life for the population and the sustainable use of the environment.</li> <li>2. Socio-environmental impacts and costs in asset management and project risk analysis (SARAS implementation and/or alignment with SARAS across the bank).</li> <li>3. Mindful consumption of natural resources and materials derived from such resources, within each institution (savings, eco-efficiency).</li> </ol>	<p>As part of the Sustainability Protocol signed jointly with members of the Salvadoran Banking Association (Abansa), we carried out the following actions:</p> <ul style="list-style-type: none"> <li>- An agreement was executed between IDB Invest and Abansa on technical assistance in sustainability issues.</li> <li>-We held four online workshops on topics such as climate change, learned lessons from other protocols, and the environmental and social risk system.</li> </ul>	<p>With support from the Honduran Association of Banking Institutions (Ahiba), the Environmental and Social Risk Management Regulations for the Financial Sector were approved and published in August 2020.</p> <p>All financial institutions in the country must implement a Social and Environmental Risk Analysis System (SARAS) within 2 years.</p>

**Our goal:** To apply the SARAS assessment to 100 % of the loan applications meeting the established criteria.



## OPERATIONAL ECO-EFFICIENCY



We use effective solutions aimed at preventing, mitigating, and offsetting our environmental footprint across our operations. We also implemented programs and initiatives integrating a sustainability culture and innovative solutions.

The goal of our eco-efficiency strategy is to efficiently use natural resources and to contribute to the mitigation of climate change, implementing programs and initiatives that integrate a culture of efficiency and the use of technological solutions in the organization.

### 2020 milestones

- > We installed 14 new solar panels: 9 in our offices in Colombia and 5 in our agencies in El Salvador, with an installed capacity of 430 kWp.
- > In Colombia, we invested COP 13.3 billion in technologies to achieve greater energy and water efficiency and renewable energies. In Central America, this investment amounted to USD 269 thousand.
- > We offset 2.7 thousand tons of CO<sub>2</sub>, equivalent to 35.5% of our annual carbon footprint and the planting of approximately 21.6 thousand trees. We also participated in biodiversity conservation projects in Costa Rica and El Salvador.

**COP 13.3 billion** invested in technologies to achieve greater energy and water efficiency and renewable energies in Colombia.

### Colombia

#### Milestones

- > Through a project for specialized management of utilities, we reviewed 21.9 thousand water and energy bills, installed 48 energy monitoring systems and reduced usage and fees saving COP 1.37 billion.
- > Thanks to the project for collecting disused assets and goods, we cleaned up all our offices in Colombia, collecting around 1,300 tons of materials, comprehensively managing more than 400 tons of waste, and generating income totaling COP 114 million by selling assets.



## Carbon Footprint Measurement

Emissions management includes quantifying the carbon footprint and implementing programs to reduce, mitigate and offset greenhouse gas (GHG) emissions. We implemented the following programs in 2020:

- > Implement LED lighting in ATMs and replace air conditioning systems with more efficient technologies.
- > Project specialized in utilities management and implementation of efficiency measures through training and direct contact with the branches.
- > Procurement of energy-efficient equipment.
- > Solar panel installation.
- > Digitalization of processes to cut down on paper consumption, leveraging technological tools to reduce air travel.
- > Offset 35% of our annual carbon footprint in Colombia.

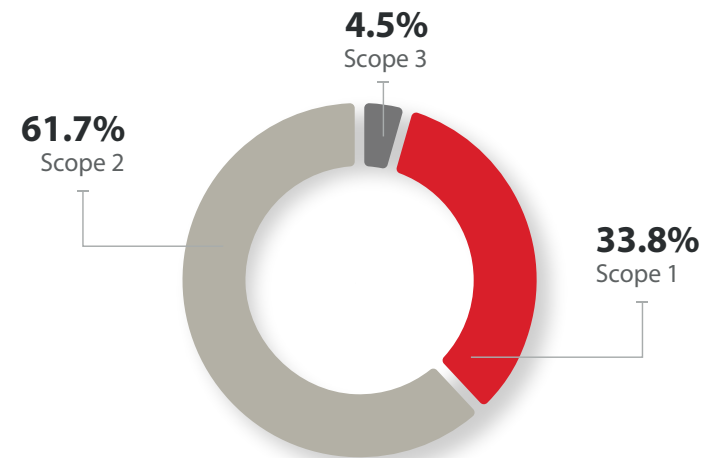
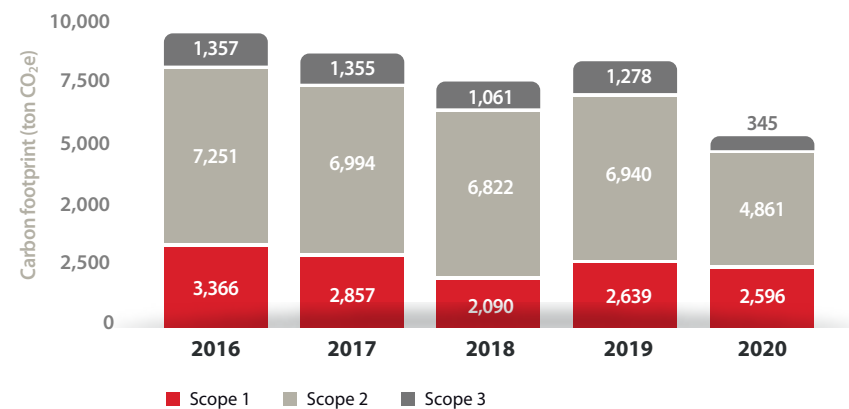


## CARBON FOOTPRINT MEASUREMENT

	2018	2019	2020	ACTIONS
<b>Scope 1</b> Emissions due to consumption of cooling gases air conditioners and fuels of electric plants (Ton CO <sub>2</sub> eq).	2,090	2,639	2,596	We reduced 1.6% of total Scope 1 emissions.
Ton CO <sub>2</sub> eq/FTE	0.20	0.26	0.25	
Ton CO <sub>2</sub> eq/m <sup>2</sup>	0.01	0.01	0.01	
<b>Scope 2</b> Emissions from electricity consumption (Ton CO <sub>2</sub> eq)	6,822	6,940	4,861	Total emissions and FTE emissions in Scope 2 decreased by 30%, due to a reduced energy consumption.
Ton CO <sub>2</sub> eq/FTE	0.66	0.68	0.48	
Ton CO <sub>2</sub> eq/m <sup>2</sup>	0.03	0.02	0.02	
<b>Scope 3</b> Emissions due consumption of reams of paper and air travel by employees (Ton CO <sub>2</sub> eq).	1,061	1,278	345	The global situation during the year allowed us to accelerate the digitalization and technological development of different processes. In environmental terms, this resulted in a 38% reduction of emissions derived from paper usage and a 78% reduction of the carbon footprint derived from air travel, generating a total reduction of 73% in scope 3.
Ton CO <sub>2</sub> eq/FTE	0.10	0.13	0.03	
<b>Total carbon footprint</b>	9,973	10,857	7,802	
Carbon footprint (Ton CO <sub>2</sub> eq/FTE)	0.97	1.07	0.75	We reduced our carbon footprint by 28% compared to the previous year, avoiding the emission of 3,055 Ton CO <sub>2</sub> eq. The reduction compared to the base year 2014 was 50%, equivalent to avoiding the emission of 7,769 Ton CO <sub>2</sub> eq.
Carbon footprint (Ton CO <sub>2</sub> /m <sup>2</sup> )	0.04	0.04	0.03	

**Note:** Energy consumption used to calculate Scope 2 results from projecting 11% of total annual consumption, considering that November and December consumption had not been billed in full when data was submitted.



**CARBON FOOTPRINT DISTRIBUTION****ANNUAL CARBON FOOTPRINT BY SCOPE****Carbon Footprint Offset**

We offset 2,729 tons of CO<sub>2</sub> from the carbon footprint of our Colombian operation, equivalent to 35% of the annual national carbon footprint and the planting of approximately 21,650 trees.

Carbon offsets were achieved by purchasing carbon certificates through 2 forestry projects in Colombia:

- > 1,300 tons of CO<sub>2</sub> offset in the CO<sub>2</sub> Cero Cordillera Central forestry project in the Andean region, equivalent to approximately 10,300 rubber, cypress and pine trees planted by 39 small producers.
- > 1,429 tons of CO<sub>2</sub> offset in the CO<sub>2</sub> Zero Rubber PL One forest project in the Colombian Orinoco region, equivalent to the planting of approximately 11.3 *Hevea Brasiliensis* trees.

Both projects were developed under the guidelines to formulate, validate, and verify forestry projects for climate change mitigation. The voluntary cancellation registration and complete mitigation initiative information is available at [www.colcx.com](http://www.colcx.com).

1,429 of all certificates were purchased through a partnership with the post-consumer waste management supplier, through its social responsibility strategy that allows the company to earn rewards points for delivering post-consumer waste and redeem them in social and/or environmental programs.

**We offset 2.7 thousand tons of CO<sub>2</sub>** from the carbon footprint of our Colombian operation, equivalent to the planting of 21.6 thousand trees.





## Energy Management

In 2020, we efficiently used energy and implemented actions to reduce energy consumption. We made the following investments to achieve this goal:

- > COP 9.3 billion to renovate 147 energy-efficient, non-ozone-depleting air conditioners.
- > COP 681 million implementing LED lighting for 593 ATMs.
- > COP 586 million in the project specialized in managing utilities. The project accomplished the following results:
  - Direct efforts to reduce power consumption by visiting 133 branches.
  - Analysis of 21,9 thousand invoices.
  - Training of 391 employees as environmental leaders and managers to be certified in 2021 by the World Energy Council.
  - 644 MWh reduction in energy consumption, which resulted in savings totaling COP 410 million.

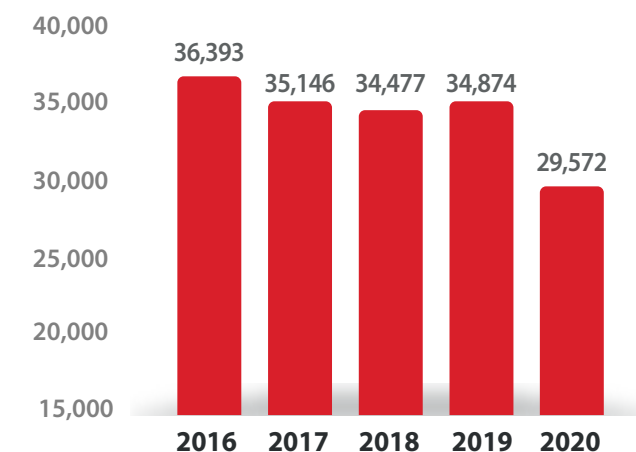
391 employees were trained as **environmental leaders and managers.**



	2018	2019	2020	ACCIONES
<b>Energy consumption (MWh)</b>	34,477	34,874	29,572	Net energy consumption decreased by 15%, equivalent to 5.3 thousand MWh saved.
<b>MWh/FTE</b>	3.3	3.4	2.9	The COVID-19 crisis caused 86% of said reduction, while the remaining 14% derived from the implementation of energy efficiency projects and specialized management of public utilities.
<b>MWh/m²</b>	0.1	0.1	0.1	Relative to 2014, we reduced consumption in 2020 by 37%, for a total of 17.5 thousand MWh saved and 2.9 thousand tons of CO <sub>2</sub> avoided.

**Note:** Energy consumption was calculated by projecting 11% of all data for the year, because consumption in November and December had not been billed in full when data was submitted.

**ENERGY CONSUMPTION**  
(MWh/year)





## Renewable energies

### SOLAR ENERGY

In 2020, we installed 9 solar panels on branches rooftops throughout Colombia, generating 163.5 kWp. These systems will start operating in 2021.

### WIND ENERGY

At our office in San Andres Island, Colombia, we maintain an innovative renewable energy generation system consisting of a vertical 2-axis tulip-type wind turbine with a power output of 2 kWp.



## SOLAR POWER GENERATION

	INDICATOR	2017	2018	2019	2020	TOTAL	ACTIONS
Solar panels on office roofs, for self-consumption	Installed Systems	3	4	0	9	16	Since their installation, the photovoltaic systems have generated 229 MWh of energy for self-consumption, which is equivalent to avoiding the emission of 32 Ton CO <sub>2</sub> eq.
	Installed power (kWp)	20.3	45.4	0	163.5	229	
	Generated energy (MWh)	9.6	49.2	59.3	53	171	In 2020, we generated 53 MWh of clean energy. We were unable to meet the established goal due to the delay in maintenance and installation of the new systems, as a result of the restrictions established for the control of COVID-19.
Davivienda Flores* installed in different cities	Flores installed	1	3	3	0	7	Our Flores Davivienda have generated approximately 75 MWh of clean energy, available for the recharging of mobile devices by the community.
	Installed power (kWp)	2.3	6.9	7.5	0	16.7	
	Generated energy (MWh)	0.8	6.9	32.4	34.8	74.8	

\* In 2017 we brought Smartflower technology to Colombia, which we have called the "Flor Davivienda". It consists of a system of 12 solar panels that open automatically at dawn and follow the sun's path during the day, converting the radiation into clean and efficient energy.



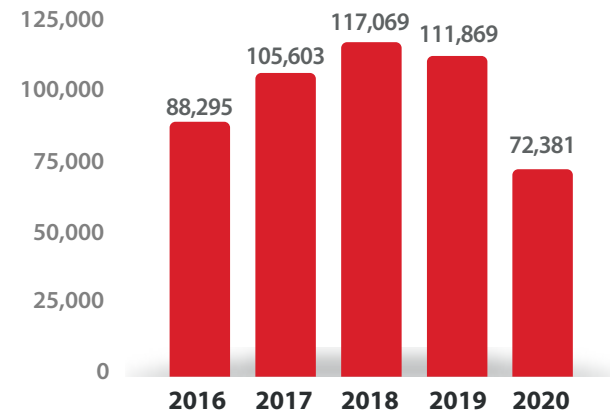


## Water Efficiency

We measure our water consumption and implemented actions to make its use more efficient:

In 2021, we will continue the renovation of toilets and taps for more efficient equipment and we will work hand in hand with suppliers and employees to use water resources more efficiently.

### WATER CONSUMPTION (m<sup>3</sup>/year)



	2018	2019	2020	ACTIONS
<b>Water consumption</b> (m <sup>3</sup> )	117,069	111,869	72,381	We installed 398 water-saving devices in toilets and launched a pilot project to replace toilets and taps with water-saving systems in 6 offices. Our Specialized Utility Management project allowed us to implement water saving and efficient water use strategies at the sites we visited. Our housekeeping and cafeteria staff have been essential in achieving the results.
<b>m<sup>3</sup>/ FTE</b>	11.4	11	7.1	
<b>m<sup>3</sup>/m<sup>2</sup></b>	0.5	0.4	0.3	In 2020, water consumption was reduced by 35%, equivalent to 39.5 thousand m <sup>3</sup> of water saved.

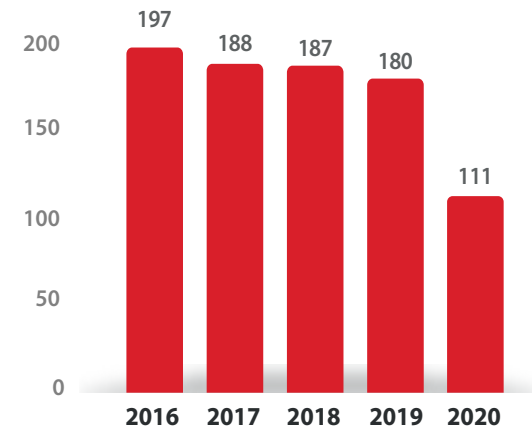
**Note:** Water consumption was obtained by projecting 12% of the total data for the year, since November and December consumption had not been fully billed at the date of submission of the information.

## Comprehensive Waste Management System

### PAPERLESS BANK



### PAPER CONSUMPTION (ton/year)



	2018	2019	2020	ACTIONS
<b>Paper</b> (Tons)	187	180	111	We continued working on the Paperless Bank program which, in 2020, thanks to the acceleration of the processes of efficient use of paper, digitization and technological development, allowed us: <ul style="list-style-type: none"> <li>• Reduce paper consumption by 38% compared to 2019, equivalent to 69 tons of paper no longer consumed.</li> <li>• Reduce printing by 41.5% compared to 2019, equivalent to 18.8 million printings no longer made.</li> </ul>
<b>kg/ FTE</b>	18.1	17.8	10.9	



In 2020 we invested COP 160 million in the project of collection of assets and goods in disuse in the 21 branch offices in Colombia. We visited 582 collection points, Cultivartes, corporate offices and administrative areas, where we collected around 1.3 thousand tons of goods and assets in disuse, managed more than 400 tons of waste, and generated economic efficiencies for COP 114 million, derived from the sale of non-standard assets.

About the waste generated in the year, one thousand tons were used, which corresponds to 80% of total waste, increasing the use by 58% more than in 2019.



## WASTE MANAGEMENT

(Tons)

	2018	2019	2020	ACTIONS
<b>Total waste</b>	677	848	1,273	We updated the waste characterization to estimate per capita production under quarantine conditions and consolidated total generation figures for each waste stream.
<b>Total ordinary waste</b>	502	502	66	The amount of ordinary waste generated was reduced by 87% due to the reduction in on-site operations as a result of the sanitary contingency. In 2021 and 2022 we will again profile the ordinary waste and prepare a diagnosis of the separation habits at the source in line with the new color code established in Resolution 2184 of 2019.
<b>Recycled and composted ordinary waste</b>	17	33	32	In 2020 we generated: <ul style="list-style-type: none"> <li>• 27.6 tons of recycled waste reported by branches (paper, plastic, cardboard, glass, metals).</li> <li>• 4.8 tons of compostable waste from coffee machine waste.</li> <li>• 45 kg of recyclable waste from medical centers.</li> <li>• 34 tons of ordinary waste were disposed of in a sanitary landfill.</li> </ul>
<b>Waste landfill</b>	486	469	34	
<b>Other recycled waste</b>	171	254	987	We use other waste from the operation: <ul style="list-style-type: none"> <li>• 633 tons of inactive filing cabinets, earning income of COP 240 million.</li> <li>• 354 tons of usable post-consumer waste (industrial surpluses and usable waste electronic and electrical equipment WEEE from dismantling).</li> </ul>
<b>WEEE and hazardous waste</b>	3	92	220	We manage the destruction, treatment and/or adequate final disposal of hazardous waste generated and non-usable WEEE: <ul style="list-style-type: none"> <li>• 55 kg of bio sanitary waste generated in our medical centers.</li> <li>• 219.7 tons of WEEE destroyed, surplus and hazardous waste.</li> </ul> <p>Additionally, we properly disposed of 649 toner cartridges through the Lexmark Cartridge Collection Program (zero landfill and zero incineration policy).</p>



The refurbishment of our offices and new building of the new collaborative spaces were done **using green building criteria.**

### Sustainable construction

In 2020 we remodeled over 8 thousand square meters of administrative areas to offer collaborative workspaces to our employees, investing COP 6.8 billion in 2020, totaling COP 9.5 billion paid in total.

We remodeled our offices and built new collaborative spaces using green building criteria. In 2020, we invested COP 2 billion in energy and water efficiency, and COP 967 million in materials or furniture with internationally recognized environmentally friendly certifications for our new or remodeled locations and branches.

### Circular economy

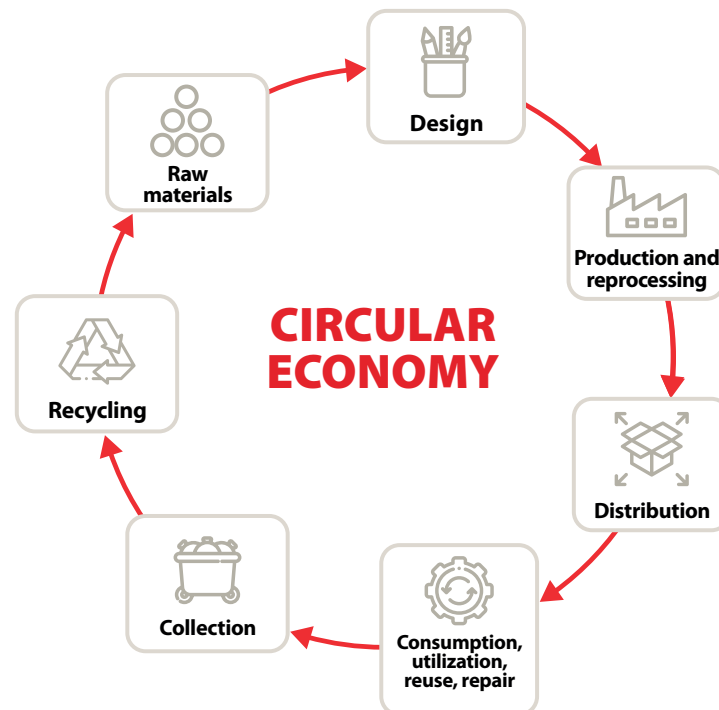
In 2020, we made progress in defining the Bank's Circular Economy Strategy on different fronts:

- > **Design, production, and manufacturing:** We started research to incorporate eco-design criteria in debit and credit card contracts, ensuring the same durability as conventional cards, to reduce environmental impact. Sustainable procurement, renewable energy projects and the Paperless Bank program are also part of this line of action.
- > **Distribution:** We work jointly with suppliers to raise awareness on the environmental impact of their business operations. In 2020 we trained 33 suppliers in comprehensive waste management. In 2021, our goal is to start assessing a group of suppliers in terms of measuring and reporting carbon footprint and circular economy strategies, with the purpose of suggesting ideas on how we can work together to improve them.

- > **Reuse and repair:** We managed 14.8 tons of materials from disused furniture, through cleaning, repair and reconditioning processes, enabling the reuse of furniture and materials.
- > **Collection:** We considered a project to collect unused assets and goods, as well as a reverse toner logistics program with Lexmark.
- > **Recycling and waste management:** All recycling, recovery, use, treatment, destruction, composting and final waste disposal processes are part of this line. We seek to reduce and take advantage of as much waste as possible, as well as to reduce the hazardousness of waste, when applicable.

Finally, as part of our Circular Economy Strategy, we surveyed the Bank's packaging baseline to comply with Resolution 1407 of 2018, by joining the National Business Association of Colombia (ANDI) 30/30 Vision Program. In 2021, we will work on setting circular economy goals and projects in collaboration with our suppliers to reduce the impact of the containers and packaging we place on the market.

In 2021, we will also measure the amount of packaging produced in 2019 and 2020 to identify opportunities for improvement, suggest projects and set goals to reduce the impact of these materials.







In 2020, we had no reported environmental incidents or fines as a result of our operation. In 2021, we will continue to work to improve our operational eco-efficiency management and mitigate negative impacts.

#### QUANTITATIVE ECO-EFFICIENCY GOALS

TOPIC	2021	2022
1. Energy efficiency (reduction in consumption)	3	1
2. Generation of clean energy (increase in kWh/year)	163	25
3. Water efficiency (reduction in consumption)	4	1
4. Carbon footprint Scope 1 (reduction)	1	1
5. Carbon footprint Scope 2 (reduction)	3	1
6. Carbon footprint Scope 3 (reduction)	24	4
7. Carbon footprint offset	56	80
8. Reduction of paper use	18	7
9. Waste management (branches that certify the recycling process)	7	10





## Central America

Due to the current situation, it was necessary to adapt our sustainable mobility program: while 65% of the collaborators worked from home, we fitted out a bus with all biosafety requirements for the journey from San José (center of the capital) to our main building, for an average of 20 people / day who had to come in personally to our location. We maintained this service during the most critical part of the pandemic, reducing the need for mobilization by personal vehicles and public transportation.

## ECO-EFFICIENCY INDICATORS COSTA RICA

	2018	2019	2020	ACTIONS
Scope 1 (Ton CO <sub>2</sub> eq)	239	103	46	We reduced our Scope 1 carbon footprint by 56%, our Scope 2 emissions by 18% and our Scope 3 footprint by 98%, generating a total reduction of 38% in our carbon footprint, which is equivalent to 160 tons of CO <sub>2</sub> eq saved.
Scope 2 (Ton CO <sub>2</sub> eq)	266	255	210	
Scope 3 (Ton CO <sub>2</sub> eq)	55	59	1.2	
Total carbon footprint (Ton CO <sub>2</sub> eq)	560	417	257	
Energy (MW)	3,525	3,378	2,781	We reduced energy consumption by 18% due in part to reduced operations at several locations as a result of the measures taken to control the pandemic, but also thanks to the energy efficiency strategies we implemented, such as the maintenance of all air conditioning units and the change to LED lighting in 3 locations, with an investment of USD 17 thousand.
Energy (MW/FTE)	3.7	3.3	3.0	
Energy (MW/m <sup>2</sup> )	0.2	0.2	0.3	
Water m <sup>3</sup>	9,406	19,582	10,214	We conducted a campaign to promote awareness of water use through the installation of water-saving signs in bathrooms and the distribution of graphic pieces through digital media. Water consumption decreased 48% with respect to the previous year.
Water (m <sup>3</sup> /FTE)	10	21	11	
Water (m <sup>3</sup> /m <sup>2</sup> )	0.5	0.6	1.0	
Use of paper (Ton)	22	20	10	We continue promoting the Zero Paper project. We implemented a ream cap for each area and continued with the digitization of processes, achieving a 52% reduction in the consumption of paper
Use of paper (Kg/FTE)	23	21	11	
Recycling (Ton)	5.1	5.3	1.1	We continue to separate and benefit from recyclable waste. The amount of recycled waste decreased due to the reduction of the operation caused by the sanitary emergency.
Recycling (Kg/FTE)	5.3	5.4	1.2	





## ECO-EFFICIENCY INDICATORS EL SALVADOR

**Sustainable construction**

In 2020 we invested USD 1.2 million building the Miralvalle and Zona Rosa agencies using LEED V.4 green building certification standards. We trained the staff of the agencies in LEED certification and in October we carried out the commissioning process for both agencies. The projects are in the process of validating information from the U.S. Green Building Council.

	2018	2019	2020	ACTIONS
<b>Scope 1 (Ton CO<sub>2</sub>eq)</b>	1,409	1,286	1,016	We reduced Scope 1 emissions by 21% compared to 2019.
<b>Scope 2 (Ton CO<sub>2</sub>eq)</b>	5,222	5,109	4,339	We reduced Scope 2 emissions by 15% compared to 2019.
<b>Scope 3 (Ton CO<sub>2</sub>eq)</b>	119	141	56	We include the carbon footprint derived from paper consumption in Scope 3, adjusting the 2019 figure in order to be able to compare performance in 2020. The carbon footprint of this scope was reduced by 60%.
<b>Total carbon footprint (Ton CO<sub>2</sub>eq)</b>	6,750	6,536	5,411	We reduced by 17% the emissions generated in 2020, equivalent to 1.124 tons of CO <sub>2</sub> , mainly by closing some agencies and decreasing operations, but also thanks to the digitization of processes and investment in energy efficiency.
<b>Energy (MW)</b>	7,682	7,515	6,383	We installed frequency variators for the cold water recirculation pump systems of chillers in the Financial Center, which will allow us to save 70 MWh per year.
<b>Energy (MW/FTE)</b>	4.4	4.2	3.7	We reduced energy consumption per staff member by 12% and consumption per m <sup>2</sup> by 31% compared to 2019.
<b>Energy (MW/m<sup>2</sup>)</b>	0.3	0.3	0.2	
<b>Renewable energy installation (kWp installed)</b>			267	We installed photovoltaic systems on the roof of 5 agencies, which will allow us to generate 390 MW/h of clean energy per year.
<b>Renewable energy generation (MWh/year)</b>			73	
<b>Water m<sup>3</sup></b>	48,100	53,091	45,052	We replaced the water pumping system in the Financial Center, allowing us to control and measure consumption in the main building, in order to lower consumption by approximately 7%.
<b>Water (m<sup>3</sup>/FTE)</b>	27	30	26	Water consumption per staff member was reduced by 12.6% and consumption per m <sup>2</sup> by 63% compared to 2019.
<b>Water (m<sup>3</sup>/m<sup>2</sup>)</b>	1.6	4.0	1.5	
<b>Use of paper (Ton)</b>	74	69	39	Paper consumption decreased by 43%, due to two factors: the temporary closure of some offices on account of the contingency caused by COVID-19 and the continuation of the Zero Paper program, through which we promote both our digital products and an efficient use of paper.
<b>Use of paper (Kg/FTE)</b>	42	39	22	
<b>Recycling (Ton)</b>	8	52	13	Usable waste decreased, due to the fact that in 2019 we cleaned up expired documents. We began measuring the generation of usable waste at 3 new locations.
<b>Recycling (Kg/FTE)</b>	5	29	7	



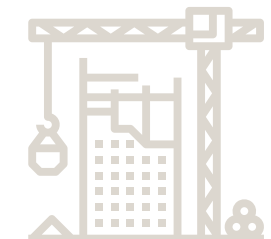


## ECO-EFFICIENCY INDICATORS HONDURAS

	2018	2019	2020	ACTIONS
Scope 1 (Ton CO <sub>2</sub> eq)	443	287	564	We achieved an overall reduction of 11% of emissions generated in 2020 compared to 2019, which corresponds to 376 tons of CO <sub>2</sub> eq.
Scope 2 (Ton CO <sub>2</sub> eq)	3,166	3,168	2,618	
Scope 3 (Ton CO <sub>2</sub> eq)	82	82	26	
Total carbon footprint (Ton CO <sub>2</sub> eq)	3,690	3,537	3,208	
Energy (MW)	5,102	5,106	4,219	We reduced energy consumption by 19% and energy consumption per employee by 20% compared to the previous year, equivalent to a 963 MWh decrease.
Energy (MW/FTE)	4.0	4.2	3.4	
Energy (MW/m <sup>2</sup> )	0.1	0.1	0.1	
Water m <sup>3</sup>		162,186	33,353	Due to the reduction in operation caused by the sanitary emergency, water consumption was reduced 79% compared to 2019.
Water (m <sup>3</sup> /FTE)		132	27	
Water (m <sup>3</sup> /m <sup>2</sup> )		4.0	0.8	
Use of paper (Ton)	44	37	20	We continued to develop the "Banco sin papel" (Paperless bank) campaign, which seeks to optimize and digitalize processes, achieving a 45.6% reduction in the consumption of this resource with respect to the previous year.
Use of paper (Kg/FTE)	34	30	16	
Recycling (Ton)	7.6	8.7	2.0	We continue to separate and use recyclable waste. The amount of recycled waste decreased due to the reduction of the operation caused by the health emergency.
Recycling (Kg/FTE)	5.9	7.1	1.6	

## ECO-EFFICIENCY INDICATORS PANAMA

	2018	2019	2020	ACTIONS
Scope 1 (Ton CO <sub>2</sub> eq)		95	96	We achieved a global reduction of 11% of emissions generated in 2020 compared to 2019, corresponding to 35 Ton CO <sub>2</sub> eq.
Scope 2 (Ton CO <sub>2</sub> eq)	233	212	176	
Scope 3 (Ton CO <sub>2</sub> eq)		1.6	1.5	
Total carbon footprint (Ton CO <sub>2</sub> eq)	233	308	273	
Energy (MW)	840	764	636	We reduced energy consumption by 17% and energy consumption per employee by 45% with respect to the previous year, equivalent to a decrease of 128 MWh.
Energy (MW/FTE)	5.2	6.0	3.3	
Energy (MW/m <sup>2</sup> )	1.7	0.1	0.2	
Use of paper (Ton)		1.7	0.6	We developed "Somos verde" (We are green) campaigning, in which our employees contributed with initiatives to reduce paper consumption. Additionally we eliminated 3 printed forms in administrative offices. We achieved a total reduction in paper consumption of 68% with respect to the previous year.
Use of paper (Kg/FTE)		10.7	2.9	



**ENVIRONMENTAL PRODUCTS AND PROGRAMS**

We generate environmental value for our clients and the community through products and services that support the protection and conservation of the environment, and the prevention, management, and mitigation of our environmental impacts, as well as our adaptation to climate change.

**Environmental products**

- > In 2020 we consolidated our green credit lines portfolio at USD 823.2 million, for both companies and individuals.
- > The financing of renewable energy projects is the only product that is offered in all 5 countries.

We offer green business lines to our corporate clients and individuals to generate shared value through loans aimed primarily at financing activities, projects and assets that produce environmental benefits and reduce the negative impact on the environment, while contributing to the mitigation and adaptation to the effects of climate change.

These environmental products play an important role in strengthening our sustainable finance portfolio, along with a clear growth trend in ESG-based portfolios. By 2021, we will focus on strengthening eligibility criteria by aligning such criteria with national taxonomy exercises and identifying funding opportunities.

**USD 823.2 million**, our consolidated green lines portfolio: Business and retail banking.

**PRODUCTS WITH ENVIRONMENTAL BENEFIT AND FOR CLIMATE CHANGE MITIGATION AND ADAPTATION**

COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA
<b>USD 521.1 million*</b>	<b>USD 120.7 million</b>	<b>USD 117.7 million</b>	<b>USD 30.2 million</b>	<b>USD 33.5 million</b>
<ul style="list-style-type: none"> <li>• Renewable energies</li> <li>• Energy efficiency</li> <li>• Sustainable construction</li> <li>• Clean production</li> <li>• Sustainable infrastructure</li> <li>• Electric and hybrid vehicles</li> <li>• Green mortgages</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energies</li> <li>• Energy efficiency</li> <li>• Sustainable construction</li> <li>• Clean production</li> <li>• Electric and hybrid vehicles</li> <li>• Green mortgages</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energies</li> <li><b>USD 4.8 million</b></li> <li>• Green Account</li> <li>• Green Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energies</li> <li>• Clean production</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energies</li> </ul>
<b>TOTAL: USD 823.2 million</b>				

\* Equivalent to COP1.8 trillion.



**COP 1.78 trillion** in portfolio balances  
corresponding to green financing or with  
environmental benefit in Colombia.

## Colombia

### GREEN LINES

#### CLASSIFICATION OF GREEN CREDIT LINES IN 2020

(COP billion)

	BALANCE
Sustainable construction	672.5
Renewable energies	167.2
Energy efficiency	23.5
Sustainable infrastructure	164.9
Clean production	1.2
Electric and hybrid vehicles	50
Green mortgages	55.4
Green financing rediscount	653.7
<b>TOTAL*</b>	<b>1,788.4</b>

In Colombia, total portfolio balances for green or eco-friendly financing amounted to COP 1.78 trillion, a 24.5% increase over the previous year.

Our green credit lines financed with our own resources promote sustainable development by financing energy efficiency, renewable energy, cleaner production, and sustainable infrastructure projects, with a portfolio balance of COP 168 billion.



#### Green leasing

Through Green Leasing, we support our clients in reducing their environmental footprint through our Energy Efficiency and Renewable Energy strategy, aimed at financing photovoltaic solar energy, boilers, transformer replacement, electric vehicles and, in general, projects involving machinery or equipment capable of achieving a minimum environmental efficiency of 15%.

We are committed to serving everyone across the country, including municipalities needing funding for street lighting and trucks for waste treatment and transportation, providing them with financing options with terms of up to 10 years and grace periods of up to one year. We also assist them in financial structuring their projects with the support of specialists, allowing them to optimize costs and improve cash flow, while contributing to sustainable development. Under these credit lines, we disbursed COP 168.4 billion in 2020, exceeding the proposed target of COP 50 billion.

Portfolio balances in these lines totaled COP 189.1 billion.







## 106 projects with environmental benefit were financed, between green lines and leasing.



### Own resources

In Commercial Banking, we financed 106 eco-friendly projects, as part of our green and leasing lines. 76 of these projects related to renewable energies, with an installed 16 thousand KW capacity.

In addition, we funded projects under our sustainable housing and green building credit lines, which involve sustainable construction projects with LEED or EDGE certification for residential and commercial buildings. Portfolio balances totaled COP 239 billion. Additionally, in retail banking we funded COP 55.4 billion in green mortgages.



### Bono Verde

The Green Bond<sup>37</sup> we issued in 2017 for COP 433 billion and a 10-year term, had financed 23 housing, healthcare, hotel, shopping center and office projects in Bogota, Barranquilla, and Cartagena, developed by our construction and corporate banking customers. These projects had obtained or were in the process of obtaining LEED or EDGE sustainable building certification.

Among the projects financed by the green bond, we have:

<b>LEED certification:</b>	<b>3</b> certified projects <b>5</b> projects in the process of certification
<b>EDGE certification:</b>	<b>7</b> certified projects <b>5</b> projects with preliminary certification <b>3</b> projects in the process of certification

We highlight the following benefits of the application of the Green Bond:

- > Reduction of energy consumption between 16% and 46% with respect to traditional buildings.
- > Avoided emissions of approximately 6.45 thousand tons CO<sub>2</sub>eq per year.



### Development Bank

Includes the rediscount portfolios (Bancóldex and Findeter), which issued special lines at attractive rates for our clients, coupled with analysis, information and advice to properly manage these businesses.

To promote environmental conservation and support the efforts of our corporate clients, we financed projects in 2020 aimed at protecting strategic ecosystems and developing renewable energies, protecting, restoring, and managing watersheds and springs, as well as programs supporting environmentally sustainable territorial development throughout the country and contributing to the restoration, sustainable use and conservation of natural resources. We also participated in financing projects such as the expansion of power cogeneration plants and the construction of aqueduct plants in municipalities in Cundinamarca, Antioquia, and Boyacá.

Contingency measures established in the country since March 2020 compelled businessmen and businesswomen to prioritize working capital, which led to a significant slowdown in investments in green projects.

Portfolio balances in these eco-friendly credit lines totaled COP 654 billion.



**COP 239 billion**  
to finance sustainable  
construction projects  
with LEED or EDGE  
certification with  
own resources.

37. The Green Bond, purchased in its entirety by the IFC, underwent an external verification process conducted by Ernst & Young in 2018, based on the parameters set forth by the International Capital Market Association (ICMA).



**USD 302.2 million**, in green or with environmental benefit portfolio in Central America.



### Electric and hybrid vehicles

As of June 2020, we expanded our offer for this segment, allowing financing up to 110% of the value of the vehicle; as part of this product, an additional 10% is destined to finance the charger and the home charging station.

We doubled the number of vehicles financed in 2020, reaching 492 electric and hybrid vehicles totaling \$43 billion and a 153% growth compared to 2019, with a balance amounting to \$50 billion and a 17% market share in this line of business.

By placing these credits, we contribute to the integration of ESG (environmental, social and governance) criteria in our products, implementing best practices and generating a positive environmental impact.

### Central America

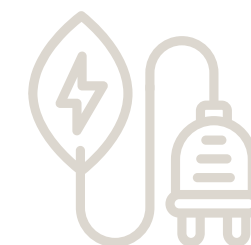
#### FINANCING (USD Million)

	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA
Renewable energies	17.1	117.7	17.6	26.9
Energy efficiency	25.4			
Sustainable construction	21.7			6.6
Clean production	51.2		12.5	
Electric and hybrid vehicles	2.4			
Green mortgage	2.7			
<b>TOTAL</b>	<b>120.7</b>	<b>117.7</b>	<b>30.2</b>	<b>33.5</b>

#### PRODUCTS (USD Million)

	EL SALVADOR
Green Savings Accounts	2.2
Green Insurance	2.5
<b>TOTAL</b>	<b>4.7</b>

In Central America, the portfolio balances for green financing or environmental benefit amounted to USD 302.2 million.



**153%**

Growth of financing electric and hybrid vehicles by COP 43 billion.



## USD 64.8 million for the financing of 5 projects with environmental benefit by FMO.

### COSTA RICA

**Own resources.** We finance projects for our corporate clients in hydropower, energy efficiency and sustainable construction, with portfolio balances of USD 29 million.

**External resources.** Resources from the IDB<sup>38</sup>, the IFC and the eco business Fund for Green Line financing are particularly significant<sup>39</sup>. With the first projects, we financed wind energy, energy efficiency, sustainable construction, and EDGE-certified housing mortgages, for a portfolio amount of USD 38 million. On the other hand, USD 51 million of the portfolio balance was committed to clean production projects, requiring companies to hold a sustainability certificate recognized by the fund.

### EL SALVADOR

**Own resources.** We finance eco-friendly products for our corporate clients in renewable energy lines, specifically hydroelectric, photovoltaic and wind energy, with a portfolio balance of USD 52.8 million.

We also offer 2 eco-friendly products for individuals: our Green Savings Account, which allows customers to participate in the Turtle Conservation Program by opening a savings account and making monthly contributions; and the Green Life Insurance, which enables customers to be part of the Reforestation Campaign Program.

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

39. eco.business Fund is an impact investment fund initiated by the KfW Development Bank of Germany and Conservation International to promote business and consumer practices that contribute to the conservation of biodiversity, sustainable use of natural resources, climate change mitigation and adaptation.

**External resources.** Through the Entrepreneurial Development Bank (FMO<sup>40</sup>) we financed 5 eco-friendly projects with a portfolio balance of USD 64.8 million, focusing on renewable energies from photovoltaic and biomass systems.

### HONDURAS

**Own resources.** We financed projects with a USD 30.2 million portfolio balance at year-end, with biomass energy and clean production eligibility criteria in recycling companies.

### PANAMA

**Own resources.** We used our own funds to finance LEED-certified construction projects, wind energy projects and biomass projects. Portfolio balances amounted to USD 33.5 million.

For individuals, as of December 2020, we offer loans to purchase eco-vehicles, expanding eco-friendly business lines in the country.

40. FMO: Dutch development bank structured as a bilateral international private sector financial institution.







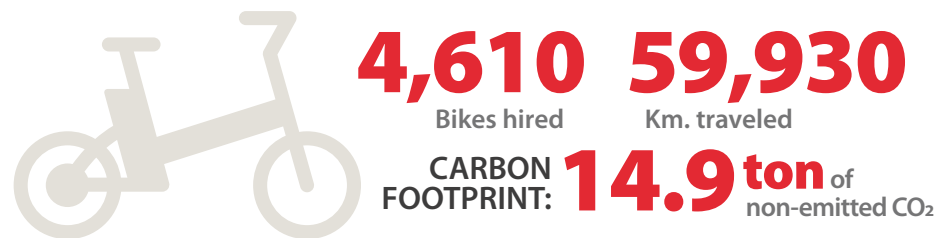
## Environmental products

### Colombia

#### DAVIVIENDA ON BIKE

We closed the year with 4 “Davivienda on Bike” ecosystems. 59,930 km traveled as part of the program, preventing the emission of 14.9 tons of CO<sub>2</sub>.

Traffic and transit indicators in the 4 functioning ecosystems under the conditions imposed by the sanitary emergency are as follows:



**FAIRNESS FOOTPRINT:** COP 27.7 million saved on fuel and public transportation



**12,000 employees** trained on biodiversity, climate change and comprehensive waste management issues, in Colombia.

#### ENVIRONMENTAL EDUCATION

UXplora, our Corporate University, raised awareness and trained more than 12,000 employees in Colombia on biodiversity, climate change and comprehensive waste management issues through the online course “Good things multiply: Reduce, Reuse, Recycle”.

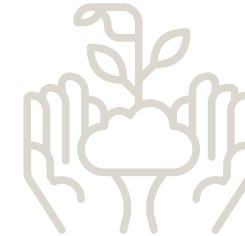
We implemented the first stage of the Good Things Multipliers program: Leaders and environmental managers, aimed at increasing knowledge on issues related to electric energy, energy auditing, water resources, and efficient water and energy management. In 2020 we began training 391 students and we intend to continue in 2021 to certify 700 students.

Likewise, we used our internal communication channels to share recommendations for protecting natural resources and managing waste appropriately, and we echoed important environmental dates such as the Environment Day. These initiatives enabled interactions between our employees to share the strategies they use at home to save energy, water and resources to protect the planet.





## We support the biodiversity in our countries in Central America.



### Central America

Biodiversity conservation programs in Central America stand out due to cleanup, reforestation, and turtle care programs. This year, in all the countries where Davivienda operates, we trained and raised awareness among employees on biodiversity, climate change, resource and waste management through our online course: “Good things multiply”.

### COSTA RICA



#### Conservation and Wildlife Areas Support Program

Every year we support national parks, reserves and biological corridors through a strategy based on encouraging corporate volunteering and focusing on solving problems identified by park rangers and managers of the various areas. In 2020 we only executed the plan during the first quarter of the year -we had to suspend on-site participation-, with the extraction of 200 kg of plastic waste from the Isla San Lucas wildlife refuge, helping to protect biodiversity and raising awareness among participants.

We also supported the Cobric Surá Interurban Biological Corridor by sustaining 50 trees and removing waste from the corridor, in addition to producing 63 eco-bottles from plastic material to be used in construction projects.

Finally, 35 volunteers and their children supported El Rescate Wildlife Rescue Center by making materials to improve the facilities where rescued animals unable to return to their habitats due to injuries, alterations in their natural behavior or age, are kept. This program is also supported by donations from employees, which totaled USD 1,835 and were used to purchase medicine and food for the animals.







## EL SALVADOR

**Reforestation sessions program**

In 2020, we continued the Mangrove Restoration Project with the Green Life Insurance; 15 to 20 thousand mangrove seeds and seedlings were collected on approximately 7 hectares. The environmental impact of these activities is estimated in a benefit that, taking into consideration a 15-year-old developed forest, is fixing an average of 1,920 tons of carbon. Based on data from the national forest inventory, an average of 106.6 tons of carbon are sequestered per year in mature mangrove forests.

A red mangrove nursery will be established to grow seedlings under controlled conditions so that they may grow their roots and leaves in pylon bags to subsequently plant larger and more resistant plants. So far there are 8,400 red mangrove (*Rhizophora mangle*) seedlings in the nursery. 500 were already planted in the area to be restored.

**Turtle conservation program**

As part of the Turtle Conservation Program at Playa San Diego and Majahual, with the support of our Green Savings Account customers, we have released more than 1.3 million hatchlings. In 2020, 112,000 specimens were released, and research began by tagging females returning to the country's coasts to learn about their reproductive biology, migration patterns, distribution, and growth rates, and to implement programs aimed at their conservation.

This initiative also benefits 130 turtle farmer families living along 12 km of coastline in the Department of La Libertad.

**Sustainable Club**

As part of our commitment to sustainability, we held an online Sustainable Business discussion in August on "Sustainable Business: Challenges and Changes Post-COVID-19", in which we provided information on best practices to enable industries to prepare for the post-COVID world. 61 clients from different industries participated in the event, which was jointly organized with the eco business Fund and managed by Finance in Motion, a firm that promotes business and consumer practices that contribute to the conservation of the environment.

**Environmental education**

As part of our sustainability strategy, we promoted the "Environmentally responsible digital workshop" initiative, a series of virtual workshops targeted to university students to raise awareness on environmental issues and empower them to come up with solutions to address environmental issues in El Salvador, in the context of two wetlands of international importance, under the Ramsar Convention: La Barra de Santiago and Los C6banos.

Over 250 university students from around the country participated in 8 sessions between August and October coordinated by Social Service Departments from higher education institutions.

We support the  
**ecosystem conservation** in  
El Salvador through the turtle  
conservation program.







## Social Management

Aware of our role in society and our commitments, we focus on advancing causes that promote the progress of people while conserving the environment. That is how we deliver high-impact programs aimed at solving challenges faced by communities, building strong relationships by implementing our own projects and working with strategic allies to generate value in synergy.

### SHARED VALUE PROGRAMS

Our shared value model enables us to support human growth and well-being under complex circumstances. In 2020, we overcame challenges despite complex circumstances to not only succeed in maintaining Cultivarte Family, but also in launching a Call in Pensilvania, Caldas, and connecting it with our ecosystems to benefit the communities. DaviPlata reached more than 1,200 people from the Cultivarte Family and Pensilvania Call programs, promoting digital banking and promoting better financial habits.

### Commitment with the society.

We focus on advancing causes that promote the progress of people while conserving the environment.

In 2020 **we launched the call center in Pennsylvania, Caldas**, and it is connected with our ecosystems for the benefit of communities.

### Financial welfare



MisFinanzasenCasa



MisFinanzasenCasa



MisFinanzasenCasa



MFinanzasenCasa

In Colombia, we continue to promote and adapt our tools so that our clients achieve their financial welfare, providing content developed for each segment through social networks and different portals:

- > [www.misfinanzasencasa.com](http://www.misfinanzasencasa.com)
- > [www.misfinanzasparainvertir.com](http://www.misfinanzasparainvertir.com)
- > [www.misfinanzasparaminegocio.com](http://www.misfinanzasparaminegocio.com)
- > [monetarium.co](http://monetarium.co)
- > [www.hagacuentas.davivienda.com](http://www.hagacuentas.davivienda.com)

This year in particular we conveyed messages and recommendations at various moments of truth, thinking about those who were experiencing hardship.

[www.hagacuentas.davivienda.com](http://www.hagacuentas.davivienda.com) teaches how to effectively manage your money by creating personal and family budgets based on templates and tutorials that are easy to follow using a mobile device.





Furthermore, we held online seminars in lieu of in-person events for employees working for companies that have payroll agreements with us in 2020, demonstrating that going online provides more opportunities and opens more channels for all Colombians and Central Americans.

Virtual agents are now also available to assist users in our Cultivarte centers, physical locations built to facilitate personal interactions, but we are transforming these spaces into virtual experiences, multiplying their scope and inclusiveness.

This is how our financial education program reached more than 76,000 people in Colombia in 2020.

In Costa Rica, El Salvador and Honduras we leveraged this valuable opportunity to enrich the lives of our customers, users of all ages and their families, by adding 2 new sections to the My Finances at Home portal: "Financial wellbeing" and "The savings challenge", which benefited more than 29 thousand people. In addition, we recorded 18.2 thousand virtual courses taken by our users.

## IMPACT OF FINANCIAL EDUCATION PROGRAMS

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	TOTAL
Customers	4,458,574	923	310	626	4,460,433
Enterprises	845	16	18	9	888
Interactions	7,976,356	56,261	65,201	30,595	8,128,413
Retail banking	76,491	13,914	10,774	4,637	105,816
Sessions	10,174	3,649	12,463	2,123	28,409

## Achievements

We continue working to advance multilingual and inclusive financial education, focusing on fostering a culture of responsible savings and borrowing, mindful of the value of managing money properly in order to achieve financial wellbeing and fulfill one's dreams.

- > Over the year, particularly from March to August, we created specific content to rethink traditional money management and savings at home, providing tips and practical recommendations for the current circumstances, inviting people to reassess their personal finances in light of the situation. Several channels to clarify questions about relief offered by financial institutions in response to the emergency were made available to those who needed further information.
- > We renovated the Monetarium portal for children to allow them to better spend their time at home.
- > Since February, we supported the Cobranzas 3.0 strategy in an effort to familiarize our customers with the meaning of default, the stages of a legal process and the alternatives to overcome this situation, and to explain them that the Bank is committed to protecting its customers' assets, their good name and their financial wellbeing.
- > In line with the launch of the first Social Bond with gender focus for SMEs and VIS housing, we expanded our current homeownership campaign by adding specific information on social housing (VIS), including subsidies, the importance of opening a savings account (AFC<sup>41</sup>), additional costs to consider when buying a home, and other recommendations. Likewise, in anticipation of the post-pandemic economic recovery, we created content explaining subsidies for purchasing non-VIS housing.

41. AFC: Savings account to promote construction: savings program that grants tax benefits if used to purchase a home.



In 2020, we reached over 105,000 people **with our financial education programs** in Colombia and Central America.



We opened a new section called **“Your Digital Business”** on the **“My Finances for My Business”** portal for small business owners and entrepreneurs, to promote their businesses through electronic media.

- Based on the needs we identified during the early stages of the economic crisis, we provided our commercial network access to a new conference to approach the crisis experienced by the country, enabling opportunities to reach out to our clients and build relationships.
- We also designed a program with audiovisual content to clearly and briefly explain the characteristics and advantages of digital banking.
- We opened a new section called “Your Digital Business” on the “My Finances for My Business” portal for small business owners and entrepreneurs, to promote their businesses through electronic media, including social media, due to the restricted mobility conditions during the pandemic.
- We developed a strategy for customers who receive government subsidies through DaviPlata, using straightforward text messages, tailored to each community, designed so that they could relate to the content and use it to better manage their finances and their DaviPlata account. This is how we reached communities being served by Government programs, such as: “More Families in Action”, “Youth in Action”, “Solidarity Income”, “VAT Return” and “District”.

By understanding our communities, we create month-to-month content that supports individuals and their families to weather the current crisis, focusing on controlling spending, embracing digital media, saving while at home, making money work, managing debt in times of crisis, as well as information security. Under this strategy, we reached all beneficiaries of government subsidies.



**204,000**  
interactions conducted  
over the My Finances at  
Home portal in one  
month.



**5.23%**  
effectiveness in  
communication



More valued topics:  
Money management,  
expense control and  
savings at home.







We promote **financial welfare and wealth building** among our clients, employees, and their families.

## 2021 Projects

To continue promoting financial wellness and wealth building among our clients, employees, and their families, we aim to:

- > Enhance proper money management, budgeting, and emergency funds.
- > Recommend hands-on content for making payments and reducing debts.
- > Continue promoting the women's segment as one of the Bank's strategies to help women achieve their dreams and fulfill their personal, family and business goals.
- > We will continue embracing the challenge of being a Multi-Latin bank, transforming our financial education portals to PWA and using social media in all the countries where we operate, promoting financial wellbeing.
- > We strongly focus on entrepreneurship.
- > We will create a new segment in our financial education program for young people between 18 and 25 years of age.

## Cultivarte Family

In 2020, Grupo Bolívar supported the community of the municipality of Candelaria, in Valle del Cauca (Colombia), particularly the residents of the social housing complexes in the La Victoria neighborhood, by offering free training through the Cultivarte Family program.

We had to adapt the program to a digital model in response to the COVID-19 pandemic, making a positive impact on the lives of nearly 500 people, with over 4,500 attendances to our training programs and an average of 12 hours of training per beneficiary per month. 60 % were children between 6 and 13 years old, twenty-one percent were young people between 14 and 25 years old, and 19 % were adults aged 25 and older, who benefited from multiple digital courses and virtual activities to build skills for jobs, entrepreneurship, financial literacy, and 21st century competencies.

Our Davivienda Ecosystem model arrived alongside Cultivarte Family to promote digital banking, by creating strategies aimed at engaging people with DaviPlata; nearly 240 people became active and 25 banking correspondents were established. We also developed financial education processes that benefited 128 people in the community, sent more than 240 text messages each month with tips for DaviPlata customers and supported 52 children from a local school in their first exposure to the world of finance.

We intend to impact many Colombian families in 2021 by replicating our engagement model, both online and on-site, to build a sense of civic responsibility and to contribute to the achievement of social justice in our nation.



Apoya | DAVIVIENDA

Our **Davivienda Ecosystem** model arrived alongside **Cultivarte Family** to promote digital banking, by creating strategies aimed at engaging people with **DaviPlata**.



In the new call center in  
Pensilvania, Caldas, we have answered  
**more than half a million calls.**



### Labor inclusion

In 2020 we created employment opportunities for more than 80 young men and women from the rural sector in a new call center in Pensilvania, Caldas. We started operations in January 2020 and, to date, have answered more than half a million calls. In addition, we supported 200 people, including call center employees and their families, through a comprehensive training program, improving their capabilities and knowledge in soft skills, financial education and entrepreneurship.

Under the shared value approach, this project received outstanding feedback, yielding positive results for business operations:



**90%**  
Average satisfaction



**2.8%**  
Turnover



**<15%**  
Dropout rate

In addition, the Pennsylvania call center played a key role in the overall customer service operation throughout the crisis, improving our customer service capabilities via telephone.

As in Candelaria, our Davivienda Ecosystem arrived along with the call center in the municipality to promote digital banking, encourage more than a thousand people to sign up to DaviPlata, encourage the community to understand their financial matters and develop better financial habits, reaching a school, supporting employees and their families in managing their finances and encouraging DaviPlata customers through over 150 text messages per month with advice and tips.

This project is the result of a strategic partnership between Emergeia, the Acesco Foundation, the Government of Caldas, the Office of the Mayor of Pensilvania and Davivienda. In addition to creating new employment opportunities, it also promoted economic stability and contributed to the municipality's economy in this particular year.



The crisis situation, led many people to difficult situations. In Davivienda we understood that **solidarity and timely aid** would be the best strategy for us to move forward together.

## STRATEGIC PHILANTHROPY

We Promote the development and prosperity of people by supporting different institutions, programs, and our own social outreach initiatives.

### Contributions in the current situation

The crisis situation caused by the pandemic led many people to difficult situations. In Davivienda we understood that solidarity and timely aid would be the best strategy for us to move forward together.

The campaign was mobilized in all the countries where we are present:

- > #MoviendonosPorColombia
- > #MoviendonosPorCostaRica
- > #MoviendonosPorHonduras
- > #MoviendonosPorElSalvador

We traveled to different parts of each country to benefit more than one million people and their families with food packages, hygiene and biosecurity items, among others. Donations exceeded USD 15.3 million:

COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS
USD 14.4 million	USD 320 thousand	USD 370 thousand	USD 194 thousand
<p>We donated more than one million food units to 236 municipalities in the country during the pandemic, when many families faced difficult situations. We made contributions to our employees, security, cleaning and cafeteria personnel, and we joined the campaigns led by Grupo Bolívar to take health elements to hospitals.</p>	<ol style="list-style-type: none"> <li>1. We took cleaning kits to 3,600 elderly adults in homes and care networks in San José, Cartago, Alajuela and Limón.</li> <li>2. We delivered 60 thousand safety masks for the medical and health personnel of the Costa Rican Social Security Fund (CCSS).</li> <li>3. With the Somos Uno program, a private initiative created in the response to the pandemic, we have contributed to more than 4,500 families whose incomes have been reduced.</li> <li>4. We supported local artists through the "Así suena un país unido" program, which closed the year with a musical gift for all of Costa Rica.</li> <li>5. We took our Solidarity Caravan to 12 senior centers and 2 children's homes, for a total of 563 people benefited with food, personal hygiene items, Christmas cakes and toys for the children.</li> </ol>	<p>In the current situation, we contribute:</p> <ol style="list-style-type: none"> <li>1. USD 13,500 in household appliances for shelters.</li> <li>2. 91 volunteers donated more than 10,000 basic necessities.</li> <li>3. In conjunction with SOS Children's Villages, Plan International and World Vision El Salvador, we donated 3,400 food baskets and toiletries for those affected by the COVID-19 and tropical storms..</li> <li>4. In the course of the "Let's Take Care of Those Who Care for Us" campaign, USD 357,000 were delivered through the Salvadoran Red Cross for 50.6 thousand personal protection implements. Of this donation, USD 300 thousand correspond to Davivienda and USD 5,000 were contributed by 843 donors.</li> </ol>	<p>We were part of the regional campaign "Moving through Colombia and Central America". Locally, we donated about USD 183,000, benefiting more than 4,000 families affected by the pandemic with the delivery of more than 170,000 pounds of food in the most affected cities of the country.</p> <p>Through the AHIBA and CAHDA unions, we contribute to the purchase of intensive care units and fitting out of triage points.</p> <p>We donated more than USD 11 thousand to the victims of the tropical storms through the AHIBA Banking Association.</p>

\* Equivalent to COP 49,6 billion.





## Donations

During 2020, we continued to contribute to initiatives that promote the development of countries.

### COLOMBIA DONATIONS 2020 (COP million)

Bolívar Davivienda Foundation	34,100
Cultivarte	8,128
Hogar Infantil Bolívar Foundation	2,400
Education-Universities	1,964
United Way Colombia	246
- Colombian Red Cross Cundinamarca Section - Solidaridad por Colombia Foundation	686
<b>TOTAL*</b>	<b>47,524</b>

\*Equivalent to USD 13.8 million.

### BANCO DAVIVIENDA DONATIONS BY COUNTRY

COUNTRY	AMOUNT DONATED	CONTRIBUTION
Costa Rica	<b>USD 79,000</b>	Thanks to social investment in programs that build employability and entrepreneurship skills for young people and improve infrastructure and equipment, we support organizations such as SOS Children's Villages, Junior Achievement, EARTH University and the Zooave Animal Rescue Center, benefiting children, young people and the environment.
El Salvador	<b>USD 165,000</b>	Together with World Vision, Plan International and SOS Children's Villages, we supported the distribution of food for families affected by the natural disasters caused by the tropical storms that affected the country.  In collaboration with the United States Agency for International Development (USAID) and the Business Foundation for Educational Development (Fepade), we commemorated the 10th anniversary of "Amigos de Zippy".  We contributed to Fusalmo, for the second time, to support technological literacy by building the Steam+Lab under the 4I (innovation, influence, inclusion and impact) approach.
Honduras	<b>USD 108,620</b>	Committed to supporting young people pursuing graduate studies, Cultivarte sites and social organizations such as United Way, SOS Villages and the Abrigo Foundation.

## Our sense of social responsibility goes beyond banking and financial matters.



### Dr. Julia

Our sense of social responsibility goes beyond banking and financial matters. In an effort to alleviate overrun clinics and hospitals, and reduce the incidence of COVID-19 infection, a group of experts in innovation and artificial intelligence from Grupo Bolívar Davivienda developed Dr. Julia: a tool capable of processing 1,200 tests at the same time, providing an opportunity to address personnel shortage and testing deficiencies in certain cities and regions of the country.

The team worked closely with AUNA Clínica Las Américas of Colombia and Peru to develop Dr. Julia quickly and effectively. It was successfully implemented, detecting 700 positive cases when testing was first completed at the Clinic. The following organizations joined this project: Fundación del Consejo de Empresas Americanas (CEA), through Hands for Change, Boston Scientific's leadership in exponential thinking for health; Tecnologías Médicas Colombia (TMC), and its business architecture Department.

Health institutions interested in using this tool only need a CT scanner with the capacity to generate images with a slice thickness of at least 5 mm and a computer with an Internet connection.

This approach to innovation, which brings various industries such as finance and healthcare together to pursue a common goal, is evidence that there are talented and innovative teams throughout the country capable of delivering world-class results.



Through Bolívar Davivienda Foundation, we reinforce our **social commitment to contribute to high impact programs** to support and boost transformative projects throughout the country.



### Bolívar Davivienda Foundation

Through the efforts of Bolívar Davivienda Foundation, Grupo Bolívar reinforces its social commitment to contribute to high impact programs to support and boost transformative projects throughout the country, equipping people, communities, and organizations with capacities to reduce inequalities and build a fair and innovative society.

For more information on the Foundation's management, please refer to the 2020 Sustainability Report at: [www.fundacionbolivardavivienda.org/sostenibilidad/](http://www.fundacionbolivardavivienda.org/sostenibilidad/)

### Bolivar Family Volunteering

Voluntariado  
Familia Bolívar

UN PROGRAMA DE:  
**Fundación  
Bolívar  
Davivienda**

We promote solidarity and the participation of collaborators, family members and pensioners of Grupo Bolivar companies in relevant social projects, in order to achieve sustainable development objectives, in alliance with social organizations, companies and governments.

### CORPORATE VOLUNTEERING 2020\*

	VOLUNTEERS	CONTRIBUTION IN HOURS
Colombia	5,692	21,227
Costa Rica	393	2,159
El Salvador	238	524
Honduras	410	1,811
Panama	166	424
<b>TOTAL</b>	<b>6,899</b>	<b>26,145</b>

\* Includes employees, retirees, and their family members, from Davivienda and its subsidiaries.





Our volunteers in Colombia created **online learning spaces for more than 6,100 students and teachers** from public schools.



#### 2020 ACHIEVEMENTS

- > We introduced innovative solutions to reach out to communities through virtual volunteering, to continue our efforts while meeting social distancing requirements. Our volunteers in Colombia created online learning spaces for more than 6,100 students and teachers from public schools. Additionally, they remotely supported 647 senior citizens enrolled in social organizations affiliated with the Aflora program to help them cope with strict lockdowns.
- > We joined the Ibero-American Corporate Volunteer Network “Voluntare” to expand learning opportunities for our volunteers in Honduras, Costa Rica, El Salvador, Panama and Colombia. We held 4 webinars focused on volunteer management, reaching over 300 attendees.
- > Grupo Bolivar employees and companies united to contribute COP 2 billion towards emergency relief in response to COVID-19 and hurricane Iota, which hit San Andres, Providencia and Santa Catalina.

#### DISTRIBUTION OF DONATED HOURS IN 2020

Environmental issues	4,705
Peace and community life	1,462
Education	5,748
Social and economic inclusion	14,282



Over **26**  
thousand

hours donated in 2020  
by volunteering.





More than 230 volunteers, including managers, collaborators, university students and guests, **invested 563 hours of their time to leave a positive impact** on the community in El Salvador.

## COSTA RICA

We were able to organize on-site activities during the first quarter of the year, such as a cleanup day at the Isla San Lucas wildlife refuge, along with tree pruning and waste collection efforts in the Cobric Surá interurban corridor, in addition to collaborating in the enhancement of facilities at the Zooave Wildlife Rescue Center.

By expanding our volunteer program to online platforms, we reached nearly 3,000 people through hands-on activities, mentoring, letters to bound with seniors, and other home-based initiatives. We also played a role in manufacturing eco-blocks from plastic material to be used in construction projects.

## EL SALVADOR

We focused on community development, environmental conservation, social service, and education, via 386 volunteer actions in 10 workdays. Activities focused on supporting initiatives to counter the crisis caused by COVID-19, such as donating essentials; on the other hand, we actively participated in more than 150 financial education mentorships targeted young beneficiaries of Aldeas Infantiles SOS.

During the year, we had more than 230 volunteers, including managers, collaborators, university students and guests, who generously invested 563 hours of their time to leave a positive impact on the community.

## HONDURAS

We had the participation of close to 400 volunteers who donated to the community in 2 modalities:

- > Online volunteering with 20 participants who shared their knowledge on topics such as innovation, employability, financial education and insurance through webinars, benefiting more than 700 children from our Cultivarte program, as well as young people and adults from vulnerable areas.
- > Volunteering at home, in which participants conducted actions such as temporarily growing 150 trees at their homes, before replanting them in La Tigra National Park in 2021; they also collected, packed and delivered personal items for the victims of storms Eta and Iota.





### Foundation to Cultivate the Art and Culture

We provided playful learning spaces for beneficiaries to maximize their talents and inspire others to achieve their goals by developing new skills. Cultivarte operates around 5 areas of work to stimulate competencies and enable beneficiaries to grow holistically in harmony with their surroundings. By doing so, we reshape the lives not only of children and adolescents, but also of their families and communities.

In 2020 we operated 82 sites spread across 5 countries, including Colombia, where we served 19 Departments.



**82 Cultivarte's locations** providing playful learning spaces for beneficiaries to maximize their talents and inspire others to achieve their goals by developing new skills.

To protect the health of our beneficiaries and collaborators throughout the pandemic, we temporarily closed our Cultivarte sites and designed multiple strategies to continue supporting them and developing their skills remotely. We create online, printed and open content, considering that nearly 40% of our recurring beneficiaries had access to a smart device at home. Furthermore, to offer increased connectivity to our beneficiaries, we delivered 1,465 SIM cards with access to Whatsapp, Facebook, Teams, Webex and unlimited email.

We created content to encourage creative writing among children and adolescents, encouraging them to express themselves through writing and capture their realities and dreams; 3,618 beneficiaries participated in 78 sites. 669 stories were submitted to the second edition of the short story contest, "Cuéntame un Cuento". 327 volunteers from Grupo Bolívar reviewed all submissions and chose 9 finalists and 3 winners.







## We continue enriching children's life and young people through our social program Cultivarte.



Additionally, we built educational learning tools on design thinking, with the purpose of offering an alternative to our beneficiaries to create solutions, decreasing school dropout rates in vulnerable areas. 2,189 people registered and half of them completed the process in 69 sites.

### COSTA RICA

We sustained our efforts in Cultivarte Guácimo and Cultivarte Alajuela. With home-based and online activities, we reached 518 children, with an average daily virtual attendance of 28 children, in addition to 55 recurrent children per month in each center.

### EL SALVADOR

We completed the construction of Cultivarte's second headquarters in the Department of Usulután. We continued our online activities at Cultivarte Santa Tecla, reaching 379 children over 2020, with an average daily virtual attendance of 23 recurrent children.

### HONDURAS

Despite the crisis, we continue to enrich the lives of children and young people through Cultivarte, our social program. Therefore, we framed our activities in 2 strategies: Cultivarte en Casa, in which children with internet access completed activities and processes every day with the support of virtual tools; and Cultivarte a Tu Casa, in which we benefited children without internet access by periodically providing them with materials and activities to do at home. As a result, more than 100 children participated daily, benefiting from educational activities for their free time at home.





Inversión  
Social

UN PROGRAMA DE:

**Fundación  
Bolívar  
Davivienda**

### Social Investment

We identified and enhanced innovative and efficient methodologies instrumental in solving social issues, with the purpose of developing sustainable and scalable models. We built capabilities and empowered participating communities to promote sustainability.

In line with the purpose of Fundación Bolívar Davivienda, to foster talent to build the nation, our actions focused on the following pillars:

- > Protection, childhood, adolescence, and youth
- > Economic development with a focus on gender and youth
- > Donations / Grants

### IMPACT OF OUR SOCIAL INVESTMENT IN 2020



**18,623**  
beneficiaries



**15**  
regions reached



**18**  
supported projects

During 2020 we faced an enormous challenge to adapt to the new reality that the pandemic brought; together with our partners, we identified virtual alternatives and digital tools to continue accompanying the processes, seeking to maintain the motivation of the participants and understanding the barriers of access and knowledge that they could have. One of our achievements was to maintain active all the processes, our presence in the different territories with the strategic lines of the program and to advance in the actions, a little more slowly, but with the tranquility of being able to achieve the expected results.

32,594 hour of training.  
In Aflora, **we generate value for the social sector** through information and knowledge management.

Aflora

UN PROGRAMA DE:

**Fundación  
Bolívar  
Davivienda**

### Aflora

We support social organizations in their maturing process by developing skills that enable them being sustainable and reaching greater impact in the regions where they operate. We generate value to the social sector through the information and management of knowledge. Now, our challenge is to promote high-impact social organizations.

### AFLOA / GENERAL INDICATORS 2020



**3,361**  
organizations  
enrolled



**38**  
organizations that  
stepped up one level



**32,594**  
hours of instruction  
provided

During 2020 we focused on strengthening our digital learning platform, improving the user experience with the purpose of offering social organizations a strategic content of the highest quality. This content focused on generating value so that the practical implementation would have the highest impact on their reality as a social organization.



We have found dynamic and high growth potential entrepreneurship to be an effective instrument to **promote the social and economic development of the country.**

### Emprende País



We have found dynamic and high growth potential entrepreneurship to be an effective instrument to promote the social and economic development of the country. With our program we generate skills in with high rates of growth, backed by the experience and knowledge of experts and top executives of Grupo Bolívar, as well as a network of successful entrepreneurs.

We seek and select companies to develop their skills in strategy and finance, in order to accompany them in the definition of their growth path, financial leverage plan and goals.

In addition, during the Global Entrepreneurship Week Colombia 2020, held in November, 7 hours were mobilized to support 70 companies nationwide.

In 2020 we started operations in the city of Santa Marta, in order to create an entrepreneurship ecosystem in the region, with participation from 14 high-impact enterprises.

Given the current crisis, and in response to the new challenges faced by companies, we carry out a digital micro-acceleration process to provide them with practical tools that allow them to design agile sales channels.

In order to offer advice to entrepreneurs with their reactive plans and the support of the mentoring network, we implemented the help desk service.

Lastly, in the Profitable and Sustainable Growth Week, within the framework of the Global Entrepreneurship Week, we fostered the participation of 180 companies that gained access to workshops with 15 top-level conferences.

	BOGOTÁ	BUCARAMANGA	CALI	SANTA MARTA	TOTAL
Number of businesses participating	41	20	3	1	65
Hours of mentoring	333	101	18	6	458





Through the Young Philharmonic of Colombia, our purpose is to **inspire the construction of artistic life projects** to strengthen the social and cultural fabric of our country.

### Young Philharmonic of Colombia



UN PROYECTO DE

Fundación  
**Bolívar**  
**Davivienda**

Through the Young Philharmonic of Colombia, our purpose is to inspire the construction of artistic life projects to strengthen the social and cultural fabric of our country, setting the standard on a worldwide scale.

The following results correspond only to the "Raíces" tour, opening the 2020 season in January:

 **8**  
performances

 **7**  
Cities

 **14.9**  
thousand  
hours talent  
development of  
musicians

 **130**  
musicians  
trained in education,  
entrepreneurship, or  
cultural management

2020 was a challenging year for the entire artistic and cultural community worldwide as a result of the COVID-19 crisis. The pandemic shifted the way in which orchestras interact with their public and the role traditionally assigned to musicians as it prompted important reflections on digital strategies, the emergence of new audiences and innovation in the symphonic sector.

This year we achieved:

- > Appointment of Andrés Orozco-Estrada as Regular Director.
- > Over 190 hours of online arts education with more than 60 internationally renowned teachers and subject matter expert
- > Over 300 hours of comprehensive online education in production, entrepreneurship and culture management, teaching, mental and physical health, among others, covering more than 30 institutions across the country.





The Simón Bolívar National Journalism Award is a **reference for excellence in journalistic practice** and a stimulus for the discipline, which is pivotal to strengthen democracy.



### Simón Bolívar National Journalism Awards



For 45 years, the Simón Bolívar National Journalism Awards have sought to recognize the best journalistic content in the country. Is a reference for excellence in journalistic practice and a stimulus for the discipline, which is pivotal to strengthen democracy.

- > In 2020, we received 1,240 journalistic works nominated at the national level, the largest number of submissions in the history of the Simon Bolivar National Journalism Awards.
- > Award to the Life and Work of a Journalist: Jorge Cardona Alzate
- > Award to the Journalist of the Year: Ricardo Calderón Villegas

Despite the coronavirus, 100% of the timeline scheduled for 2020 was fulfilled without increasing the headcount. We held the 48-minute virtual ceremony for the first time in the history of the Award. Received very favorable feedback in terms of its transmission quality and format.





the **Chapultepec Index** is a tool of the Inter-American Press Association (IAPA) on the freedom of press and speech in 22 American countries.



## Justice

Fundación Bolívar Davivienda, in conjunction with Universidad Externado de Colombia and the Superior Council of the Judiciary, through the Rodrigo Lara Bonilla Judicial School, is developing "The Human Side of the Judicial Official", a program to strengthen the life skills of the country's judicial officials, with the purpose of empowering them as human beings so that they are able to fulfill their duties in a better way. We have reached more than 350 officials in more than 10 cities.

## Support for Scientific Research

From the Bolivar Davivienda Foundation we support the scientific and business alliance between Clínica de las Américas, Banco Davivienda and Boston Scientific, who developed the artificial intelligence project for the diagnosis of ovid-19 in Colombia, which has contributed to reduce the overflow of the health system.

We also support the study by the Javeriana University on seroprevalence and seroconversion to SARS-CoV-2 in inpatients, residents, and doctors of the San Ignacio Hospital, to support awareness about the disease during the pandemic.

## First edition of the Chapultepec Index

The Bolívar Davivienda Foundation, in support of journalism for the strengthening of democracy in the region, sponsored the "Chapultepec Index", a measuring tool of the Inter-American Press Association (IAPA) on the freedom of press and speech in 22 American countries. This index measures positive and negative factors that influence freedom of expression in 4 dimensions:

1. Informed citizenship and freedom of expression
2. Practice of journalism
3. Violence and Impunity
4. Media control

It also measures the influence that the legislative, executive, and judicial branches can have on these freedoms.

This first edition analyzes the period from May 2019 to April 2020, showing, in some cases, the political change in the different countries. It should be noted that no country in the region enjoys full press freedom, and the indicator is designed as a tool for countries to develop initiatives to improve their indicator to increase freedom of speech and promote democracy.

## Única and Davivienda Scholarship Program

### BACHELORS IN BILINGUALISM WITH EMPHASIS IN SPANISH AND ENGLISH

In 2020 we started this program in order to promote that children and siblings (initially) of Davivienda employees are professionally trained as bilingual graduates at the Única Colombo American University Institution, to build a more prosperous future for themselves and contribute to the improvement of education and bilingualism. Today this career is in high demand, with competitive employability and remuneration statistics and the possibility of making important contributions to society.

Scholarships include 90% of the tuition fee over the 10 semesters of the college career. Thanks to the 90% scholarship granted by the Bank, each selected student bears only the remaining 10%, COP 380,000 for tuition. At the end of December 2020, we had 16 beneficiaries, immediate relatives of our employees.



# Building over strong foundations

Our Enablers





## Human Talent

### RELEVANT FACTS

- > Over 17 thousand people from Colombia, Costa Rica, El Salvador, Honduras, Panama, and Miami represent the best talent of our company
- > During 2020 we maintained the employment of all the people working with us, in a great effort to take care of their physical, emotional, and financial health, and maintain a high motivation to continue building our countries, in times of special complexity.
- > 62% of our workforce are women.
- > We invested COP 10.4 billion in training.
- > In our latest measurement of organizational commitment, we obtained a satisfaction rate of 92%

In Davivienda we embraced change as an opportunity, and the year 2020 allowed us to reaffirm that our higher purpose, “Enrich life with integrity”, guides our decisions and our actions under all circumstances. Faithful to our Human Talent Policy, we implemented strategies to find and retain the best talents under the premise of equity and diversity. At the same time, we develop their potential through training plans, growth opportunities and worthwhile conversations that allow them to go further.

From Colombia to Central America and Miami, Davivienda has made its people feel safe in their workplaces and in their homes, keeping them more connected than ever.

### We contribute to social development by creating high-quality jobs

The value proposition to our employees focuses on providing them with spaces where they develop their capabilities to the fullest, a safe environment that encourages innovation and allows them to positively impact society. In 2020 we saw how our value proposition materialized through the actions we implemented to maintain the employment of all our people and take care of their physical, emotional, and financial health. Our actions were wide-ranging, covering the families of our employees.

We are an important source of competitive and quality employment generation in the countries where we are present. Our turnover rate shows the balance between the solidity that leverages our knowledge management and the satisfaction of our people for working at the Bank. We value experience as much as the importance of injecting new skills and young talent into our organization, which allows us to keep pace with digital transformation and innovation.



We are an important source of **competitive and quality employment** generation in the countries where we are present.



## NEW EMPLOYEES AND TURNOVER RATE

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA	MIAMI
New employees	471	98	201	69	38	7
Rate of new employees	3.8%	9.8%	10.0%	5.6%	20.0%	15.5%
Voluntary turnover rate	3.4%	7.5%	10.0%	5.8%	10.5%	13.0%
Turnover	3.9%	14.4%	11.8%	11.9%	6.2%	4.0%

We understand that a multigenerational and diverse team enriches our vision and encourages us to develop working methodologies and relationships in accordance with the new work-related and business dynamics, and encourages us to build solutions from different points of view to better understand the perspectives of our clients.

## EMPLOYEES BY AGE RANGE

Colombia, Costa Rica, El Salvador,  
Honduras, Panama

Under 25 years	12%
25 to 34 years	42%
35 to 45 years	27%
Over 45 years	19%
Total	100%

## EMPLOYEES BY GENDER

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA	MIAMI	TOTAL
Women	63%	57%	60%	58%	53%	62%	62%
Men	37%	43%	40%	42%	47%	38%	38%





## EMPLOYEES BY POSITION AND GENDER

	DISTRIBUTION	WOMEN	MEN
Directors	1.9%	40.3%	59.7%
Executives	41.6%	58.2%	41.8%
Base	56.5%	64.5%	35.5%

### We work to improve the quality life of our employees and their families

Through a holistic quality-of-life strategy for our people and their families, we have for several years deployed initiatives that allow them gain access to recreational activities, culture and sports, accompaniment to financial well-being, psychological and legal support services, and other benefits in harmony with our occupational health model.

Within these wellness initiatives, at the Osito Pardo Kindergarten we offer academic and vocational training to 279 children of our employees in Bogota. In 2020 we transformed the educational model and, leveraged on technology, we reached children through virtual classes to take care of their health and the health of teachers.

In 2020, according to the standards established by the Ministry of Health and Social Protection of Colombia, our Occupational Health and Safety Management System (SGSST) is at an optimal level of implementation (86.5%) and our people well

## EMPLOYEES AND AMOUNT INVESTED IN BENEFIT PROGRAMS (COP Million)

BENEFITS	MONTO
Colombia	159,208
Costa Rica	3,712
El Salvador	5,986
Honduras	1,402
Panama	1,693
Miami	122
Total	172,123

prepared, as we achieved a 98% of participation in the reinduction process to the SGSST. Consequently, all our employees have the necessary knowledge to note and mitigate risks and occupational diseases.

1.71% of scheduled days were lost due to general illnesses, occupational illnesses, work-related accidents, and hospitalizations.

The bank has identified and prioritized the risks to which our employees are exposed, which can cause accidents or occupational diseases, these are: biomechanical, psychosocial, auditory and vocal, physical, biological, public, locative, sports and road, on which have implemented epidemiological surveillance programs and management programs whose objective is to carry out the prevention, monitoring and control of risks through diagnosis and intervention.

**40.3% of managerial positions** are held by women, in the region.



**COP 172 billion**

Invested in benefit programs.





## OCCUPATIONAL HEALTH AND SAFETY INDICATORS COLOMBIA

	CASES	RATE
Serious work-related accidents	1	0.008
Minor work-related accidents	120	0.97
Rate of occupational disease	7	0.06
Severity rate	-	3.03
Absenteeism / inabilities	-	1.71
Fatalities due to occupational accidents or diseases	0	0

**Note:** The days lost due to absences due to medical reasons were 62.503 / The days lost due to accidents are 375.

At Davivienda we understand that an essential part to generate quality of life for society is focused on the quality of the parent-child connections. It is for this reason we grant maternity and paternity leaves longer than those defined by law. Mothers have part-time paid leave, including the time for breastfeeding established by law, during 10 working days following their return to their work in the organization, and new fathers are granted 2 working days of paternity leave in addition to those stipulated by law.

### We reinvent processes to take care of our people

We are committed to the generation of well-being and quality of life for our people. The year 2020 challenged our processes in all aspects, but our higher purpose always framed our actions and allowed us to reinvent ourselves to take care for and be close to our employees and their families.



## To our employees we granted a subsidy to pay for a health policy that would **allow them access to preferential health services.**

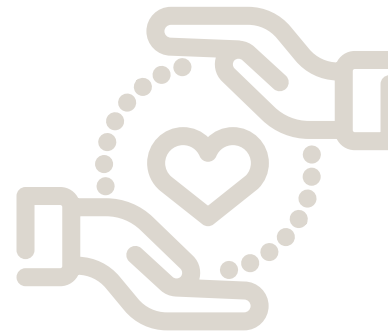
By doing so, we take them to a new digital experience with the occupational medical examinations via telemedicine, the program of prevention of musculoskeletal injuries through virtual inspections and the guidance of active breaks with experts. In addition, our employees and their primary family group received psychological support through 2 attention lines.

For us, the mental health of our employees is essential and throughout the year we provide them with training tools to achieve a balance between personal and working life. The limits to this are less clear when working from home, and we promote the socialization of information from reliable sources through our "Here we take care of each other COVID-19" program.

With this in mind, during the year we deployed our efforts in a health care model in which we made different channels available to them. We created the CovidPass QR App so that people can report their temperature, their health, symptoms, and consult helpful information on emotional and mental health.

We pursue the medical accompaniment of suspected cases and positive cases of COVID-19 through a permanent communication with our employees, which allows us to monitor their health at all times and take the necessary measures for each case, focused on their well-being and the needs of their families.

For our employees to have peace of mind, we granted them a subsidy to pay for a health policy that would allow them access to preferential health services and share this benefit with their family group.







## We adapted **566 offices** with biosafety protocols. **It benefits 6.1 thousand employees** in Colombia and Central America.

We also designed and implemented our Biosafety Protocol in accordance with the parameters established by the Government, and the recommendations of the WHO. For this, we first identified the biological risk and other risks in each of our workplaces, which allowed us to determine the controls for each one, in order to protect our employees, customers and suppliers. Among these measures are:

- > The adaptation of all the physical spaces of our service offices to ensure that they are biosafe
- > Daily disinfection of our facilities and offices.
- > Delivery of personal protection elements.
- > Caring for our vulnerable population, prioritizing work at home.

We understood that a fundamental aspect in caring for our people throughout this year was to be present in times of uncertainty and become stronger as a community. Thus, we developed a communication strategy enriched with prevention campaigns and the recurrent review of official measures.

Following are some of the prevention and health care actions we did take:

- > Development of the COVID-19 site, with more than 36 thousand queries; there, information and official measures, prevention campaigns, medical care channels and other information we find relevant or urgent on this matter are gathered and explained in a simple language.
- > We launched 8 prevention campaigns, segmented by region or areas, according to contagion criticality.
- > Every day we disinfect 517 offices, for the tranquility of our employees and the 39.7 thousand visits we serve in Colombia.
- > We adapted 566 offices with biosafety protocols. Furthermore, we installed acrylics, antiseptic gel points and signage, which benefited 6.1 thousand employees in Colombia and Central America.
- > We delivered 29 thousand kits of personal biosafety elements to 9.7 thousand employees in Colombia and Central America.
- > 87% of our employees in Colombia, and 49% of those in Costa Rica, El Salvador, Honduras and Panama are registered in the QR CovidPass.





### Wellness activities

The smiles of our people move us. That's why we transformed our face-to-face programs to make them virtual and bring our lifestyle into the homes of our people, so they can live experiences that balance and brighten their days. We had recreational vacations for the employees' children, cultural, sports, gastronomic, humorous and entertainment activities that were also accessible to their families. COP 605 million were invested.

Likewise, we carry a message of light and hope with the presentation of the RojoTú 2021 collection, an initiative that reflects our identity in current and personalized garments that identify with our lifestyle. This COP 20.4 billion investment was also a contribution to the reactivation of the textile industry in our country.

In addition, 5,580 employees benefited from our Family Orientation Center (COF), which offers psychological counseling, legal advice, tax advice and digital literacy programs.

### Financial tranquility for our people

Knowing how the health and economic crisis might impact people in different ways, we devised solutions to contribute to financial tranquility throughout the pandemic. We offered Davivienda's and Fondavivienda's (the employees' fund) employees an easy online credit relief plan, benefiting 5.8 thousand families between April and August 2020, in Colombia and Central America.

RojoTú 2021 collection reflects our identity in modern garments that identify with our lifestyle.



### Transforming the way we work

Throughout the year our people demonstrated their capacity to adapt and be resilient, displaying willingness and an attitude that makes us proud. Our employees enabled us to be more flexible in the way we work and to stay close to our customers:

- > We enabled 85% of our people to work from home in just 2 weeks.
- > We increased our call center capabilities by more than 100%, enabling us to serve more than 1,200 people in record time.
- > We supplied equipment to protect quarantined offices.
- > We reshaped work protocols to maintain productivity under remote working conditions via work-at-home arrangements for leaders and employees.





**1,416 employees in Colombia and Central America** were promoted, recognizing their achievements, and positively impacting their career.

**We are driven by the professional development of our people**



We know that our employees' growth is largely dependent on the opportunity to grow within the organization. In 2020, 1,416 employees in Colombia and Central America were promoted, recognizing their achievements, and positively impacting their career and working conditions.

We conceive training as a key driver for the growth and development of our people. We work on different areas to achieve this goal, such as providing educational subsidies tailored to their needs.

**AMOUNT INVESTED IN SUBSIDIES FOR UNDERGRADUATE, GRADUATE AND SPECIALIZATIONS** (COP Million)

	EMPLOYEES	AMOUNT
First-semester loan	92	226
Educational aid	1,544	4,989
Post graduate studies	8	201
Total	1,363	5,337



## We launched UXplora, our Corporate University, a sustainable, avant-garde, innovative, high quality and user-friendly digital ecosystem.



**576 thousand**  
visits to UXplora

**7.1 thousand**  
selections of open content offered  
by our international partners.



**11.7 thousand**  
registrations in open  
courses (self-management).



**22.4 thousand**  
interactions (self-managed support)  
through the chatbot.



**312.7 thousand**  
academic credits issued through  
e-commerce (acknowledgment).

### Across-the-board learning programs to support our business needs

- > 24.7 thousand students participated in the various programs offered as part of the Analytical Skills Program: Foundational, Core and Specialized, spending more than 16.7 thousand hours to increase technical capabilities for decision making based on analytics, a key tool to successfully advance our digital strategy.
- > The Innovation Skills program is committed to drive innovation across the company. It strengthens our model and empowers our employees to embrace innovation as a cornerstone to design simple, reliable and user-friendly experiences for our stakeholders. 4 modules were delivered by this program: Fundamentals (16.7 thousand students); Research (14.7 thousand students), Ideation (16.5 thousand students) and Prototyping (16.2 thousand students) in Colombia and Central America .
- > On the other hand, the Faculty for Commercials allows employees to understand the business strategy within each business line based on the features, benefits, and attributes of our products. 4.4 thousand employees participated in Colombia.
- > Our Organizational Culture placed sustainable development at the center of our culture to make individual and collective commitments to protect the ecological, social and economic environments, contributing to achieve our strategic goals through the Faculty of Sustainability, with 6 modules: "Good things multiply" (16.4 thousand participants), "Davivienda Citizens" (16.5 thousand participants), "Efficient use of resources: water and energy" (12.7 thousand participants), "Reduce, reuse and recycle" (16.1 thousand participants), "Financial well-being" (16.4 thousand participants), and "Biodiversity and climate change" (15.5 thousand participants) in Colombia and Central America.

On the other hand, we implemented a comprehensive learning model that the context accelerated as it entailed engaging remote interactions with our people. Accordingly, we launched UXplora, our Corporate University, a sustainable, avant-garde, innovative, high quality and user-friendly digital ecosystem based on cross-disciplinary skills, such as analytics, innovation, risk, sustainability and marketing, featuring specific programs for each Vice-Presidency, contributing to their career and strengthening their skills and expertise to perform effectively in a digital environment, as we move towards the achievement of our organizational strategy.





- > The Faculty of Risk equips our team with the knowledge to conduct their work under a risk management approach that drives business growth and capitalizes on opportunities, operations management and internal control. This Program featured 4 modules: "Basics of the program", with 13.1 thousand participants, "Risk of fraud and cybersecurity", with 13.1 thousand participants, "Strategic management", with 13.1 thousand participants, and "credit risk" with 13.2 thousand participants.
- > We contributed to strengthen internal control management with a 98% compliance rate, guaranteeing that our team possesses adequate knowledge to assure our clients the confidence that distinguishes us as an organization.

This is reinforced by providing training tools and experiences to our leaders, who play a pivotal role in helping our employees to grow and reach their full potential in a stimulating environment that fosters wellbeing. In 2020, the Grupo Bolívar Leadership

#### EMPLOYEES IMPACTED BY TRAINING COLOMBIA, COSTA RICA, EL SALVADOR, HONDURAS Y PANAMA

YEAR	ON SITE		VIRTUAL	
	EMPLOYEES	AVERAGE TRAINING HOURS PER EMPLOYEE	EMPLOYEES	AVERAGE TRAINING HOURS PER EMPLOYEE
2020	1.3 thousand	34 hours	18.2 thousand	32 hours
2019	5.9 thousand	27 hours	15.5 thousand	16 hours
2018	5.9 thousand	46 hours	13.5 thousand	26 hours

Center invested over one billion pesos in a number of programs, including "Inspirational Leaders", enabling employees to identify and assertively approach challenges associated with relationships and exerting influence, to positively impact the work environment and climate, thereby advancing towards the accomplishment of our organizational goals.

#### We live and strengthen our organizational culture

At Davivienda, as part of Grupo Bolívar, we strive on a daily basis to achieve our higher purpose, "Enriching life with integrity", based on the principles and values that guide our actions.

Therefore, every year we rely on a digital experience to reinforce what we expect from our team through a certification process. In 2020, 16,199 employees certified that Davivienda is upholding and safeguarding our 5 principles and values.

In 2020, we sought to further strengthen our culture, leveraging digital tools to deploy our leadership model and talent management skills across the organization in a new, unconventional format: we conducted online visits, together with the President of Grupo Bolívar, Miguel Cortés, and several company leaders, to all the regions and countries where we operate and, through 14 workshops and more than 200 breakout sessions, we started conversations and debates to strengthen the 3 roles played by leaders, empowering them to grow and lead growth within their teams.



Through the  
**Grupo Bolívar  
Leadership Center**  
we invested over  
one billion pesos  
in a number of  
programs.



### Ethics: a cornerstone of our culture

We are committed to promoting and respecting human rights, especially when it comes to our business activities with our various stakeholders. We released our Human Rights Policy statement in May 2019, which is publicly available to all our stakeholders. We are committed to protecting rights, namely:

- > Rights and freedoms without distinction of race, color, gender, language, religion, political opinion, nationality, economic status, or sexual orientation.
- > Right to identity
- > Right to life, safety, and freedom
- > Labor rights
- > Right to due process
- > Right to privacy and to have one's honor respected
- > Right to freedom of thought, conscience, and religion
- > Right to freedom of expression
- > Right to freedom of association and collective bargaining
- > Right to work in a safe and healthy environment
- > Right to social security
- > Right to quality of life, leisure time and rest
- > Right to cultural life and recreation
- > Elimination of forced and child labor
- > Elimination of discrimination concerning employment and occupation

Our team that develops  
its **value proposition**  
**based on innovation,** risk  
management, efficiency  
and synergy between  
companies.

Our Higher Purpose reinforces our commitment to respect human rights to deliver value in social, environmental, and economic dimensions, in conjunction with a team that develops its value proposition based on innovation, risk management, efficiency and synergy between companies, ensuring long-term sustainability.

In 2020, prompted by a desire to raise awareness and expand information on human rights among employees of the Bank and its subsidiaries, we introduced a module on the Bank's Human Rights Policy via UXplora and the sustainability culture program "Good Things Multiply".





Furthermore, to strengthen our human rights initiatives, in 2020 we adopted the Diversity and Inclusion Policy, aimed at guaranteeing equal opportunities, both in terms of participation and remuneration, as well as non-discriminatory treatment. This document is enforced on human resources processes.

### **We work to ensure that our employees have an excellent working environment**

We understand how the commitment of our employees drives business outcomes; therefore, our employees must experience a pleasant organizational environment, based on emotions that encourage them to realize their full potential and achieve an excellent work performance.

Our survey to measure Organizational Commitment in 2020 revealed a 94% attachment to the organization, including Colombia and national and international subsidiaries. To the question "How satisfied are you with your organization as a workplace?", responses showed an organizational satisfaction rate of 92%; indicating that our employees are satisfied and happy, in a positive workplace.

Additionally, the engagement score, which measures how willing our employees are to actively take responsibility, be enthusiastic and involved in their work and contribute in a positive way, working with passion and driving the organization

forward, was 4.1 out of 5 overall. Davivienda's engagement score improved considerably, jumping from the 35th to the 60th percentile in the Gallup database; this is valuable because this improvement is attributable mainly to efforts made by leaders in their teams, organizational decisions focused on individuals as the core of the strategy, and cross-cutting actions promoted by Human Resources.

### **People are highly valued and appreciated by our senior management**

All these strategic approaches and initiatives stem from the joint work of the Human Resources team and are materialized thanks to the commitment of our senior management, in line with our statement that the human being is at the center and that we conceive him/her as an inexhaustible source of value. Accordingly, Human Resources issues are shared and discussed in 3 senior management forums:

1. Board of Directors, a meeting attended by 5 members (5 alternates), where management topics are discussed at least 3 times a year.
2. Human Resources Committee, a strategic meeting held twice a year and is attended by the Bank's Executive Vice Presidents.
3. Executive Committee, a weekly meeting where issues related to our people are permanently discussed.



In 2020 we adopted the **Diversity and Inclusion Policy**, aimed at guaranteeing equal opportunities, both in terms of participation and remuneration, as well as non-discriminatory treatment.





## Enterprise Risk Management

As one of our strategy's cores, Enterprise Risk Management is continuously evolving and updated with international methodologies and best practices, enabling us to respond in a timely, proactive, and efficient manner to the emergency caused by COVID-19.

During the emergency, Senior Management's decision-making processes were fed with crucial information to monitor the Bank's performance. This information included recurrent forecasting models to rapidly foresee the largest number of potential future scenarios, mitigating the uncertainty associated with local and global macroeconomic environments. New capital requirements were included in this model, enabling the organization to make decisions in early stages to guarantee adequate capital levels to support business growth.

All our risk management systems, listed below, manage specific risks across all business lines within the organization and shared risks, regardless of their source, arising from underlying processes. In response to the COVID-19 emergency, all systems adopted measures and established policies and contingency plans to guarantee our employees' and customers' well-being while ensuring the uninterrupted provision of services and the availability of all our channels<sup>42</sup>.

- > Strategic risk
- > Credit risk
- > Market risk
- > Liquidity risk
- > Operational risks
- > Service for financial consumers
- > Money laundering and terrorism financing risks, and anti-corruption program
- > Fraud and transaction risk
- > Information security and cyber-security
- > Technology risk
- > Environmental and social risk
- > Risks to third parties and allies
- > Business continuity
- > Internal control system

Risk departments are responsible for promoting and protecting the control structures in place for each risk. This is accomplished by supervising the way in which risks are managed across all areas and assessing the effectiveness of controls, making sure that risks do not exceed the levels set by Grupo Empresarial Bolívar.

Consequently, specialized risk areas are responsible for evaluating and controlling the risks under their jurisdiction, as well as defining methodologies and suggesting policies through a governance structure designed to fulfill the organization's strategic goals.

Each risk management system adopted contingency plans to **guarantee our employees' and customers' well-being** while ensuring our uninterrupted operations.

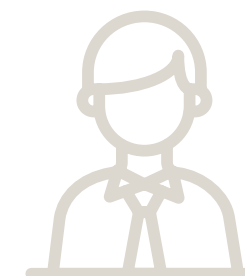


<sup>42</sup>. Management and administration systems for COVID-19 are further described in the Notes to the Financial Statements, Chapter 10, Corporate Risk Management as of December 31, 2020.



## GOVERNANCE BODIES ALIGNMENT TO OUR CORPORATE STRATEGY

The Bank's CEO defines our corporate objectives and strategies, which the Board of Directors approves. Both are aligned with our higher purpose that we share as a business group. We have a system for monitoring and controlling these strategies execution and a risk management system implemented through different government levels within the company, guaranteeing corrections or modifications to the action plans in the event of a foreseeable deviation from the expected results.



## GOVERNANCE STRUCTURE

Our organizational structure is shaped to meet the needs of our business growth and appropriate risk management. The following control bodies are in place to this end:

- > **Board of Directors.** It is the main risk control mechanism within the Bank. Assesses risks associated with the business and assists the work of control bodies, subject to regulatory requirements. It defines the policies, risk appetites and enforces compliance.
- > **Audit Committee.** The committee oversees the activities of the internal audit and the statutory audit to assess the methodology and implementation of risk management models as well as the Bank's internal control system. It issues opinions and recommendations about the performance of the different risk committees.

- > **Compliance Committee.** It monitors and validates the implementation and execution of the Money Laundering and Terrorist Financing Risk Prevention management program, following the guidelines provided by the Bank's Senior Management, pursuant to market regulations and best practices.
- > **Corporate Risk Committee.** It is a supporting body that assists the Board of Directors in overseeing the Enterprise Risk Management (ERM) system of the Bank and its subsidiaries.
- > **Executive Committee.** It is a supporting body to assist the Bank's Chief Executive Officer. It designs and oversees the Strategic Plan for the Bank and its subsidiaries, under the guidelines of the Board of Directors.



- > **Risk Committees.** They are structured according to risks we face. Their purpose is to evaluate risk policies, mechanisms and procedures already in place.
- > **Comprehensive Accounting and Taxation Regulation and Disclosure Committee.** This committee recommends the implementation and modification of accounting and tax policies and procedures for compliance purposes, following international standards applicable in Colombia and tax provisions applicable to the preparation of financial statements.
- > **COVID-19 Crisis Committee.** Its objective is to analyze all situations arising from the economic conjuncture affecting the Bank's operations to decide and control decisions implementation, ensuring local and national regulatory compliance to guarantee the Bank's operations.

Every day, the organization strives for the best decision-making to achieve the optimal combination of assets, liabilities, and equity, producing the most attractive risk/return ratio for all its stakeholders.

Accordingly, corporate risk management is one of the core pillars of the Bank's strategy.

## EMERGING RISKS

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

Davivienda continuously examines the contexts where we operate to identify changes that could alter our strategy and goals, adjusting appropriately to business variations.

Based on the organization's strategy and goals, Senior Management has identified 4 emerging risks subject to monitoring and control:

## Economic and social risks

These risks derive from economic and social uncertainty caused by large-scale regional or global events, such as the COVID-19 pandemic, international political decisions in industrialized countries, migration policies, negotiation of free trade agreements, monetary policy, potentially impacting economic stability in emerging countries, affecting Colombia in terms of exchange rates, international interest rates, employment, higher tax costs, lower oil prices and a decrease in foreign trade income and remittances. Besides, the Bank would be adversely affected by a reduction of financial obligations repayment and its customers' savings and investment capacity.

We continuously examine the contexts where **we operate to identify changes that could alter our strategy and goals.**







## Risk committees continue monitoring our business environment **drawing up any necessary risk management action plans.**

Experienced events in 2020, in the wake of COVID-19 pandemic, exposed the global economy's enormous vulnerabilities to non-economic factors. The pandemic caused the worst economic contraction since the Great Depression; economic and social lingering effects are expected for several years to come. Thus, in 2021 this will continue to be the most important risk affecting the world.

Both developed and emerging countries find themselves in a more vulnerable place due to increased spending to deal with the social consequences of the pandemic, which is reflected in higher debt levels, less fiscal resilience, and higher debt burdens.

Secondly, we ought to consider the uncertainty created by a new US administration and its position on international issues such as the trade war between the United States and China. Even though there were formal agreements reached in early 2020, confrontation levels remained relatively high.

Social and political unrest: in recent years, the world, and Latin America in particular, have experienced a surge in social outcries. This trend, accelerated by social media proliferation and rooted in a complex web of factors, including some economic disparities, was somewhat dampened by the pandemic, mainly due to lockdowns and social distancing. As herd immunity increases and some of these challenges intensify, these protests are likely to re-emerge in 2021.

In recent years, an unprecedented influx of migrants from Venezuela has also impacted the Colombian economy, stressing the labor market and creating the need to provide essential services to migrants, seeking to guarantee their integration into our society.

The COVID-19 crisis hit neighboring Venezuela particularly hard. Hence, migration from Venezuela is likely to continue in the coming months, creating new challenges for the Colombian Government regarding economic policy and social protection.

To manage this risk, the economic research area periodically analyzes international economic policy and reports to Senior Management and the Board of Directors on the main developments in the financial markets and the local and international macroeconomic outlook. Likewise, risk committees continue to monitor our customers' savings and payment behavior to draw up any necessary corrective action plans.





## Risk arising from changing financial consumer behavior

This risk is tied to changing consumer behavior and expectations in an environment shaped by digital transformation. The accelerated technological evolution in the banking industry gained momentum due to the COVID-19 pandemic as social distancing, and decreased use of cash accelerated e-commerce worldwide. Additionally, contactless payment methods, agility in providing services, and customer support throughout the business life cycle became the new normal for banks to adapt.

Furthermore, new disruptive competitors providing innovative financial services are rapidly arriving with business models based on agility, simplicity, and low costs, potentially leading Davivienda to lose customers, income, and market share.

Davivienda embraces this new landscape as an opportunity to accelerate its digital transformation strategy and create new business models to serve all segments of the population with products and services tailored to their profile. Davivienda offers a wide range of digital products, including DaviPlata, the electronic wallet currently serving over 11 million customers and actively participates in distributing subsidies granted by the National Government and in partnerships with other parties.

We celebrate the partnership between Rappi and Davivienda, through RappiPay, which made it possible to promote home-delivered banking services, e-commerce, and money management solutions. We launched new digital products in 2020, including mortgage loans, car loans, portfolio purchase, payroll account, and credipyme, an online business tool. We also forged new alliances to strengthen our digital portfolio.

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43. API: App Programing Platform, it is a set of subroutines, functions and processes that offer a library to be used by other software as a layer of abstraction.

## Risk of using new technologies in digital ecosystems

This risk is associated with the use of new technologies and technological infrastructure connectivity. The Bank, partnering with third parties, deploy digital ecosystems that raise new threats and risk vectors that could affect the integrity, confidentiality, and availability of the Bank's information or applications and customers' data privacy.

We have taken actions to manage this risk by strengthening the governance and architecture associated with ecosystems and using open banking through digital microservices and APIs<sup>43</sup>. We also set policies and guidelines to control these risks and updated processes and procedures to secure exposed microservices and APIs.

We have conducted these activities in full compliance with current regulations, industry standards, and widely accepted best practices in risk management.





During 2020 we continued implementing new techniques, methodologies, and tools **to manage cyberconflict risks.**

### Cyber conflict risk

This risk is caused by new and uncertain cyber-attacks derived from international uncertainties and global political instability, establishing a new scenario of tensions that affect organizations. At local level, we have found that this risk has increased due to this type of conflict and social unrest, capable of creating confusion, deception operations, and disinformation that can affect organizations, mainly those shaping the countries' critical infrastructure, like Davivienda. This type of attack materializes serious operational consequences, service systems and channels availability, and the leak or improper access to the Bank's sensitive information.

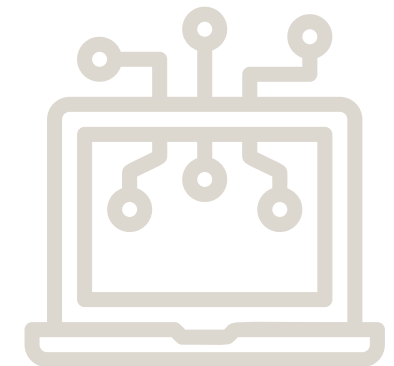
Moreover, we also outline the main consequences if risks materialize:

- > Adverse effects on our brand (reputational risk)
- > Possible depreciation of intellectual property value
- > Increased operational costs to prevent future attacks
- > Potential impact on insurance premiums to insure against future events

We continue strengthening the strategy to mitigate this risk, exploring and creating various roles in the organization to prevent, detect and react promptly to any potential incident. Similarly, we continue implementing new techniques, methodologies, and tools for early detection through alert analysis and capabilities to respond to potential incidents or atypical behaviors that may subsequently transform into cyber-attacks against the Bank and its subsidiaries.

We undertook the following actions to manage this risk in 2020:

- > Implementing best practices in cybersecurity and information security to improve the underlying processes of the strategy.
- > Attention and response to regulatory agencies' various requirements in matters related to information security and cybersecurity with an outstanding performance.
- > We actively participate in the different sectorial working groups with government entities to mitigate risk.
- > We participated in cyber attack drills to strengthen our capacity to respond to these types of events.
- > We initiated the execution of internal drills to enhance the crisis response and management processes in light of events of this nature..
- > Training and updating of the majority of employees using tools that allow them to enact and promote correct behavior in possible social engineering and cybersecurity events.







We continue adopting the **Code of Best Practice for Corporate Governance - Código País Survey** recommendations of good corporate governance.

## Corporate Governance and Structure

Our corporate governance system comprises principles, policies, and standards that determine a set of good practices aimed at promoting our actions to be efficient, transparent, and honest, which constitutes a commitment to our stakeholders and the preservation of our business ethics.

The Bank's management and administration are responsibility of the Annual General Meeting, the Board of Directors, the CEO, the Senior Management and other organs and officials as determined by the Shareholders Meeting or the Board of Directors. Likewise, corporate governing bodies are those of disclosure and compliance with regulations.

To apply our corporate governance policy, we have codes, regulations, handbooks and manuals. It is worth to highlight the following, published on our website:

- > Bylaws
- > Code of Ethics
- > Code of Good Corporate Governance
- > Annual General Meeting Bylaws
- > Board of Directors Regulations
- > Shareholders' Rights and Obligations Guide
- > Conflicts of Interest and Use of Privileged Information Manual

The strict application of this set of guiding principles guarantees our managerial probity, provides us with conflict resolution mechanisms and facilitates the accurate and timely

management of information. Furthermore, we have adopted the recommendations of good corporate governance set forth in the Code of Best Practice for Corporate Governance - Código País Survey, which are disclosed in the Código País report published on our website.

### CODE OF ETHICS

Our Code of Ethics is an integral part of the Good Corporate Governance System adopted by all Grupo Bolívar companies. It seeks to increase our employees, customers, shareholders, and other stakeholders confidence, allowing us to be recognized for our transparency. Our Code of Ethics contains our ethics declaration, desirable behaviors, unacceptable behaviors, responsibility statements, and our commitment letter.

An example of our compliance is that, in 2020, the Bank reported no breaches of the Good Corporate Governance Code.

Furthermore, we did not attend any pending or finalized legal proceedings regarding unfair competition and infringements of the applicable law in matters concerning monopolistic practices against free competition since Davivienda has not been involved in these practices through the year.

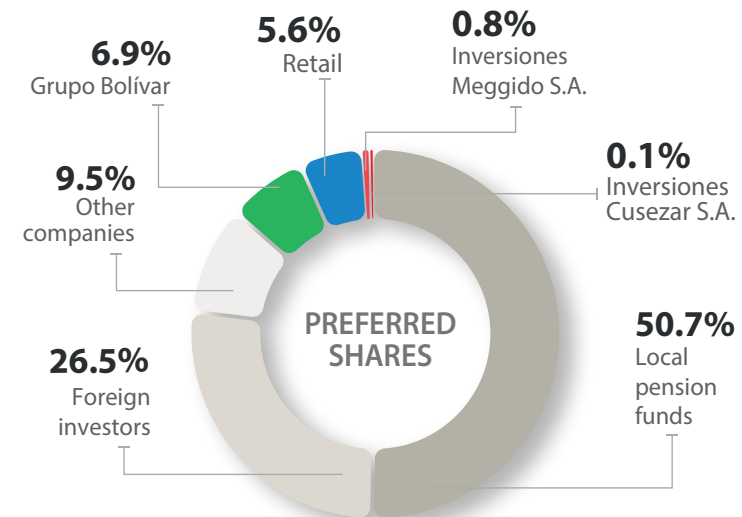
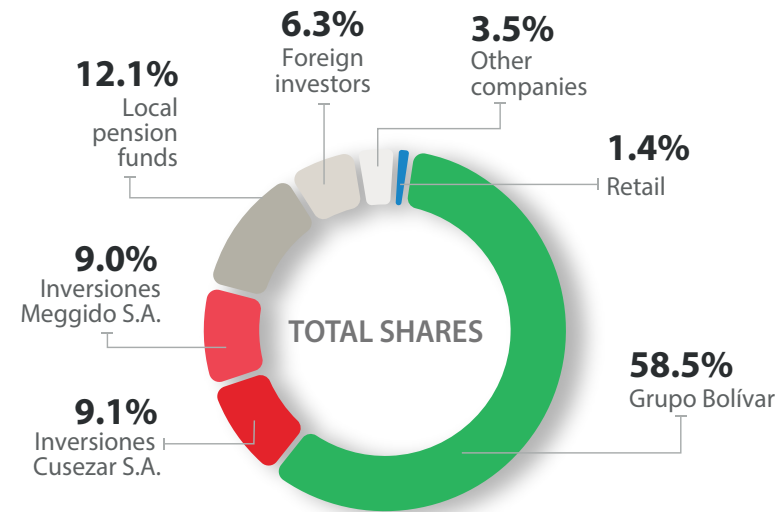
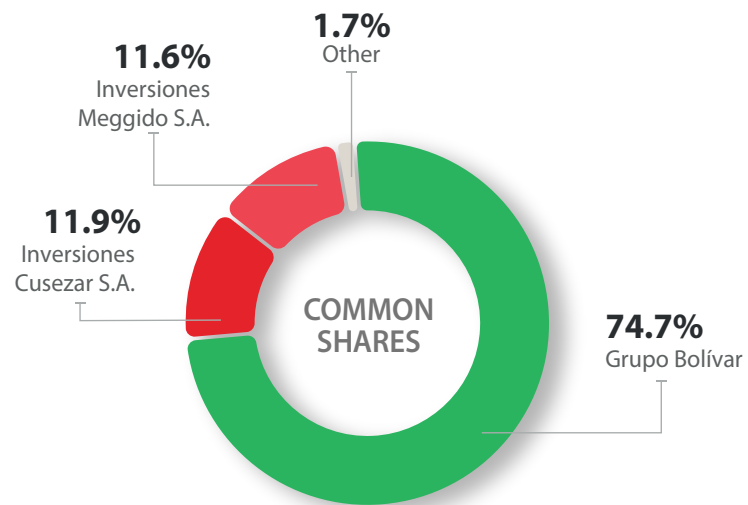


### TRANSPARENCY LINE

Between January and December 2020, we received 171 cases through the Transparency Line, which were managed within the organization's timeframe, according to the typologies presented. 81% of these cases were received during the year through the telephone channel.



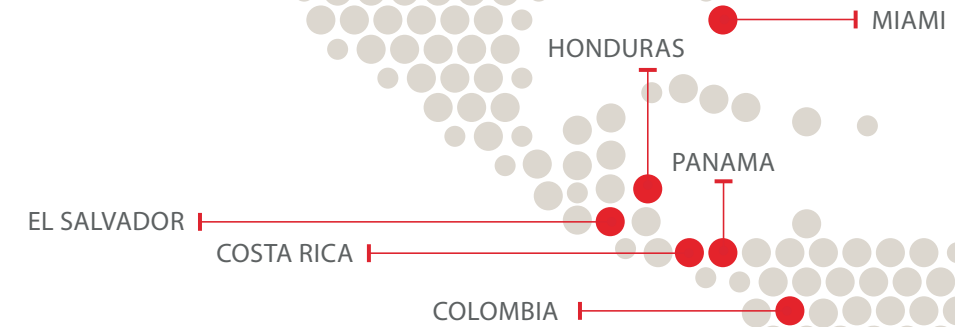
## OWNERSHIP STRUCTURE





# DAVIVIENDA

## CORPORATE STRUCTURE



	COLOMBIA	COSTA RICA	EL SALVADOR	PANAMA	HONDURAS
Banks	●	●	●	●	●
Insurance companies		●	●		●
Brokerage	●	●	●	●	
Trust	●				
Leasing		●			
Financial Corporation	●				

Davivienda, a Multi-Latin bank.



**GOVERNANCE BODIES****BANCO DAVIVIENDA - GOVERNANCE BODIES**

<b>GOVERNING BODY</b>	Annual General Meeting
<b>MANAGEMENT BODY</b>	Board of Directors
	CEO - Legal Representative
	Vice presidents and managers, who by reason of their position act on behalf of the company
<b>EXTERNAL CONTROL BODIES</b>	Tax auditor
	Financial Superintendence of Colombia
	Stock Market Self-regulator
<b>INTERNAL CONTROL BODIES</b>	<b>Board of Directors Support Committees</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Corporate Governance Committee</li> <li>• Corporate Risk Committee</li> <li>• Compliance Committee</li> <li>• Sustainability Committee</li> </ul>
	<b>Senior Management Supporting Bodies</b> <ul style="list-style-type: none"> <li>• Executive Committee</li> <li>• Integrated Accounting &amp; Tax Disclosure and Regulation Committee</li> <li>• Risk Committees</li> <li>• Internal Audit</li> <li>• Compliance Officer</li> <li>• Internal Control and Regulatory Compliance</li> </ul>
<b>CONFLICT RESOLUTION BODIES</b>	<ul style="list-style-type: none"> <li>• Arbitration Court</li> </ul>
<b>CORPORATE GOVERNANCE DISCLOSURE AND COMPLIANCE BODIES</b>	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• CEO - Legal Representative</li> </ul>

**ANNUAL GENERAL MEETING**

On March 17, 2020, the Annual General Meeting was held with a quorum of 98.273%, representing directly or by proxy 337.7 million shares<sup>44</sup>. The Annual General Meeting's notice was published in El Tiempo newspaper on February 10, 2020.

To contribute to the country's actions to stop the spread of COVID-19, Davivienda streamed the Annual General Meeting online.

Through this special procedure, Davivienda shareholders were able to connect and follow the meeting's development. Similarly, to safeguard common shareholders' right to exercise their political rights, we enabled them to grant powers and convey their vote. These procedures were validated with the Financial Superintendence of Colombia and disclosed to the general public through our corporate website [www.davivienda.com](http://www.davivienda.com).

The meeting was held in compliance with all applicable regulations and all the necessary information was provided to shareholders to inform their decisions.

<sup>44</sup>. Number of shares: 337,742,564.



## 2020 Annual General Meeting approved a dividend payment equal to **COP 418 billion.**

The meeting's call, the shareholders' rights and obligations, the details of the shares, and the Shareholders Meeting operating regulations were published for shareholders and the market at large through the website [www.davivienda.com](http://www.davivienda.com).

The AGM was streamed online to the Bank's shareholders, complying with the recommendations of the Code of Best Corporate Practices, Country Code, which establishes that electronic media are of great help to disclose information.

For general information about their shares, certifications, guidance in buying and selling processes or successions, shareholders may contact Deceval by calling (+571) 313-9000 in Bogota or the toll-free number (+57) 01-8000 111-901 from anywhere in the country.

For further information, shareholders, institutional investors, and market analysts may email us at [ir@davivienda.com](mailto:ir@davivienda.com).

This information is published on our website [ir.davivienda.com](http://ir.davivienda.com), in our "Help Center".

Furthermore, in compliance with current regulations, the Bank's regulatory news was published promptly on the Financial Superintendence of Colombia website.

### Dividend Distribution

During the Annual General Meeting, the distribution of COP 926 for each outstanding share, for a total payment of COP 418 billion<sup>45</sup> This payment meant allocating the 31.8% of Colombian operations profit generated by the bank during the year. The total number of shareholders and the dates on which payments were made were as follows:

#### DIVIDEND DISTRIBUTION

	DEC. 2019	MAR. 2020	SEP. 2020
<b>Ordinary shareholders</b>	2,627	2,628	2,630
<b>Preferred Shareholders</b>	14,462	14,363	14,812
<b>Total</b>	<b>17,089</b>	<b>16,991</b>	<b>17,442</b>

45. COP 418,246,802,438





## EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting was held on October 9, 2020.

The call for this extraordinary Meeting was published in the El Tiempo newspaper on October 2, 2020, informing the Meeting would be held through Zoom, under the provisions of Article 19 of Law 222 of 1995, amended by Article 148 of Decree-Law 019 of 2012 and Decree 398 of March 13, 2020. Besides, instructions were given on managing the Meeting and the dynamics for shareholders to cast their votes and make comments or questions.

The Meeting began with a 74.73% quorum, representing 256.8 million shares<sup>46</sup>, and ended with a 98.28% quorum, 337.7 million shares<sup>47</sup> present and represented.

The agenda was focused on two topics: first, the presentation, consideration, and approval of the proposal for an additional quota of donations for the 2020 budget, to contribute to the sectors most affected by the economic emergency caused by COVID-19 and; second, the proposal, presented at the Meeting by a group of shareholders, to modify the remuneration of the members of the Board of Directors of Banco Davivienda S.A. Both proposals were approved unanimously with the vote of the 337.7 million shares represented in the Assembly, representing 98.28% of the shares with voting rights.

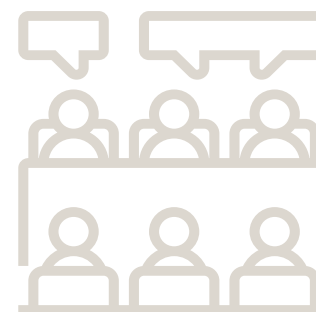
46. Number of shares: 256,806,656

47. Number of shares: 337,741,964

## BOARD OF DIRECTORS 2019-2021

The Board of Directors establishes the strategy and orientation of the Bank. Both the Board of Directors and Senior Management are aware of the Bank's risk positions; Consequently, they actively intervene in its management, defining the measurement methodologies that identify exposure by product, as well as the policies, profiles, and limits.

The Board of Directors of Banco Davivienda Colombia is formed by 8 men and 2 women. Likewise, the participation by gender in the Boards of Directors of the national subsidiaries is as follows: Fiduciaria Davivienda: 7 men and 3 women. Corredores Davivienda, 6 men and 4 women. And Corporacion Financiera Davivienda, 6 men and 4 woman.







## BOARDS OF DIRECTORS BANCO DAVIVIENDA COLOMBIA AND ITS NATIONAL AFFILIATES

### Period 2019-2021

At the 2019 Annual General Meeting in March 15th of 2019, the following members of our Board of Directors were elected for the 2019-2021 term:



2 women



8 men

LINE	PRINCIPAL MEMBERS	SUBSTITUTE MEMBERS
First line	Carlos Guillermo Arango Uribe <i>Chairman of the Board of Directors*</i> <i>Non-independent member</i>	Roberto Holguín Fety
Second line	Javier José Suárez Esparragoza <i>Non-independent member</i>	Olga Lucía Martínez Lema
Third line	Álvaro Peláez Arango <i>Independent member</i>	Federico Salazar Mejía <i>Independent member</i>
Fourth line	Andrés Flórez Villegas <i>Independent member</i>	Daniel Cortés McAllister <i>Independent member</i>
Fifth line	Diego Molano Vega <i>Independent member</i>	Ana Milena López Rocha <i>Independent member</i>
Tax Auditor	KPMG S.A.S.	
Financial Consumer Ombudsman	Carlos Mario Serna Jaramillo, Serna Consultores & Asociados	

\*The Board of Directors Chairman does not hold any managerial position in the organization.



3 women



7 men

LINE	PRINCIPAL MEMBERS	SUBSTITUTE MEMBERS
First line	Efraín E. Forero Fonseca	Jaime Castañeda Roldán
Second line	Olga Lucía Martínez Lema	María Carolina Restrepo Frasser
Third line	Álvaro Carrillo Buitrago	Reinaldo Rafael Romero Gómez
Fourth line	Camilo Albán Saldarriaga	Olga Lucía Rodríguez Salazar
Fifth line	Alberto Patricio Melo Guerrero	Jorge Rojas Dumit



4 women



6 men

LINE	PRINCIPAL MEMBERS	SUBSTITUTE MEMBERS
First line	Olga Lucía Martínez Lema	Carolina Largacha Buraglia
Second line	Álvaro Carrillo Buitrago	Reinaldo Rafael Romero Gómez
Third line	Efraín E. Forero Fonseca	Camilo Albán Saldarriaga
Fourth line	Jaime Alfonso Castañeda Roldán	Alberto Patricio Melo Guerrero
Fifth line	María Carolina Restrepo Frasser	Olga Lucía Rodríguez Salazar



4 women



6 men

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



## Our Board of Directors approved our **diversity and inclusion policy**, strengthening its commitment to protecting Human Rights and related laws.

The members of the Boards of Directors of Banco Davivienda Colombia and its national subsidiaries have personal and professional qualities and complementary skills that allow them to make decisions with an objective and strategic vision. None of its members belongs to ethnic minorities.

The Board of Directors of Banco Davivienda in Colombia approved a Diversity and Inclusion Policy in which it states its commitment to human rights protection and applicable laws on these matters.

Additionally, Banco Davivienda S.A. has a Succession and Recruitment Policy for members of the Board of Directors, which ensures that proposals for the appointment or re-election of directors are based on a prior analysis of the needs of the Board of Directors. At the same time, it favors the diversity of knowledge, professional and personal skills, experience, and gender, in an attempt to enrich the debates, promote analysis and propose different points of view for decision-making.

### Average tenure of main members of the Board of Directors

The average tenure of the main members of the Board of Directors in 2020 is 11 years.

	DATE OF FIRST APPOINTMENT AS DIRECTOR
<b>Carlos Guillermo Arango Uribe</b> <i>The Chairman of the Board of directors</i>	1997
<b>Javier José Suárez Esparragoza</b>	2004
<b>Álvaro Peláez Arango</b>	2008
<b>Andrés Flórez Villegas</b>	2017
<b>Diego Molano Vega</b>	2019
<b>Average tenure on the Board of Directors</b>	<b>11 years</b>

### Board of Directors Evaluations

However, in line with international standards, the Board of Directors is also evaluated by an independent third party. The consulting company Sala de Juntas evaluated the performance of the Board of Directors in 2019. In 2021 an independent expert will evaluate the performance of the Board of Directors during 2020.





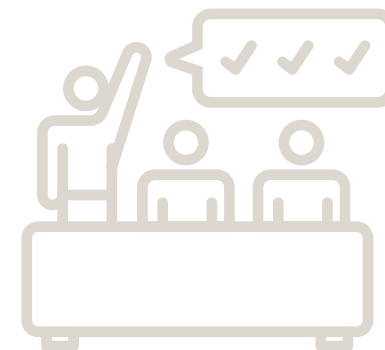
## Board of Directors Supporting Committees

As part of our governance structure, the Board of Directors has created the legally required committees and other committees which, while not mandatory, support management processes and inform the Board about the processes, structure, and risk management of each business line, allowing an adequate monitoring and flow of information in the organization. Committees supporting the Board of Directors are those whose establishment and regulations are approved by the Board, and at least one of its members is also a member of the Board of Directors of Banco Davivienda.

- > **Audit Committee.** Supports the Board of Directors in its management of implementation and supervision of the Internal Control System. It is composed by 3 members of the Board of Directors, of which 2 are independent.
- > **Corporate Governance Committee.** It advises the Board of Directors on the implementation of good corporate governance practices and on compliance with related policies. It is composed of 3 members, one of whom is a member of the Board of Directors.
- > **Corporate Risk Committee.** It advises the Board of Directors in defining risk management guidelines and reports to the Board and Senior Management on the corporate risks affecting the Bank and its subsidiaries. It is made up of 3 members of the Board of Directors. To carry out comprehensive management, there are other risk committees specialized in issues such as credit, market and liquidity, operations, and fraud and that support the work of Senior Management.

Our Board has management supporting committees that **provide information regarding processes, structures, and risk management** within each business line.

- > **Compliance Committee.** It is a decision-making body that supports the Board of Directors' work in terms of oversight and monitoring of the Entity's compliance program. Its main duty is to support the implementation and oversight of the Money Laundering and Terrorist Financing Risk Prevention management program. It is formed by the Bank's CEO, 2 members of the Board of Directors, the Commercial Vice President, the Executive Vice President of Risk and Financial Control, the Executive Vice President of Retail Banking and Marketing, the Executive Vice President of Media, the Corporate Executive Vice President, and the Vice President of Compliance.
- > **Sustainability Committee.** It is responsible for proposing and reviewing current and future sustainability policies, guidelines, and procedures, ensuring compliance with international standards and voluntary agreements. It reports to the Board of Directors. It is also responsible for monitoring progress in this area.







## COMPENSATION POLICY

The payment and compensation policy for Senior Management is approved by the Board of Directors, while the Annual General Meeting approves the payment and compensation policy for the members of the Board of Directors.

### Board of Directors

During the meeting held on March 15, 2019, the Annual General Meeting unanimously approved to compensate the board of directors' members with COP 3.5 million plus VAT for attending each meeting.

On October 9, 2020, the Extraordinary General Meeting approved a proposal to increase the fees paid to the board of directors of Banco Davivienda S.A. to COP 5 million plus VAT per meeting.

In 2020, overall compensation paid to the board of directors totaled COP 576 million for attendance at the board of directors' meetings.

### CEO Payment

The Bank's CEO is paid a fixed amount, approved by the Board of Directors, in addition to a variable compensation based on the Bank's annual results, primarily based on the following variables: economic results, compliance with the strategy, efficiency, and quality of service.

KPIs on returns and risk include efficiency, profitability, and portfolio quality associated with credit risk, which measures the percentage of non-performing loans out of overall loans, aligned with the strategy and the defined risk appetite. Business indicators include growth in loans and deposits, as well as strategic indicators.

Metrics on digital channels and the level of cybersecurity risk are also included in digital transformation.

Even though the variable compensation is calculated based on yearly results, the scheme looks at the Bank's long-term results and sustainability.

The structure of the bonus scheme is as follows:

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

### Senior Management Payment

- > **Fixed Amount.** Senior Management members are entitled to a fixed monthly salary, which increases each worked year. The increase approved by the Board of Directors for 2020 was 5.8%. In exceptional cases, Management may submit to the Board of Directors additional raises for merit.
- > **Variable Compensation.** The variable compensation scheme for Senior Management is based on the achievement of financial and strategic goals, as well as on adequate risk management. They are entitled to receive additional variable remuneration, which can be up to 4 salaries per year.





Our international corporate governance **allows us to control business and operational management**, implementing the best practices following the parent company standards.

## CORPORATE REGIONAL GOVERNANCE

Our international corporate governance allows us to adequately control business and operational management, enabling us to implement best practices consistently at the regional level and to ensure that such practices are implemented in accordance with the parameters of the parent company. Accordingly, the following governing bodies were established:

At the regional level, i.e., with a comprehensive understanding of the operation in the region, we rely on the following instances:

- > **Regional Unit - Davivienda Colombia:** Led by the International Executive Vice President, it is a key part of Davivienda Colombia and its main mission is to coordinate, manage and control business development in all foreign subsidiaries in accordance with the governance parameters and risk appetite established by the parent company, under a specialized structure.
- > **Regional Management Committee:** It is the comprehensive business management body for foreign subsidiaries, centered on strategic matters, control and monitoring. It acts as a Regional Committee and reports to the Parent Company's Board of Directors.

At the level of operations in each country, there are the following instances:

- > Annual and Extraordinary General Meeting (local)
- > Board of Directors (local)
- > Bodies and committees supporting the Board of Directors and Senior Management (local)

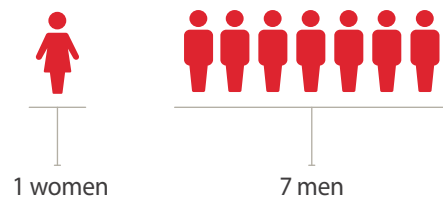




## BOARD OF DIRECTORS OF BANKS IN CENTRAL AMERICA

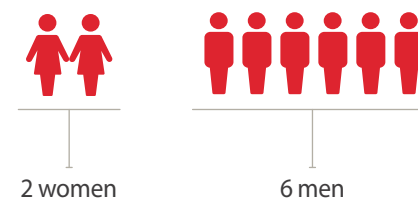
The participation in the Boards of Directors of the foreign subsidiaries (Banks) is as follows:

### COSTA RICA



	POSITION
<b>Pedro Alejandro Uribe Torres</b>	President
<b>Mario Pérez Cordón</b>	Vice President
<b>Rodrigo Uribe Sáenz</b>	Treasurer
<b>Bernardo Delgado Bolaños</b>	Secretary
<b>Adriana Darwisch Puyana</b>	Director
<b>Juan Camilo Osorio Villegas</b>	Director
<b>Mario Vega Roa</b>	Director
<b>Rolando Lacle Castro</b>	Fiscal

### EL SALVADOR



	POSITION
<b>Pedro Alejandro Uribe Torres</b>	President
<b>Moisés Castro Maceda</b>	Vice President
<b>Adriana Darwisch Puyana</b>	Secretary
<b>Gerardo José Simán Siri</b>	First Proprietary Director
<b>Freddie Moises Frech Hasbun</b>	First Substitute Director
<b>María Eugenia Brizuela de Ávila</b>	Second Substitute Director
<b>Juan Camilo Osorio Villegas</b>	Third Substitute Director
<b>Mario Fernando Vega Roa</b>	Fourth Substitute Director

### HONDURAS



	POSITION
<b>Pedro Alejandro Uribe Torres</b>	President
<b>Rosa del Pilar Sandoval Méndez</b>	Board member I
<b>Mario Fernando Vega Roa</b>	Board member II
<b>Juan Camilo Osorio Villegas</b>	Board member III
<b>Karen Cesia Rubio Andrade</b>	Board member IV
<b>Adriana Darwisch Puyana</b>	Auditor
<b>Jorge Alberto Alvarado López</b>	Independent Directory
<b>María Eugenia Brizuela de Ávila</b>	Independent Directory
<b>Juan Pablo Betancourt</b>	Substitute I

### PANAMA



	POSITION
<b>Efraín E. Forero Fonseca</b>	Director
<b>Pedro Alejandro Uribe Torres</b>	Director
<b>Roberto Holguín Fety</b>	Director
<b>Federico Salazar Mejía</b>	Director
<b>Adriana Darwisch Puyana</b>	Director
<b>Raúl Hernández Sosa</b>	Independent Director
<b>María Mercedes Cuéllar López</b>	Independent Director

The members of the Boards of Directors of foreign subsidiaries possess personal and professional qualities and complementary skills that enable them to make decisions based on the goals and the strategy set forth by the bank. None of its members belongs to ethnic minorities.





## REGIONAL CORPORATE GOVERNANCE COMPLIANCE DIAGNOSIS

In 2020, Banco Davivienda in Colombia, in conjunction with banks in Central America (Honduras, Panama, El Salvador and Costa Rica), hired independent third parties to review, analyze and diagnose compliance with corporate governance at the level of the Board of Directors, the Shareholders Meeting (or partners) and mandatory committees in each Central American jurisdiction where Davivienda operates. Overall, the diagnosis findings were highly satisfactory in terms of compliance with corporate governance standards across all of our Central American banks.

We shared these findings with the Regional Unit - Davivienda Colombia, led by the International Executive Vice President, as well as with all the Boards of Directors of the banks in Central America to inform them and enable the implementation of actions aimed at strengthening the Corporate Governance systems across subsidiaries in Central America.

## REGULATORY STRATEGY

In 2020, Davivienda shared its inputs and contributed to discussions about regulations through its active involvement and participation in Asociación Bancaria y de Entidades Financieras de Colombia, the Chamber of Digital Industry and Services of the National Business Association of Colombia, and the Colombian Chamber of E-Commerce (CCCE).

The most outstanding projects were:

- > Credit Card Interest Rate Draft Legislation
- > Colombian Electoral Code

- > External Circular on Financial Conglomerates
- > External Circular on Related Parties and Exposure Limits
- > Draft decree on postal services for the following payments: Payments, Deposits and Transfers
- > New Habeas Data Law
- > Draft decree on low value payment systems
- > Draft decree establishing the regulatory sandbox

Additionally, we participated in task forces with the Government and trade associations to build, discuss, and modify proposed regulations related to the National Council on Economic and Social Policies, Technology and Innovation, Intellectual Property, Entrepreneurship and Reactivation, among others, including the following:

- > National Economic Policy on Inclusion and Financial Education
- > National Policy on Electronic Commerce
- > Establishing an e-commerce consumer protection regime

We also participated in other topics like crypto-assets, entrepreneurship, innovation, artificial intelligence, prepaid cards, digital platforms, digital citizen services, open banking, state money transfers through programs such as Colombia Mayor (Government program for senior citizens), Ingreso Solidario (Government program/ subsidy), Jóvenes y Familias en Acción (Social Welfare Program), processes and grounds for payment reversals, critical topics to our goals, interests, and projects.







# Regional Economic Analysis

Macroeconomic Environment  
and Financial System





## Macroeconomic environment and financial system - Colombia<sup>48</sup>

The crisis caused by COVID-19 triggered an unprecedented global economic downturn since the Great Depression, leading to increased levels of poverty. The World Bank expected the economy to grow at a 2.5% annual rate in early 2020, but a year later, it lowered its growth estimate to -4.3%. Based on preliminary figures, the U.S. economy contracted -3.5% in 2020 while the Eurozone experienced a -6.8% economic downturn.

China was one of the few exceptions, growing by 2.3%, due to some factors, including a substantial fiscal stimulus and the implementation of draconian lockdowns and monitoring systems.

The emergency particularly hit Latin America. High population density, large numbers of informal workers, and weak fiscal response capacity due to high levels of debt before the crisis made matters worse for the region.

48. Document elaborated by the Executive Department of Economic Studies, with information available as of February 7th, 2021.

Pandemic policies, such as lockdowns and social distancing, ultimately undermined economic growth in most parts of the world. Disparities in the magnitude of the impacts of COVID-19 varied significantly depending on many factors, including health infrastructure and intensive care units, the size of the elderly population, the fiscal capacity to rapidly implement welfare measures for vulnerable people, informal labor, urbanization, and gaps in access to information and communication technologies.

In addition to those factors, economic activity around the world was heavily impacted by travel restrictions; most countries, including Colombia, started to impose travel restrictions between the second and third week of March, reaching a high point in the middle of April. The correlation between travel restrictions and economic downturn, which was quite strong in the early stages of the health emergency, has been gradually reduced as protocols and practices have been adopted to make travel safer. However, it is safe to assume that restrictions imposed late last year impacted most countries' economic activity.







On the other hand, oil prices throughout 2020 closely mirrored economic activity worldwide. The Brent benchmark<sup>49</sup> stood at USD 67.05 per barrel at the beginning of the year, but as global growth forecasts narrowed and lockdowns were implemented worldwide, oil prices also dropped. Late last year, reflecting improved growth expectations in the United States following the start of vaccinations and tax measures, oil prices rebounded to end the year at USD 51.22. The average price for the year was USD 41.9 per barrel, sharply lower than the USD 64 figure recorded in 2019.

## GROSS DOMESTIC PRODUCT

According to Dane, gross domestic product in Colombia fell -3.6% in 2020. GDP plunges during the second and third quarters of the year (15.8% and 9%, respectively), these are the largest quarterly drops recorded.

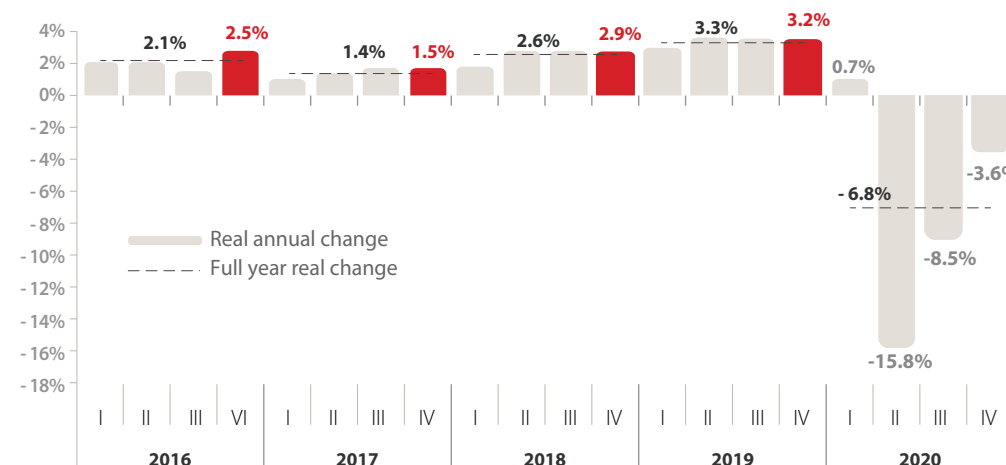
During 2020, agriculture, livestock, hunting, forestry and fishing had the best performance, growing by 2.8%, followed by financial and insurance activities (2.1%), and real state (1.9%). On the other side, the worst performing segments were construction, mining, retail, vehicle repairs, lodging and food services, which registered decreases of 27.7%, 15.7% and 15.1% respectively.

49. Data from the St. Louis Federal Reserve, Fred.

An analysis of aggregate demand components indicates that domestic final demand contracted by 7.6% in real terms during the year. Household final consumption expenditure, which fell by a 5.8% real annual rate; government spending, which increased by 3.7%; and investment, which fell by 21.2%, explain this trend. External sector variables also performed negatively: exports decreased 17.4% year-on-year, while imports fell 18%.

## GDP GROWTH IN COLOMBIA

Real growth relative to the same quarter in the previous year



Source: Dane

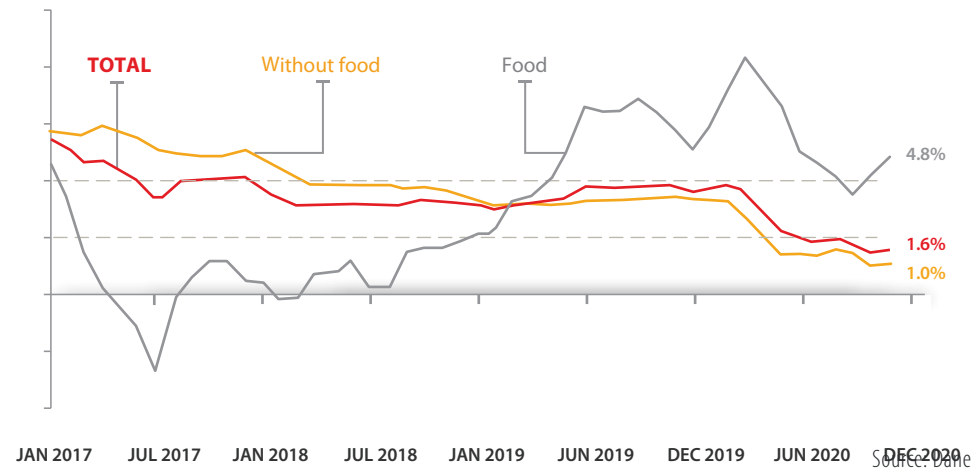


# -3.6%

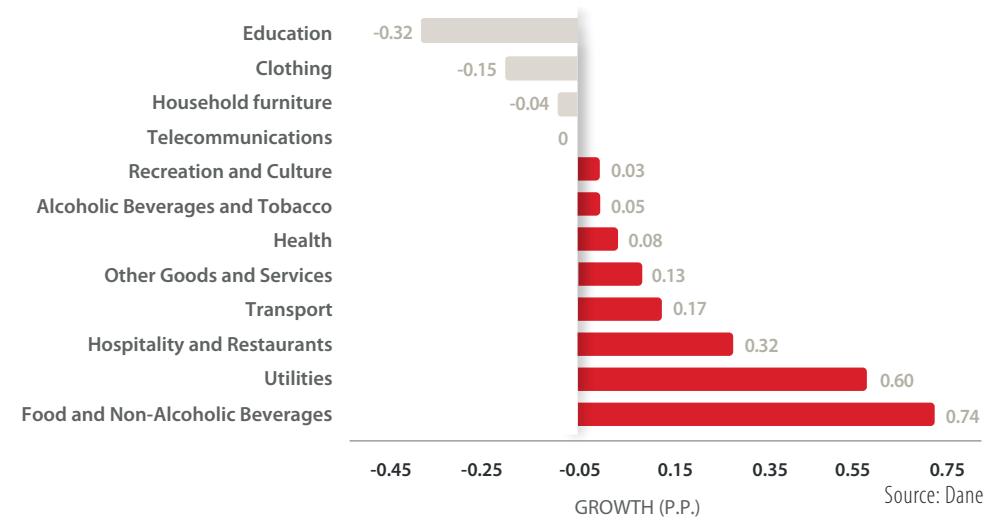
Colombia 2020 GDP contraction against 2019 figures.



## ANNUAL INFLATION



## ANNUAL CONTRIBUTION BY SPENDING ITEMS



## INFLATION

2020 recorded the lowest inflation figure since 1954. December's annual inflation (1.61%) marked the sixth month in a row in which inflation was below the Central Bank's target range (2% to 4%). This is mainly attributable to lower prices in education, textile, and furniture manufacturing due to lower consumer demand.

Government decisions also impacted inflation throughout the year, namely: the sharp reduction in fuel prices in March, the temporary exemption of VAT on mobile phone plans and the consumption tax on bars and restaurants, along with temporary subsidies

for utilities, VAT exemption on cleaning, and maintenance products during the health emergency, and the 3-day VAT exemption for retail businesses.

Finally, the monthly minimum wage increased by 3.5% over the year 2021 to COP 908,526 (COP 1,014,980 including commuting allowance). Thus, the minimum wage increased 1.89% above annual inflation in 2020.

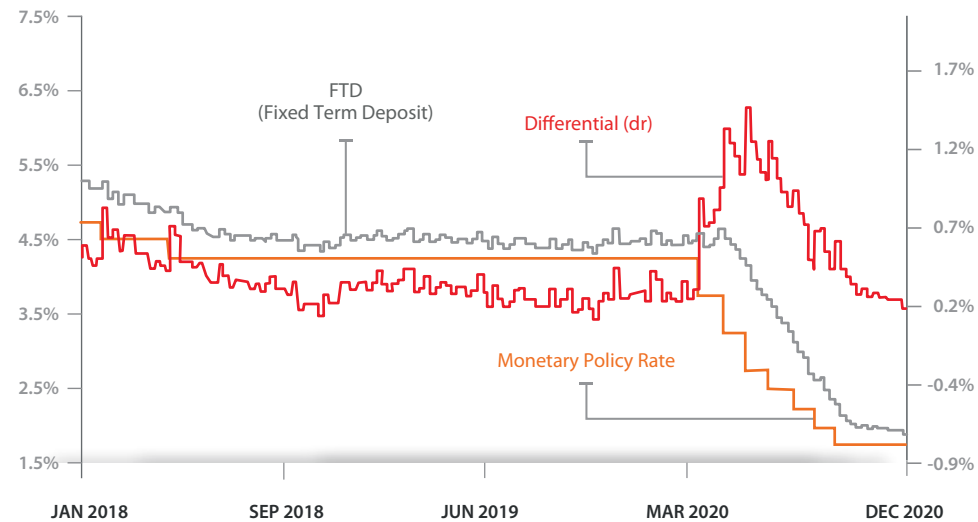


# 1.61%

2020 recorded the lowest inflation figure since 1954 in Colombia.



## INTEREST RATE



Source: Banco de la República

## MONETARY POLICY AND INTEREST RATES

In 2020, like most central banks globally, the Colombian Central Bank adjusted the monetary policy rate to adapt to the crisis to avoid a severe disruption of the credit supply and mitigate the economic downturn.

The monetary policy rate in 2020 experienced its most stable period ever recorded: 23 months. It went from 4.25% to 1.75%, after a series of phased cuts between March and September. Monetary authorities aimed at stimulating aggregate demand and alleviating debtors' payments.

## FISCAL POLICY

The economic crisis posed significant fiscal challenges for Colombia. The fiscal deficit went from being 2.2% of GDP in 2019 to 8.2% of the GDP in 2020, based on the figures available to date.

This higher deficit reflected two major factors: a drop in tax revenues due to the economic slowdown; the Government, accordingly, decided to adjust its net tax<sup>50</sup> revenue target for the year, from COP 158.5 trillion to COP 135 trillion. According to figures published by DIAN, gross tax revenues over the year totaled COP 146.18 trillion, a 7.1% drop relative to 2019, largely as a result of the above-mentioned tax measures that were implemented throughout the year.

The second factor that explains the increase in deficit had to do with the mobilization of more than COP 23 trillion in additional government spending to strengthen the health care system, support vulnerable populations, stimulate the economy and maintain companies' productivity.

After 8 years following the Fiscal Rule, the Government obtained approval to activate the Exceptions Clause<sup>51</sup> 52 therein, which allows the Government to lift the Fiscal Rule for two years in extraordinary events that compromise the country's macroeconomic stability.

50. Comparing the 2020 fiscal plan, submitted in 2019, and subsequent update submitted in the 2020 medium-term fiscal framework.

51. Law 1473 of 2011, article 11.



# 8.2%

Colombian  
Government 2020  
fiscal deficit.





**COP 3,693.36 / 1 USD**  
2020 average  
exchange rate.

**COP 4,153.91 / 1 USD**  
highest exchange rate  
recorded, April 9, 2020.

## EXCHANGE RATE

As a result of the crisis caused by COVID-19, the COP - USD exchange rate experienced great pressure throughout the year, reaching an all-time high on April 9 (COP 4,153.91), when international risk aversion peaked. As countries implemented protocols and social distancing measures, global risk aversion fell, and the Colombian peso appreciated, although at a moderate pace. The Colombian peso appreciated significantly in the last week of November due to several factors, including improved global growth expectations thanks to the efficacy achieved by some COVID-19 vaccines.

The exchange rate closed the year at COP 3,432.5, depreciating by 4.7% relative to 2019. Meanwhile, the annual average exchange rate was COP 3,693.36 in 2020, depreciating 12.6% against the 2019 figure (COP 3,281.09).

Note that net capital inflows in 2020 amounted to nearly USD 693 million, due to positive flows between September and December (about USD 2,337 million), contrasting with the first part of the year and, especially, with the months of greater global risk aversion, when significant outflows were recorded.

### EXCHANGE RATE

Colombian Pesos (COP) per 1 Dollar (USD)



Source: Financial Superintendence of Colombia





Colombian exports equaled **USD 28 billion**, falling 22.5% between January and November.

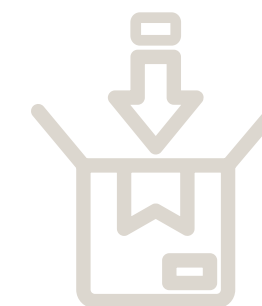
### FOREIGN TRADE

Foreign trade activities suffered a significant decline in 2020, in line with the economic recession and travel restrictions. Based on available figures, the trade balance was negative, although lower than in the previous year. Exports fell to USD 28 billion between January and November 2020, falling by 22.5% relative to 2019. This behavior is attributable to lower foreign sales of fuels and manufactured goods.

Imports totaled USD 39.3 billion in the same period, falling by 19.1%, compared to 2019. Even though the economic climate had an overarching impact on all import components, in terms of economic use or destination, capital goods imports were particularly hit, falling to USD 12.1 billion and dropping by 20.2%.

Consequently, trade deficit<sup>52</sup> was USD 9.25 billion for January-November 2020, 9.5% lower than in 2019.

52. Estimated as the difference between FOB exports and FOB imports.



Colombian imports reached **USD 39.9 billion**, falling 19.1% between January and November.



**7.5%**  
Annual assets growth.

**4.3%** Colombia's financial  
system annual gross  
loans growth.

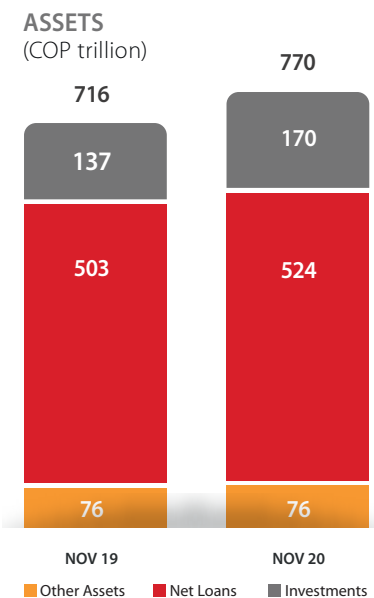


## FINANCIAL SECTOR

In 2020, despite the economic contraction unleashed by the COVID-19 pandemic, the financial system proved to be resilient amidst major disruptions. The system's overall portfolio grew by 4.3% over the year, largely as a result of government measures aimed at supporting debtors by easing payment terms and adjusting their financial burden in line with the new economic climate.

### Assets

Assets grew by 7.5% year-on-year, driven by portfolio growth, which, at December 31, 2020, continued to account for the largest share of assets, at 68%.



Source: Financial Superintendence of Colombia

## Credit portfolio

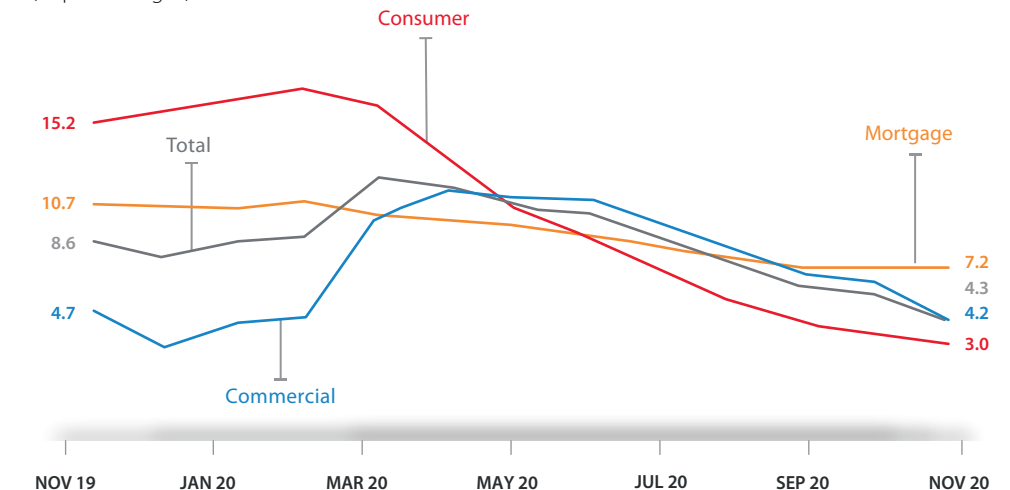
As of November 2020, the financial system gross loans' outstanding balance grew 4.3% against the 2019 figure.

All segments growth decelerated over the year due to the global health and economic crisis. The consumer portfolio recorded the worst performance. It went from growing 17% year-on-year, before social distancing and lockdowns in March, to 3% in November 2020.

The mortgage portfolio that grew by 10.7% in 2019 recorded a 7.2% growth rate in November 2020, in line with the economic slowdown. This portfolio was mainly impacted by a lower level of closings, especially in residential housing (>VIS, Colombia's Social Housing).

Commercial loans fueled the growth of the overall portfolio the most, adding 2.3 percentage points. This portfolio lost momentum in the second half of the year, closing with a 4.2% growth in November compared to the 10.1% figure recorded in March.

### GROSS LOANS ANNUAL GROWTH (in percentages)



Source: Financial Superintendence of Colombia Calculation: Davivienda

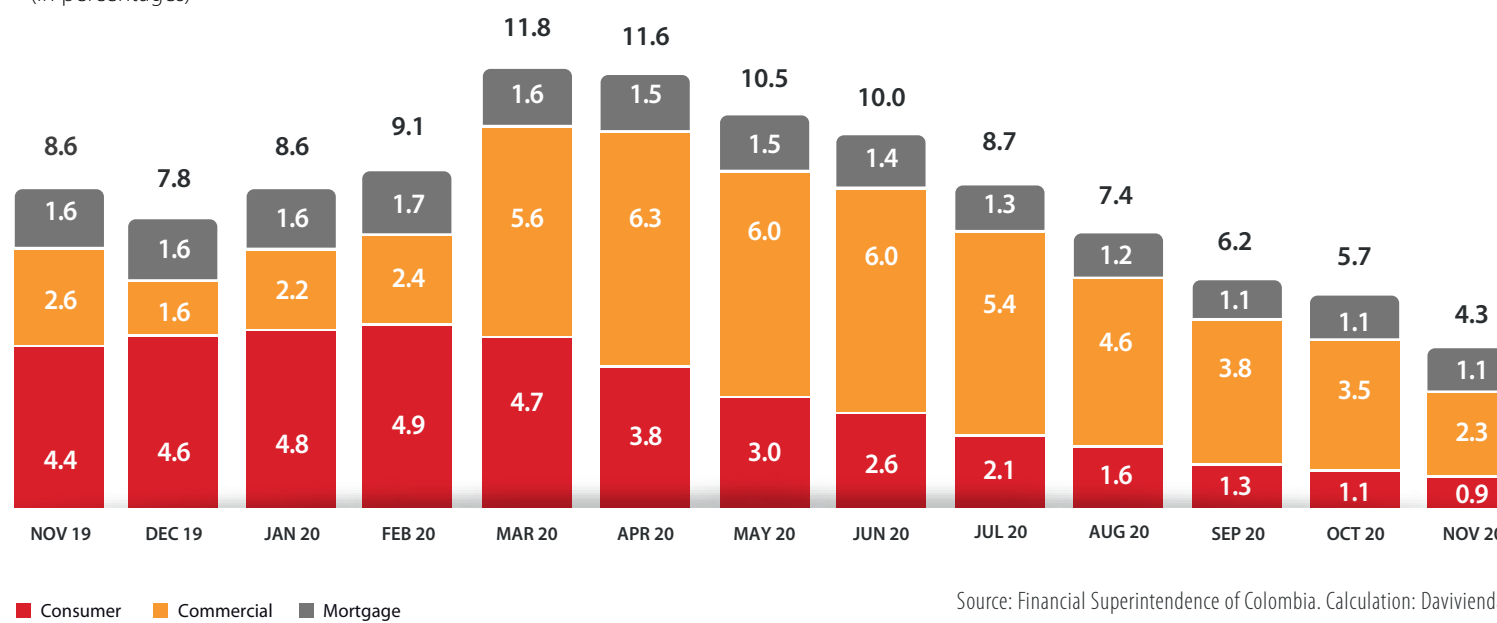




## 7.5% Loan Quality Ratio by Rating as of November 2020.



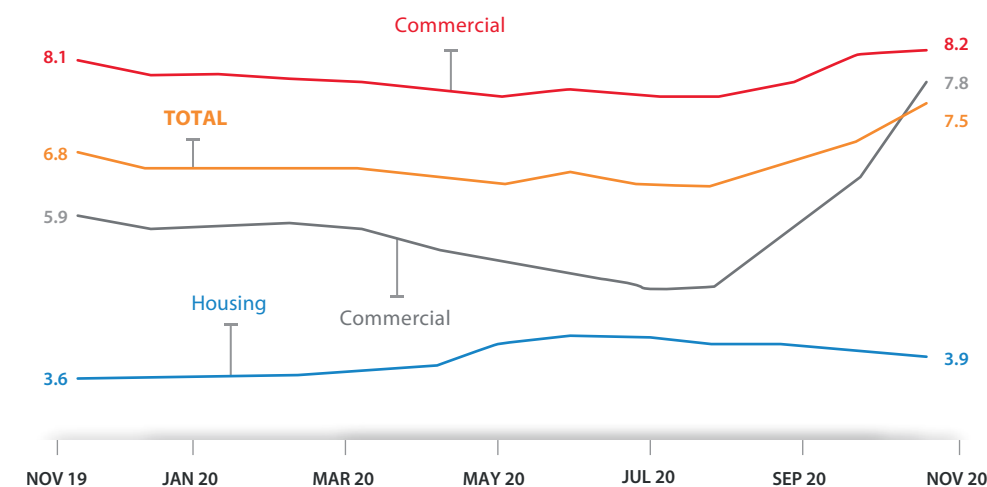
CONTRIBUTION TO PORTFOLIO GROWTH BY LOAN SEGMENT  
(in percentages)



### Portfolio quality

The sector's loan quality by rating indicator increased by 0.7 percentage points than 2019, positioning itself at 7.5% at the end of November 2020. The most significant growth was in the consumer segment (1.9 percentage points), followed by the mortgage (0.3 percentage points) and commercial portfolios (0.1 percentage points).

PDL RATIO BY TYPE OF LOAN  
(in percentages)

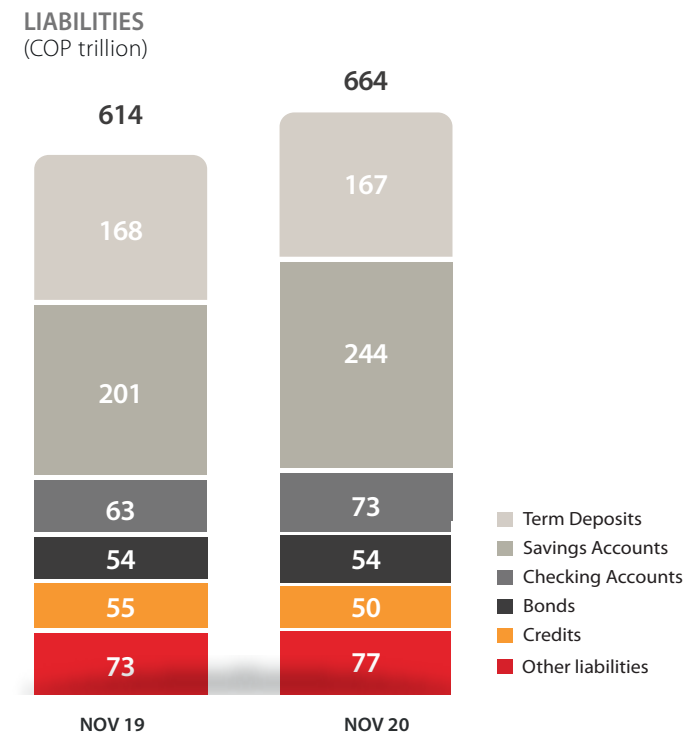




## Funding sources

Liabilities grew by 8.2% in 2020, driven by an increase in both checking accounts (16%) and savings accounts (21%). Savings accounts accounted for the largest share of overall liabilities (37%). This behavior stemmed from a cautious approach whereby resources shifted from risky assets to savings and checking accounts.

Upon the end of strict lockdowns, household spending increased, which slightly reduced deposits in savings accounts. With lower interest rates, the balance in certificates of deposit (CDs) also fell.

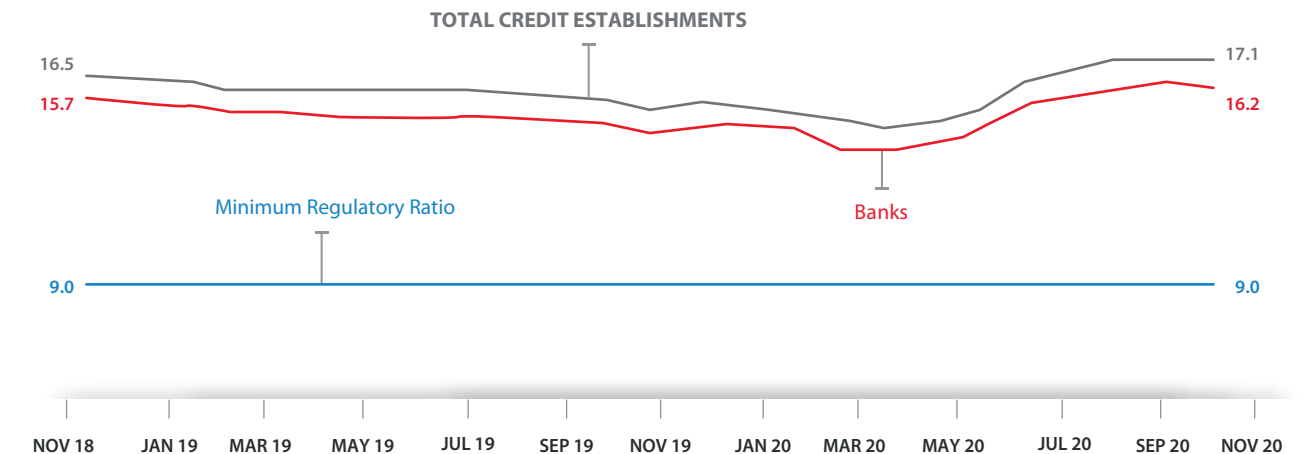


Source: Financial Superintendence of Colombia. Calculation: Davivienda

## Equity and regulatory capital

Total capital adequacy ratio in the Colombian financial system increased compared to the previous year and remained at a comfortable level compared to the regulator's requirements, specifically 8.7 percentage points above the minimum level (9%).

### CAPITAL ADEQUACY RATIO (in percentages)



Source: Financial Superintendence of Colombia



# 17.1%

Colombia's financial system capital adequacy ratio, November 2020.



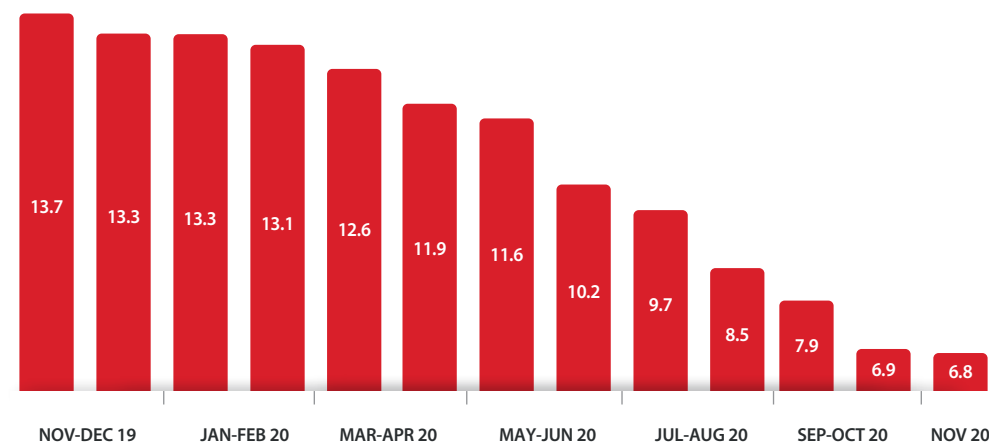
## Profitability

As of November 2020, the profitability of the financial system, measured by the return on assets (ROA)<sup>53</sup> and the return on equity (ROE)<sup>54</sup>, fell sharply, closing at 0.92% (1.89% as of December 2019) and 6.80% (13.26% as of December 2019), respectively. This performance results from the reduction in the intermediation margin and the sharp slowdown in portfolio growth.

53. ROA: 12 months net profit / 12 months average assets

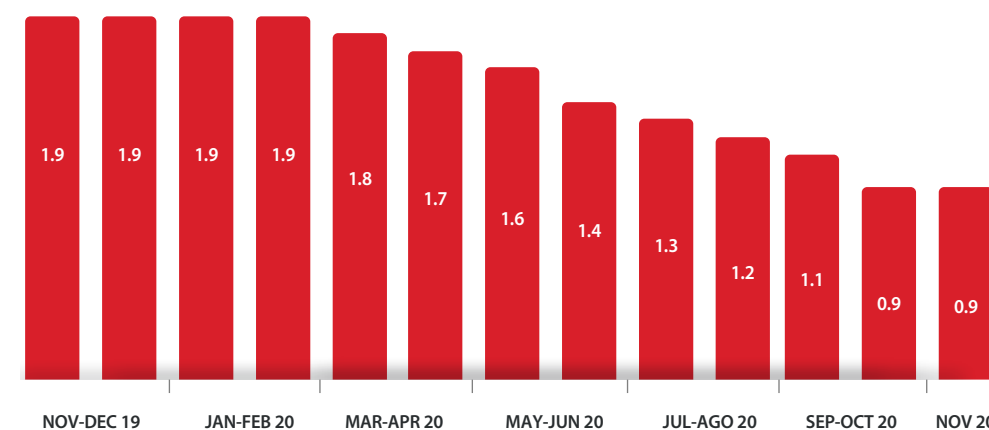
54. ROE: 12 months net profit / 12 months average equity

RETURN ON EQUITY - ROE  
(in percentages)



Source: Financial Superintendence of Colombia

RETURN ON ASSETS - ROA  
(in percentages)



Source: Financial Superintendence of Colombia







## Macroeconomic Environment and Financial System - Central America



### MACROECONOMIC ENVIRONMENT COSTA RICA

#### Economic activity

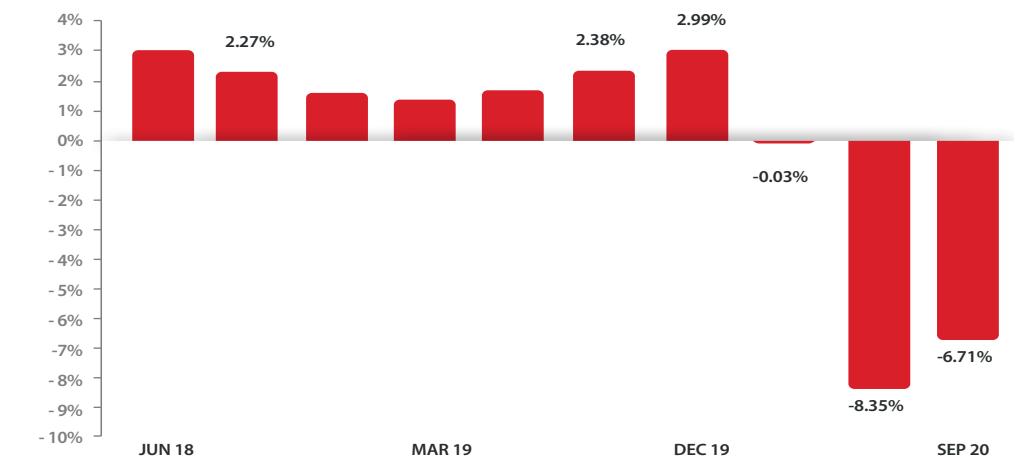
The evolution of the pandemic and the measures imposed to stop the spread of the disease largely explain economic activity's performance over the year.

Costa Rica experienced two stages throughout the pandemic; the first one spanned from March 6 to the end of May, when the measures implemented, such as border closures, partial lockdowns, and social distancing measures, flattened the curve. The second wave emerged in June, hitting the country more aggressively in terms of infections and hospitalizations, leading to more draconian measures in July and August, including phases of temporary lockdowns and increased travel restrictions.

Economic recovery that had begun in June 2019 continued in the first two months of the year. However, the economy suffered a severe impact from March onwards due to the health emergency, which led to a GDP contraction in the first quarter (-0.03%) and a sharp downturn in the second quarter (-8.35%). Hospitality, food services, transportation, and warehousing, recorded the sharpest falls. The GDP continued recording negative figures in the third quarter, although at a lower rate (-6.71%), reflecting the economy's phased reopening.

GDP growth averaged -5.03% for the first three quarters. In October, the Central Bank changed its growth estimate for the year, from -5% to -4.5%, based on improved local performance and better growth prospects for the world economy.

**GROSS DOMESTIC PRODUCT COSTA RICA**  
(Annual variation)



Source: Banco Central de Costa Rica. Calculation: Davivienda





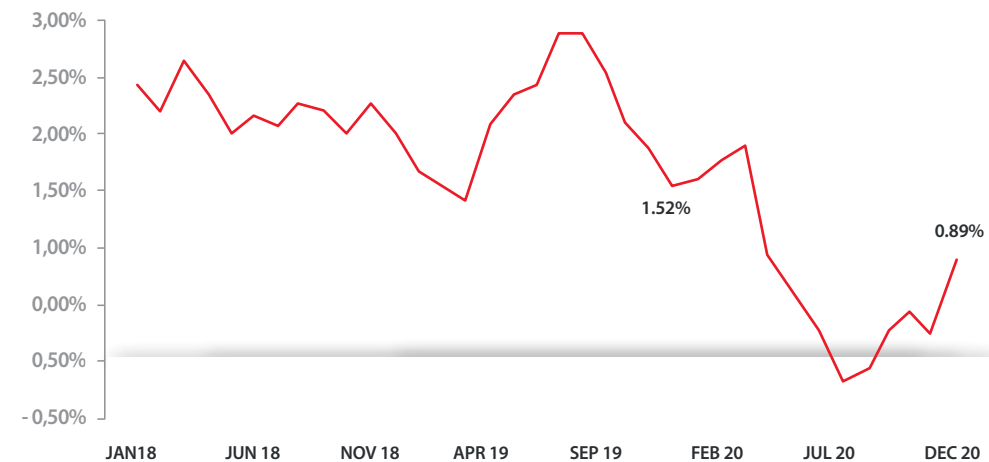
## Inflation

Inflation slightly increased during the first quarter of 2020, although it remained below the Central Bank's target range (2% to 4%).

Disinflation continued in April (a contraction of domestic demand, high unemployment, low global inflation, and low inflation expectations), leading to a -0.17% annual variation in the figure recorded in July.

Finally, the consumer price index began to recover slowly from September onwards, in line with the economy's phased opening. Nevertheless, inflation closed 2020, recording a 0.89% annual variation, the lowest in the last four years.

INFLATION IN COSTA RICA



Source: Central Bank of Costa Rica. Calculation: Davivienda

## Exchange rate

Despite the negative effects of the pandemic, the foreign exchange market did not experience stress in the first half of 2020.

Between January and March, robust export performance, low imports, and high tourism season contributed to a surplus in the foreign exchange market. However, from April onwards, border closures, lower foreign direct investment, and foreign trade restrictions led to a substantial reduction in the flow of foreign exchange. The exchange rate rose throughout the rest of the year, closing at CRC<sup>55</sup> 615.43, depreciating by 7.36%.

COSTA RICA NOMINAL EXCHANGE RATE



55. CRC: Costa Rican colón (₡), domestic currency.

Source: Central Bank of Costa Rica



# 0.89%

Costa Rica annual inflation 2020.



## Monetary, fiscal and risk ratings

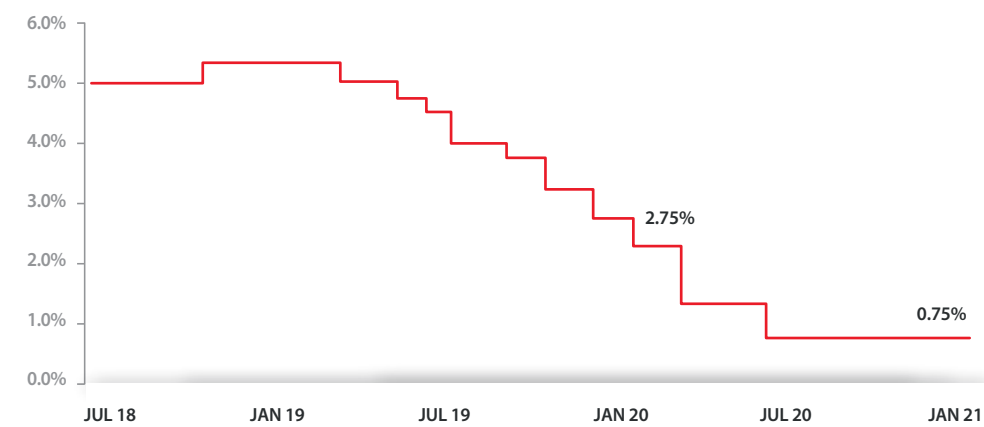
Given economic contraction and low inflation, the Central Bank has maintained an expansionary and countercyclical monetary policy. In response to the pandemic, it lowered the monetary policy rate (TPM) by 150 bps, from 2.25% in March to a historic low of 0.75% at the end of 2020, to boost credit demand with it, economic activity.

The fiscal deficit accounted for 8.3% of GDP at the end of 2020, which was 1.4 percentage points higher than the figure recorded in 2019 (6.94% of GDP). Overall government spending fell by 2.5% year-on-year, as a result of lower growth in salaries and interest payments. However, total income fell 10.9% year-on-year, as a result of lower revenues from value added tax, income tax and fuel tax. As of December 2020, government debt accounted for 69.7% of GDP, in line with the upward trend recorded in recent years.

Costa Rica's current credit ratings are as follows: "B2" (Moody's), "B" (Standard & Poor's) and "B" (Fitch Ratings). In addition to a negative outlook, these ratings were downgraded by one notch during 2020, until signals of a commitment to improve fiscal discipline appear to be forthcoming. The main rating agencies that closely monitor the fiscal performance of the country have focused on negotiations with the IMF and the country's efforts to reach political agreements to achieve public debt sustainability. The main rating agencies that closely monitor the fiscal performance of the country have focused on negotiations with the IMF and the country's efforts to reach political agreements to achieve public debt sustainability. After a two week negotiation period, on January 22 Costa Rica and the technical mission of the IMF signed an agreement in the technical level of fiscal adjustment linked to an extended service credit for USD 1,750 million.



MONETARY POLICY RATE COSTA RICA



Source: Central Bank of Costa Rica







## 9.4% Costa Rica annual assets growth.



**COSTA RICA FINANCIAL SECTOR MAIN FIGURES AND INDICATORS**  
(USD Million)

	AMOUNT				VARIATION <sup>1</sup>	
	DEC. 17	DEC. 18	DEC. 19	DEC. 20	2020-2019	2019-2018
<b>Total Assets</b>	56,372	55,015	58,873	60,009	9.4%	0.6%
<b>Investments</b>	9,141	8,456	10,496	11,793	20.6%	16.7%
<b>Loan Portfolio</b>	37,852	37,421	39,096	37,298	2.4%	-1.8%
<b>Commercial<sup>2</sup></b>	13,878	13,807	13,958	13,392	3.4%	-5.5%
<b>Consumer<sup>2</sup></b>	11,467	11,561	12,469	11,212	-3.1%	0.8%
<b>Mortgage<sup>2</sup></b>	9,665	9,671	10,347	10,292	7.2%	0.0%
<b>Other assets<sup>3</sup></b>	9,379	9,137	9,282	10,918	26.3%	-4.5%
<b>Liabilities</b>	48,725	47,372	50,121	51,544	10.4%	-0.5%
<b>Term deposits</b>	20,020	19,663	21,661	20,210	0.2%	3.0%
<b>Savings</b>	7,201	7,320	8,236	9,774	27.4%	5.8%
<b>Other liabilities<sup>4</sup></b>	13,583	12,679	10,913	10,548	3.8%	-19.1%
<b>Current</b>	7,921	7,710	9,312	11,012	27.0%	13.6%
<b>Equity</b>	7,647	7,643	8,752	8,465	3.8%	-8.9%
<b>ROA<sup>5</sup></b>	0.90%	0.92%	0.98%	0.60%		
<b>ROE<sup>6</sup></b>	6.40%	6.61%	6.76%	5.05%		

<sup>1</sup> Variation in terms of local currency.

<sup>2</sup> Portfolio segments are extracted from the private sector (BCCR); Therefore, the sum of the segments is not equal to the total portfolio of the general balance of the financial sector, SUGEF. Portfolio figures as of November of each year.

<sup>3</sup> Other assets include granted guarantees, immobilized unproductive assets and other unproductive assets (without credit portfolio).

<sup>4</sup> Other liabilities include Checking account overdrafts, capitalization contracts, obligations and liabilities without cost. Year end exchange rate for december 2018, 2019, 2020 were used.

<sup>5</sup> 12 months Net profit to average 12 months average assets. Calculation: Davivienda.

<sup>6</sup> 12 months net profit to 12 months average equity. Calculation: Davivienda.

Source: General Superintendence of financial entities of Costa Rica (SUGEF)

### Financial Sector

Measures adopted by the Central Bank and the National Financial System Oversight Council to ensure liquidity and credit access contributed to avoiding any significant stress in the financial system in 2020. These measures included expansionary monetary policy, liquidity injections in the trading markets, introducing a new credit line to support economic recovery, and a coordinated effort to ease prudential regulations to support lending capacity.

Despite low interest rates, lending to the private<sup>56</sup> sector continued stagnant due to high uncertainty regarding the pandemic's impact, the fiscal situation, and the evolution of economic activity.

Assets recorded a 9.4% annual increase as of December 2020; gross loans, which accounted for 66.4% of total assets, grew 2.4%, while investments grew 20.6%, accounting for 19.7% of total assets on the said date. Liabilities grew 10.4% due to an increase in demand deposits. Savings accounts grew 27.4%, while checking accounts grew 27%. Certificates of deposit registered a 0.2% growth.

<sup>56</sup> Based on BCCR figures, credit to the private sector without exchange rate effect decreased -0.1% in 2020 and -0.1% in 2019.



**-0.08%** El Salvador  
annual inflation.



## MACROECONOMIC ENVIRONMENT EL SALVADOR

### Economic activity

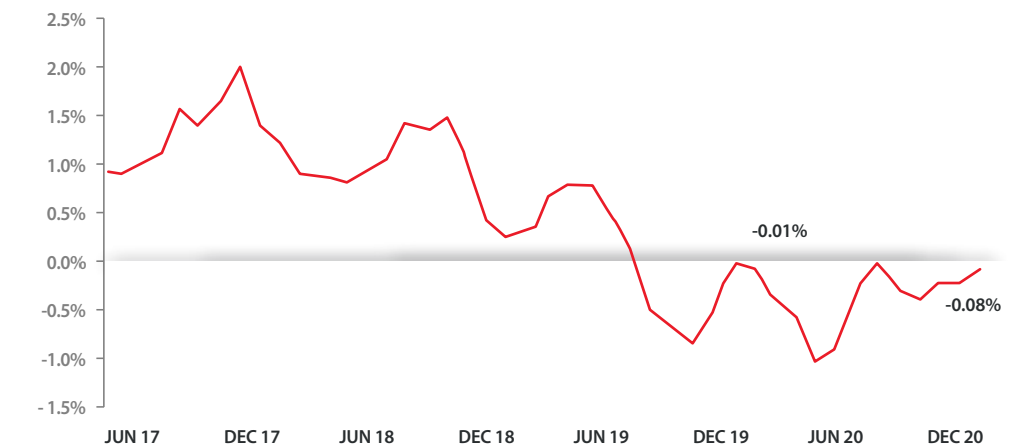
The measures adopted against the pandemic impacted GDP, which contracted sharply over the second quarter of 2020, decreasing 19.80% annually. Construction, manufacturing, and trade recorded annual variations of -36%, -34% and -26%, respectively. As the economy started to reopen, the economic downturn waned down in the third quarter, registering a -10.2% year-over-year variation. Most industries recorded lower contractions.

On average, the economy shrank by -9.9% in the first three quarters of the year. Sorted by GDP share, the average falls were manufacturing industry -15.9%, trade -10.6%, construction -16.7%, lodging and food service activities -30.5%, and transportation and warehousing -17.4%. On the other hand, water and power supplies grew by an average of around 4%, and financial and insurance activities by 1.4%; however, insurance and financial activities decreased by 7.6% over the quarter.

### Inflation

Inflation remained low and stable over the year; after closing 2019 at 0.0%, it remained relatively flat below zero in 2020, closing at -0.08%. Transportation played a significant role in keeping inflation low, as it closed the year, recording a -4.74% variation. Oil prices in international markets also contributed to this trend.

#### EL SALVADOR INFLATION



Source: Central Reserve Bank. Calculation: Davivienda



## Fiscal policy and risk ratings

El Salvador, like other economies, also increased its debt levels in 2020. As of November, the balance of the non-financial public sector (NFPS) debt was USD 21.7 billion, up 14.8% from November 2019, based on the Ministry of Finance data. As of November 2020, debt accounted for 70% of GDP and, according to the Treasury's nominal GDP projection for 2020 (USD 25.2 billion), debt would account for 85.8% of GDP.

The fiscal deficit was 3.1% of GDP in 2020. In November, the Ministry of Finance estimated that the deficit would close the year at approximately 10.7% of GDP and, by 2021, it would fall to 7.3%. Current expenses were 96.7% of the modified amount, while capital expenses were 78%. The collection was USD 4.8 billion in current income and contributions, 13.1% lower than the budgeted amount.

The fiscal climate, burdened by rising public debt and declining income, prompted rating agencies to issue warnings. El Salvador's risk rating remained stable over the year at "B3" (Moody's), "B-" (Standard & Poor's), and "B-" (Fitch Ratings). However, Moody's and Fitch Ratings issued a negative outlook in the first half of the year, suggesting that potential future reviews may be negative. In November, Moody's placed the rating under review for possible downgrades in this country's short-term ratings.

Overall, throughout the year, credit rating agencies underscored the country's weak fiscal outlook, and in the second half of the year, they emphasized ongoing problems in financing the country's deficit. When Moody's placed the rating under review for downgrade, it noted that the government was facing high liquidity risk due to a large increase in gross financing requirements, tight external financing conditions, and limited capacity to increase reliance on the domestic market.

## Financial Sector

Based on the figures recorded as of November 2020, assets grew 4.9% annually. Gross loans, which accounted for 62.8% of total assets, rose 2.2%, along with investments, which grew 95.5%, accounting for 12.6% of total assets. Liabilities grew 6.3%, driven by an increase in demand deposits. Savings accounts grew 17.6%, while checking accounts grew 14.2%. Certificates of deposit recorded a 3.9% growth.

### EL SALVADOR FINANCIAL SECTOR MAIN FIGURES AND INDICATORS (USD Million)

	MONTO			VARIATION <sup>1</sup>	
	NOV. 18	NOV. 19	NOV. 20	2020-2019	2019-2018
<b>Total Assets</b>	20,086	21,951	23,030	4.9%	9.3%
<b>Investments</b>	1,192	1,481	2,894	95.5%	24.3%
<b>Loan Portfolio</b>	13,474	14,145	14,463	2.2%	5.0%
<b>Commercial<sup>2</sup></b>	6,386	6,697.86	7,104.71	6.1%	4.9%
<b>Consumer<sup>2</sup></b>	4,807	5,096.35	5,145.34	1.0%	6.0%
<b>Mortgage<sup>2</sup></b>	2,606	2,680.10	2,645.87	-1.3%	2.9%
<b>Other assets<sup>3</sup></b>	5,420	6,325	5,673	-10.3%	16.7%
<b>Liabilities</b>	16,910	18,711	19,898	6.3%	10.6%
<b>Term deposits</b>	5,699	6,167	6,410	3.9%	8.2%
<b>Savings</b>	3,399	3,949	4,642	17.6%	16.2%
<b>Other liabilities<sup>4</sup></b>	3,288	3,430	3,228	-5.9%	4.3%
<b>Titles</b>	925	998	862	-13.7%	8.0%
<b>Current</b>	3,600	4,167	4,756	14.2%	15.8%
<b>Equity</b>	2,598	2,590	2,756	-0.5%	-0.3%
<b>Future commitments</b>	577	651	556	-14.6%	12.7%
<b>ROA<sup>5</sup></b>	0.96%	1.01%	0.73%		
<b>ROE<sup>6</sup></b>	7.63%	8.92%	6.92%		

- 1 The variation is based on the local currency.
- 2 The portfolio breakdown by type does not include loan loss reserves, therefore, the amount is not equivalent to the total available portfolio of the general balance.
- 3 Other assets include available funds, temporary acquisition of documents, fixed assets, and other assets.
- 4 Other liabilities include demand obligations, negotiated notes, checks and securities to be applied, subordinated debt and other liabilities.
- 5 The numerator is calculated by annualizing the accumulated balances per month (balance x 12 / # of the month); the denominator is the accumulated balances per month. Methodology of El Salvador's Financial System Superintendence to calculate the ROE.
- 6 The numerator is calculated by annualizing the accumulated balances per month (balance x 12 / # of the month); the denominator is the accumulated balances per month. Methodology of El Salvador's Financial System Superintendence to calculate the ROE.

Source: Superintendence of the Financial System of El Salvador (SSF).







## MACROECONOMIC ENVIRONMENT HONDURAS

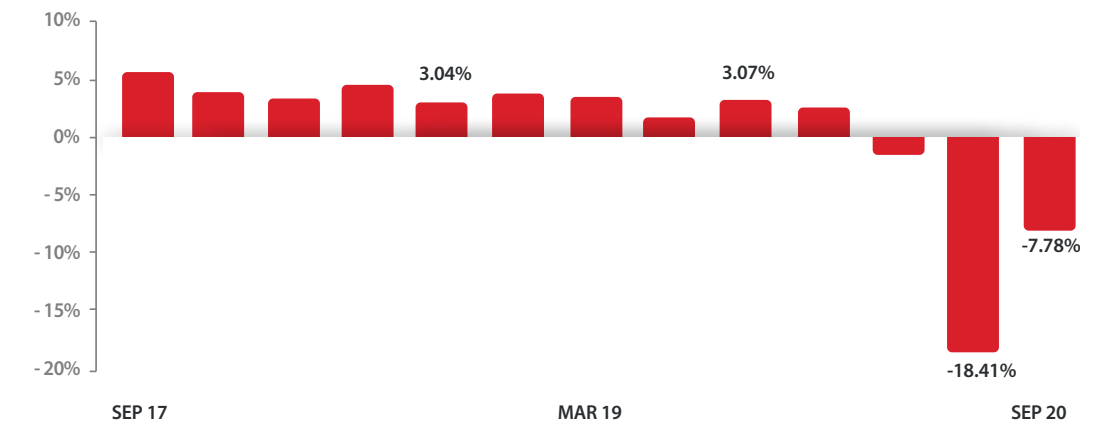
### Economic activity

In response to the pandemic crisis, authorities implemented measures to control the COVID-19 spread, including school closures, travel restrictions<sup>57</sup>; and grace periods in credit payments to debtors in the financial system to help them adjust their financial obligations. Moreover, the Government ran food aid programs for the most vulnerable families.

The gross domestic product (GDP), based on data released by the Central Bank of Honduras (BCH), contracted by 1.43% over the first quarter relative to 1Q19, reflecting the onset of the pandemic in March. The largest contraction in the country's economic history was recorded over the second quarter, -18.41%, reflecting a drop in domestic and international demand and the Government's restrictions to prevent the virus's spread. In the third quarter, the country recorded a 7.87% contraction, indicating that the negative trend is slowly reversing. The average annual economic growth for the first three quarters of the year was -9.24%; only communications and health services achieved positive growth.

57. The measure was suspended in november due to the emergency caused by tropical storms Eta and Iota.

### GROSS DOMESTIC PRODUCT HONDURAS (Annual variation)



Source: Central Bank of Honduras. Calculation: Davivienda



## 4.01% Honduras annual inflation.

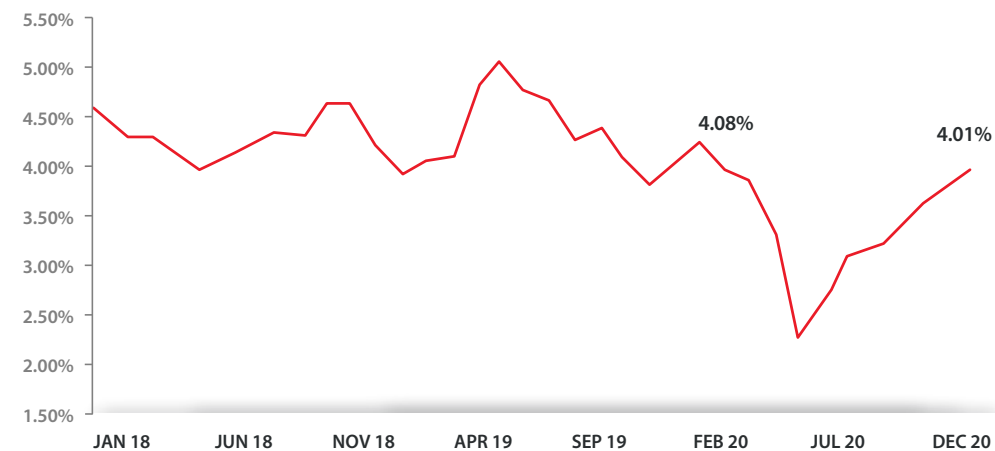


### Inflation

Annual inflation decreased over the first half of 2020, mainly due to lower prices in housing, water, electricity, other fuels, and transportation.

Annual inflation increased significantly in the second half of the year due to price increases in food, non-alcoholic beverages, home furnishings, and health; however, inflation remained within the 3%-5% target range set by the Central Bank.

INFLATION HONDURAS

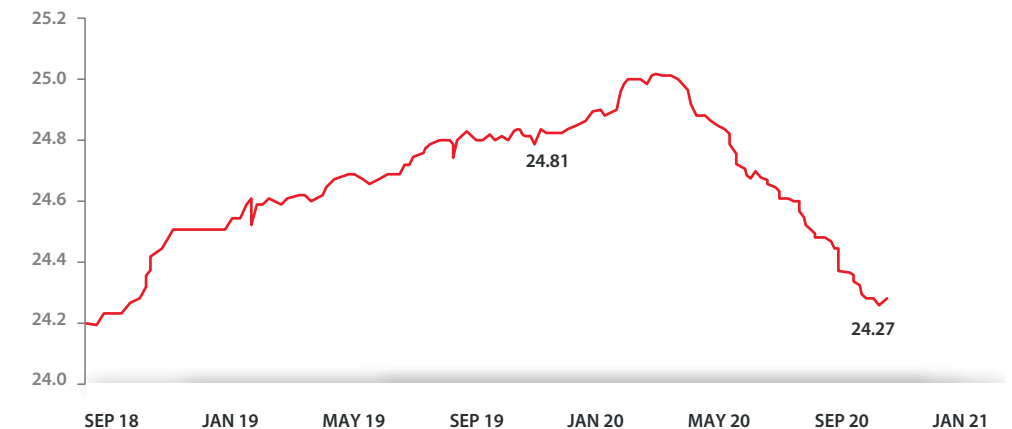


Source: Central Bank of Honduras. Calculation: Davivienda

### Exchange rate

Based on BCH data, the exchange rate fell throughout 2020, as the Lempira appreciated against the USD by 2.11%, due to a greater flow of foreign currency from international loans and remittances, combined with lower inflationary pressures throughout the year.

HONDURAS NOMINAL EXCHANGE RATE



Source: Central Bank of Honduras.



## Monetary, fiscal and risk ratings

Over the year, the Central Bank of Honduras gradually lowered its monetary policy rate, from 6.75% to 3%, to stimulate lending and increase liquidity in the market to mitigate the crisis caused by the pandemic.

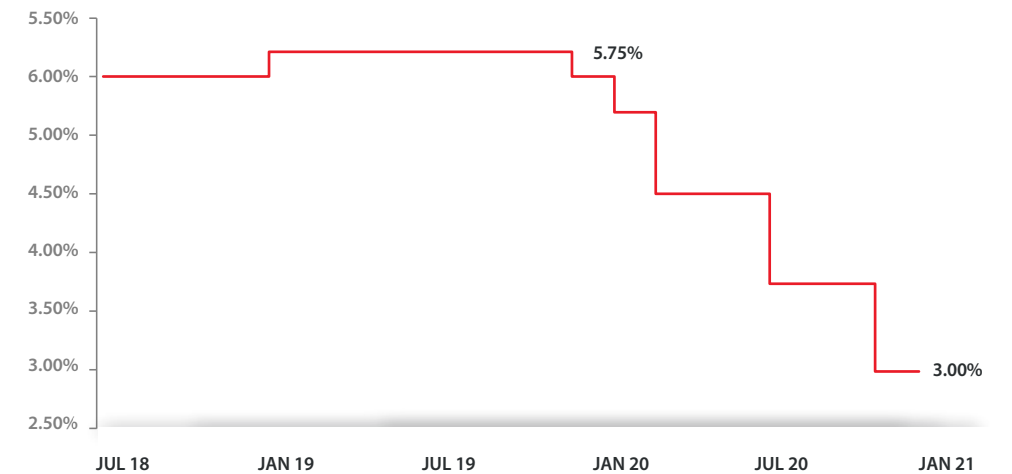
The Emergency Clause in the Fiscal Responsibility Law was enforced towards the end of the first half of the year. Under the Fiscal Responsibility Law, the non-financial public sector's annual deficit (NFPS) may not exceed 4% of GDP by the end of 2020. Although the fiscal deficit was 2.54% of the GDP in October, it reached between 5.5% and 6% of the GDP at the end of the year. Consequently, new exemptions to the Fiscal Responsibility Law ought to be requested.

The central administration's public debt was 56.2% of the GDP as of the third quarter of 2020, growing 7.7% over 2019 when it was 48.5%. This increased level of debt stemmed from the need to secure funds to respond to the pandemic, despite the fiscal deficit increase.

The country's risk rating was stable during the year: Moody's gave it a rating of "B1" and Standard & Poor's of "BB-." The ratings maintained a stable outlook as rating agencies coincided because the country has exhibited fiscal discipline. Therefore, no negative outlook or downgrades were issued, even though fiscal and debt metrics deterioration is expected.



HONDURAS MONETARY POLICY RATE



Source: Central Bank of Honduras





## Financial Sector

Assets recorded a 12.9% annual growth rate as of December 2020; gross loans, accounting for 51.5% of total assets, grew by 1.5%, while investments, accounting for 10.8% of total assets, grew by 26.4%. Liabilities grew 13.9%, reflecting an increase in demand deposits. Savings accounts grew 25.3%, while checking accounts grew 34.3%. Certificates of Deposit (CDs) recorded a 6.7% growth.

### MAIN FIGURES AND INDICATORS OF THE FINANCIAL SECTOR HONDURAS (USD Million)

	AMOUNT				VARIATION <sup>1</sup>	
	DIC. 17	DIC. 18	DIC. 19	DIC. 20	2020-2019	2019-2018
<b>Total Assets</b>	22,968	23,764	25,631	29,551	12.9%	9.2%
<b>Investments</b>	2,653	2,251	2,476	3,199	26.4%	11.4%
<b>Loan Portfolio</b>	12,777	13,549	14,682	15,218	1.5%	9.7%
<b>Commercial<sup>2</sup></b>	9,082	10,224	10,953	11,420	2.1%	8.4%
<b>Consumer<sup>2</sup></b>	2,288	2,483	2,734	2,778	- 0.6%	11.4%
<b>Mortgage<sup>2</sup></b>	1,685	1,788	1,973	2,100	4.2%	11.7%
<b>Other assets<sup>3</sup></b>	7,539	7,964	8,473	11,134	28.6%	7.7%
<b>Liabilities</b>	19,779	21,308	22,991	26,745	13.9%	10.0%
<b>Term deposits</b>	5,015	5,194	5,790	6,308	6.7%	12.8%
<b>Savings</b>	5,550	5,838	6,379	8,163	25.3%	10.6%
<b>Other liabilities<sup>4</sup></b>	7,003	7,948	8,268	8,771	3.8%	5.0%
<b>Current</b>	2,211	2,328	2,553	3,503	34.3%	11.0%
<b>Equity</b>	3,189	2,457	2,640	2,811	4.2%	8.8%
<b>ROA</b>		3.06%	2.32%	1.31% <sup>5</sup>		
<b>ROE</b>		12.16%	10.95%	5.26% <sup>5</sup>		



**12.9%** Honduras' financial sector assets annual growth.

- 1 The variation is based on the local currency.
- 2 Figure corrected due to the estimation of the accumulated deterioration on loans, interest, and subsidy on loans, in accordance with the general balance reporting methodology for the NCBI financial system. The figures from the loan portfolio segments are not adjusted for these items. For this reason, the sum of these segments is not equivalent to the total portfolio of the general balance.
- 3 Other assets include: cash and cash equivalents, contingent assets and other assets.
- 4 Other liabilities include: payable financial costs, other deposits, bank obligations, accounts payable and subordinated term debentures.
- 5 Figure for November 2019.  
We used the year-end exchange rate for December 2018, 2019 and 2020.  
Annualized results for the year / Capital and reserves. CNBS methodology.  
Annualized results for the year / Average real assets. CNBS methodology.

Source: National Commission of Banking and Insurance (CNBS).





## MACROECONOMIC ENVIRONMENT IN PANAMA

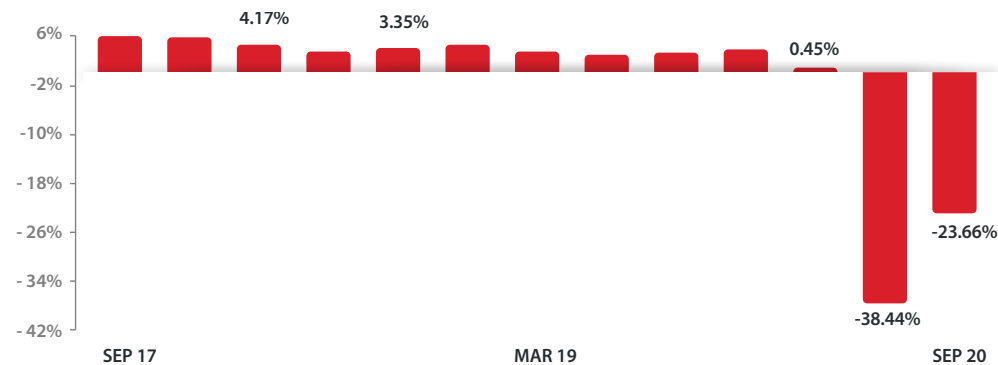
### Economic Activity

The economy was already experiencing a slowdown in Panama in the first quarter of the year. The pandemic exacerbated this behavior, leading to an annual contraction of 38.4%. Panama was the country in the region with the highest contraction over the second quarter of 2020. It contracted sharply again in the third quarter, but at a slower pace.

The pandemic most heavily impacted the construction, recreational activities and services, and restaurant and hospitality industries. Trade, mining and quarrying, and transportation were also significantly affected.

Vessel traffic through the Panama Canal declined by 9% year-over-year in the January-November 2020 period, as global trade was adversely affected by the pandemic. On the other hand, accumulated toll revenues for the same period performed well, growing by 0.93% year-on-year.

#### GROSS DOMESTIC PRODUCT PANAMA (Annual variation)



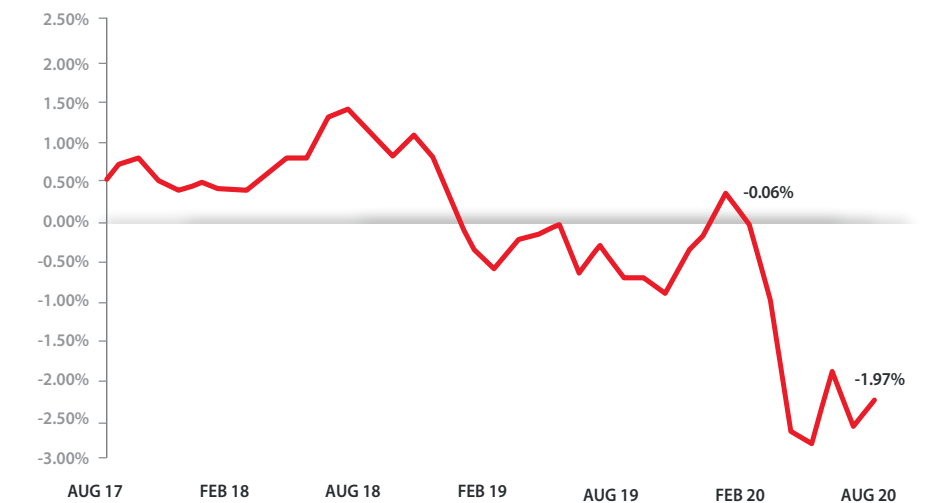
Source: INEC Panama. Calculation: Davivienda

### Inflation

The economic slowdown impacted prices; over the year, average inflation remained below zero, pressured both by the previously mentioned factors and by the drop in oil prices and its impact on domestic fuel prices.

The latest inflation report for August indicated an annual 1.97% drop in prices.

#### INFLATION IN PANAMA



Source: INEC Panama. Calculation: Davivienda



PANAMA



## 6.7% Panama financial sector assets growth.

### Fiscal Policy and Risk Ratings

The Government's fiscal deficit reached 7.31% as a proportion of GDP in the third quarter of 2020, up from 5.21% recorded for the same period a year earlier. The fiscal balance deterioration was caused by a 27.7% annual contraction in total revenues and a 5.4% decrease in total expenditures. The Government experienced lower revenues from taxes (31.1%). Indirect taxes decreased the most (-38.7%) compared to direct taxes (-24.6%). Public debt as a proportion of the GDP reportedly reached 58%<sup>58</sup>, equal to USD 37 billion, up from 46.43% in 2019.

Finally, Panama's risk rating at the end of 2020 was "Baa1" (Moody's), "BBB" (Standard & Poor's), and "BBB" (Fitch Ratings). Standard & Poor's downgraded the credit rating by one notch over the year due to pressures on the country's debt servicing costs following the Government's higher debt burden and a steep drop in tax revenues.

### Financial Sector

Assets recorded a 6.7% annual growth as of December 2020; the gross portfolio, accounting for 58.1% of total assets, grew by 6.7%, combined with an 8.8% growth in investments, which accounted for 18.4% total assets. Liabilities rose 8.2%, boosted by an increase in demand deposits. Savings accounts grew 12%, and checking accounts grew 11.8%. Certificates of deposit recorded a 5.8% growth.

58. Figure from the Ministry of Economy and Finance of Panama. The figure for the 2020 GDP is a preliminary estimate of the Ministry, the final figure of the GDP will be known in the month of March 2021.

MAIN FIGURES AND INDICATORS OF THE FINANCIAL SECTOR IN PANAMA  
(USD Million)

	AMOUNT			VARIATION	
	NOV. 18	NOV. 19	NOV. 20	2020-2019	2019-2018
<b>Total Assets</b>	103,407	107,269	114,492	6.7%	3.7%
<b>Investments</b>	18,592	19,354	21,051	8.8%	4.1%
<b>Loan Portfolio</b>	68,115	68,560	66,485	-3.0%	0.7%
<b>Commercial</b>	12,020	12,546	12,387	-1.0%	4.4%
<b>Mortgage</b>	16,984	17,716	18,064	2.0%	4.3%
<b>Total remaining portfolio</b>	24,589	24,304	24,057	-1.0%	-1.2%
<b>Foreign</b>	14,522	13,994	13,791	-1.4%	-3.6%
<b>Other assets<sup>1</sup></b>	16,700	19,355	26,957	39.3%	15.9%
<b>Liabilities</b>	91,561	94,284	101,997	8.2%	3.0%
<b>Term deposits</b>	37,592	40,412	42,744	5.8%	7.5%
<b>Savings</b>	13,351	12,636	14,147	12.0%	-5.4%
<b>Other liabilities<sup>2</sup></b>	27,643	29,067	31,499	8.4%	5.2%
<b>Current</b>	12,975	12,169	13,606	11.8%	-6.2%
<b>Equity</b>	11,846	12,985	12,495	-3.8%	9.6%
<b>ROA<sup>3</sup></b>	1.51%	1.36%	0.75%		
<b>ROE<sup>3</sup></b>	13.06%	11.57%	6.52%		

1 Other assets: include liquid assets and others.

2 Other liabilities: include local and foreign official deposits, debentures, and other liabilities.

3 Calculation: Superintendence of Banking of Panama.

Source: Superintendence of Banks of Panama (SBP).





# Analysis of a particular year

Financial Results



## Consolidated Financial Report

The following figures correspond to the consolidated results obtained in 2020 and are compared to the results from 2019. Both periods are under full IFRS<sup>59</sup>.

### ASSET ANALYSIS AND STRUCTURE

Total assets reached COP 136.4 trillion at year-end 2020, growing by 11.6% relative to 2019. This result mainly reflects the COP 9.3 trillion increase in the gross loans portfolio, which grew 9.5% annually driven by the commercial portfolio, where disbursements were made in the corporate segment in the first quarter of 2020. Accordingly, gross loans reached 78.2% of total assets as of December 2020.

Cash and interbank funds increased 14.2%, closing at COP 12.0 trillion, primarily due to higher interbank funds with other banks and higher cash in foreign banks. The investment portfolio, which totaled COP 16.1 trillion, grew 32.1% mainly due to the increase in mandatory investments "Solidarity Securities" in Colombia. These were acquired using the funds released from the reduction in the legal reserve requirement in the second quarter of the year, as a Government policy to face COVID-19 consequences.

The commercial portfolio increased 9.6%, largely due to disbursements in the first quarter of 2020 to corporate clients in the energy, telecommunications, and mass consumption sectors. This growth was concentrated in companies with a good risk rating and a sound capital profile, with the capacity to generate income. In addition, the SMEs portfolio benefited from credit placements guaranteed by the National Guarantee Fund (FNG).

59. IFRS: International Financial Reporting Standard, a common denominator for accounting activity worldwide.

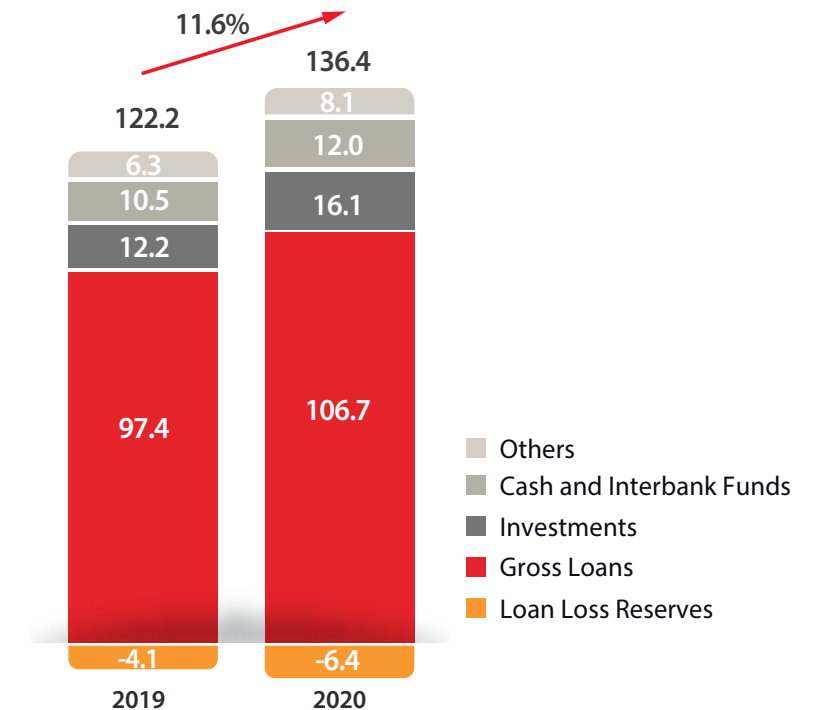
Gross Loans Portfolio:  
**9.5% growth.**

Total assets 2020:  
**11.6% growth.**

The consolidated mortgage portfolio grew 11.4% reflecting the results obtained in residential leasing and social housing segments in Colombia, which recorded balance increases of 12.1% and 16.1%, respectively. Our active participation in the social housing segment also contributed to the growth of this portfolio.

Finally, the consumer portfolio increased 7.8%, mainly due to unsecured personal loans in Colombia, thanks to our efforts to reach low-risk customers through digital initiatives and to the loans granted to self-employed workers guaranteed by the National Guarantee Fund throughout the crisis.

DAVIVIENDA CONSOLIDATED RESULTS / ASSETS  
(COP trillion)





Our ratio of loan loss reserves over total portfolio closed at **6%**, 1.69 percentage points higher than 2019.

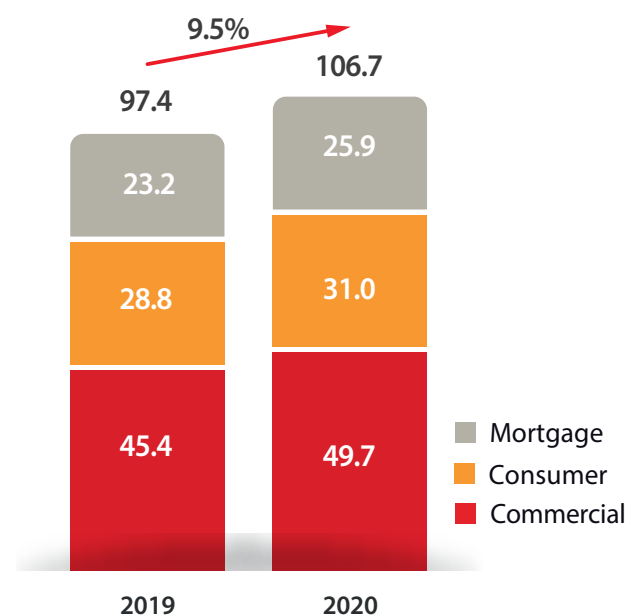
#### DAVIVIENDA CONSOLIDATED RESULTS / ASSET QUALITY AND COVERAGE RATIOS

**90-Days Past Due Loans Ratio**  
(In percentages)

	2019	2020
Consumer PDL	2.04	6.04
Commercial PDL	4.04	3.26
Mortgage PDL	4.07	4.53
Total PDL	3.46	4.38
Total coverage	151.40	158.00

#### DAVIVIENDA CONSOLIDATED RESULTS / GROSS LOANS

(COP trillion except percentages)



The consolidated 90-days PDL ratio closed December 2020 at 4.38%, growing 0.92 percentage points over the year, reflecting mainly the retail banking business dynamics.

The ratio for the consolidated consumer portfolio increased 4 percentage points over the year, reaching 6.04% by year-end 2020, as the first relief measures ended in the countries where we operate and write-offs decreased as a result of these programs too.

The 90-days PDL ratio for the mortgage portfolio was 4.53%, increasing 0.46 percentage points from the previous year, mainly due to the expiration of reliefs, which significantly impacted the social housing segment.

Finally, the ratio in the commercial portfolio improved 0.78 percentage points year-on-year, closing at 3.26%, mainly due to growth in adequate risk profiles, as well as restructuring agreements done under the Debtor Relief Program (Programa de Acompañamiento a Deudores, or "PAD" in Spanish) scheme in Colombia and some write-offs in the domestic operation.

Credit risk in the current situation has been carefully managed in each of our subsidiaries, incorporating new variables from our customers' behavior in our risk models, and adapting our origination policies.. Consequently, we increased provision expenses to cover the risk of portfolio impairment.

In 2020, the coverage ratio<sup>60</sup> for the non-performing portfolio closed at 158%, higher than the 151.4% figure recorded in December 2019.

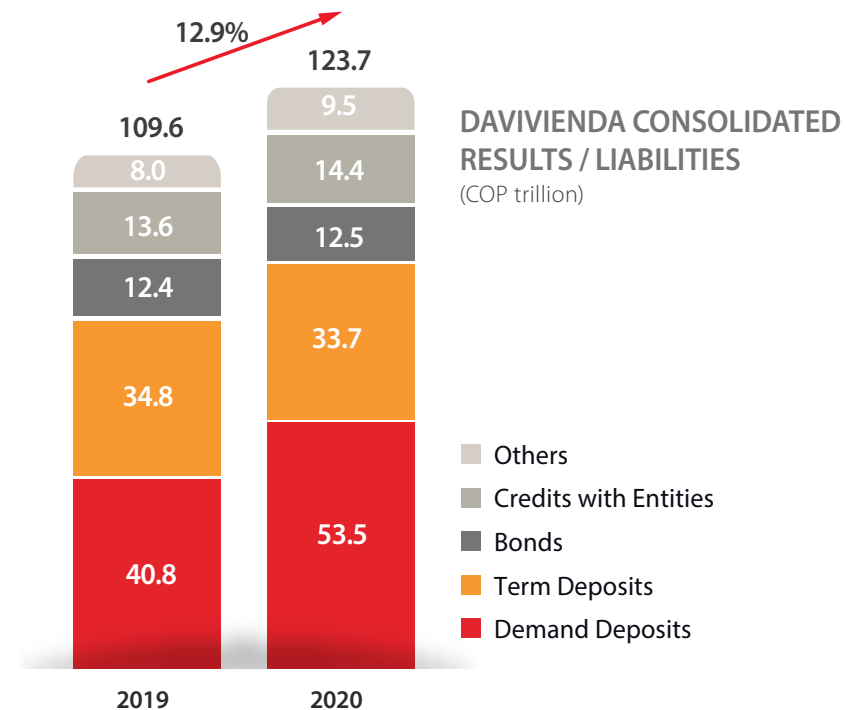
60. Coverage Ratio = (Asset Allowances + Equity Allowances) / Loans > 90 days





## LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities grew 12.9% over the previous year, reaching COP 123.7 trillion at the end of 2020, mainly due to the 31.2% increase in demand deposits, which offset the 3.1% decrease in the term deposits balance, which closed at COP 33.7 trillion.



Loans to funding ratio was 93.4%, decreasing by about 2.47 percentage points, compared to the figure recorded in December 2019 (95.9%).

Savings deposits made up 35.5% of total funding sources, while checking accounts accounted for 11.4% and term deposits 29.5%. Finally, bonds accounted for 11% of funding sources while credits with entities represented 12.6%.

**COP 123.7 trillion**

Consolidated total liabilities 2020.

## DAVIVIENDA CONSOLIDATED RESULTS / FUNDING SOURCES

(COP trillion, except percentages)

	2019		2020		VARIATION	
	AMOUNT	SHARE	AMOUNT	SHARE	AMOUNT	PERCENTAGE
Savings Accounts	30.4	29.9%	40.5	35.5%	10.1	33.2%
Checking Accounts	10.4	10.2%	13.0	11.4%	2.6	25.3%
Term Deposits	34.8	34.3%	33.7	29.5%	- 1.1	- 3.1%
Bonds	12.4	12.2%	12.5	11.0%	0.1	1.1%
Credits with Entities	13.6	13.4%	14.4	12.6%	0.9	6.3%
Funding Sources	101.6	100.0%	114.2	100.0%	12.6	12.4%



**12.31%**, total capital adequacy ratio  
relative to the regulatory minimum of 9%.

## EQUITY ANALYSIS AND STRUCTURE

Consolidated equity reached COP 12.7 trillion at the end of 2020, growing 0.5% over the year, mainly as a result of increased reserves and capital stock, due to the capitalization of COP 819 billion approved by the Annual General Meeting of Shareholders.

Likewise, total regulatory capital amounted to COP 14.2 trillion, risk-weighted assets to COP 112.1 trillion and market risk closed at COP 323 billion.

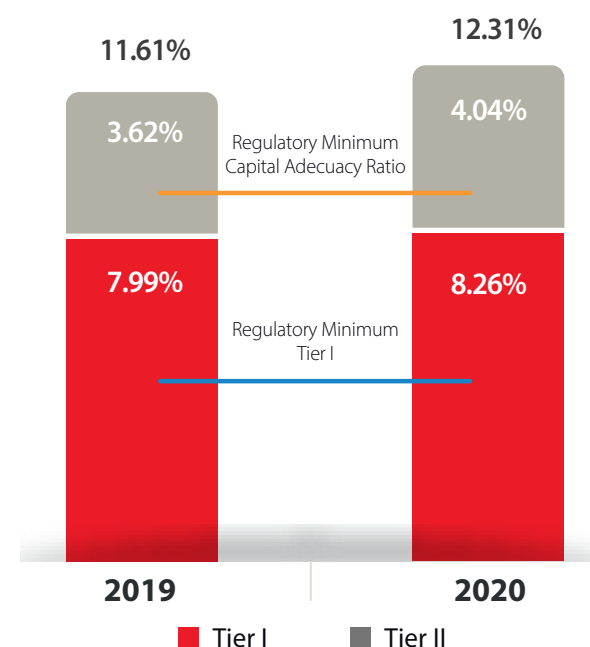
The total capital adequacy ratio closed at 12.31%, above the 9% regulatory minimum, increasing 0.69 percentage points over the past 12 months as a result of Tier II debt amounting to USD 440 million, lower growth, higher loan loss reserves and adjustments to value at risk estimation.

The Tier 1 ratio closed 2020 at 8.26%, above the 4.5% regulatory minimum and 0.27 percentage points higher than the figure recorded at the end of 2019.

**EQUITY**  
(COP trillion)



**CAPITAL ADEQUACY RATIO**  
(In percentages)



**FINANCIAL INCOME STATEMENT**

Income as of December 2020 totaled COP 408 billion, 72.5% lower than the accumulated results as of December 2019.

**DAVIVIENDA CONSOLIDATED RESULTS / DECEMBER 2020**

(COP billion, except percentages)

	DEC. 2019	DEC. 2020	VARIATION	
			AMOUNT	PERCENTAGE
<b>Financial Income</b>	<b>10,725</b>	<b>11,448</b>	<b>723</b>	<b>6.7%</b>
Loan Income	9,795	10,519	724	7.4%
Investment Income	812	841	29	3.5%
Interbank Funds & Overnight	119	88	- 31	- 26.1%
<b>Financial Expenses</b>	<b>4,031</b>	<b>3,881</b>	<b>- 150</b>	<b>-3.7%</b>
<b>Gross Financial Margin</b>	<b>6,694</b>	<b>7,567</b>	<b>873</b>	<b>13.0%</b>
Provision Expenses	2,434	4,200	1,766	72.5%
<b>Net Financial Margin</b>	<b>4,259</b>	<b>3,367</b>	<b>- 892</b>	<b>- 20.9%</b>
Operating Income	1,339	1,272	- 65	- 5.0%
Operating Expenses	3,730	4,139	409	11.0%
Exchange and Derivatives, net	67	25	- 41	- 61.9%
Other income and net expenses	- 8	- 51	- 43	-100.0%
<b>Income before Taxes</b>	<b>1,927</b>	<b>476</b>	<b>- 1,451</b>	<b>- 75.3%</b>
Taxes	443	68	- 375	- 84.6%
<b>Net Profit</b>	<b>1,484</b>	<b>408</b>	<b>- 1,076</b>	<b>- 72.5%</b>

## 6.7%, consolidated increase in financial income 2020.

Even though the gross financial margin grew 13.0%, driven by higher interest income, increased provision expenses in response to the potential portfolio impairment in the current economic environment impacted our profits.

Accumulated financial income increased 6.7% compared to the previous year. The 7.4% growth in loan income stemmed mainly from the consumer portfolio, in which interest income recorded a 12.6% growth, in line with a higher balance. Interest income from the commercial portfolio increased by 3.8% at the consolidated level, totaling COP 4 trillion, mainly attributed to the Central Bank's monetary policy rate reduction. Finally, the mortgage portfolio recorded the slightest annual increase in interest income at the consolidated level, recording a 5.4% variation.

Investment income increased 3.5%, totaling COP 841 billion at the end of the year, reflecting the increased valuation of debt instruments following the rebound in the stock markets in the second half of the year. Thus, since higher interest income offset higher financial expenses, the cumulative gross financial margin expanded by 13% as of December 2020.

The 12-month NIM decreased 0.23 percentage points compared to the previous year, as interest-earning assets grew at a higher rate than the financial margin.



# COP 408 billion

Consolidated Net Profit  
as of December 2020.





Net provision expenses grew COP 1.77 trillion, equivalent to a 72.5% annual increase, reflecting an increased credit risk, in view of the economic downturn, particularly the economic slowdown in the countries where we operate and the materialization of risk. As a result, the net financial margin contracted by 20.9% on a yearly basis.

Operating income at the consolidated level decreased 4.9% over the previous year, mainly due to lower fees collected during the economic crisis, as we waived fees to support our customers. Operating expenses totaled COP 4.1 trillion, growing 11% over the year, reflecting higher administrative and personnel expenses due to the minimum wage adjustment that takes place every year.

Income before taxes closed 2020 at COP 408 billion, decreasing 75.3% year-over-year.

Cumulative tax expenses over the year decreased to COP 68 billion, 84.6% lower than the figure recorded in 2019. This variation is mainly due to the reduced income before taxes.

## Results by Segment and Perspectives

Davivienda determines the presentation of its operative business segments based on how the information is received and organized. These segments are components of the Bank engaged in financial and banking activities that generate both income and expenses. They require a full optimal accounting in order to measure its results, assets and liabilities, and for which an effective accountability is ensured, for an optimal measurement of their results, assets and liabilities. These are regularly evaluated and verified by the Strategic Committee, headed by the President of Banco Davivienda S.A., (MITDO - Maximum Instance of Operative Decision Making), for the correct decision-making process, the appropriate allocation of resources, and the corresponding evaluation of their performance. Taking into account this organization, we determined the operating segments considering:

- > Activities of individuals and businesses reported separately at the level of assets, liabilities, income, and expenses.
- > Results that are periodically reviewed by the MITDO.
- > The relation with which differentiated financial information is available.

The operating segments are components of the matrix that include data of the different countries where Davivienda operates, in such a way that their results are classified and reported according to the segments established by the Bank:



### RETAIL BANKING

This segment includes all products and services offered to individuals. We offer a wide variety of products and services focused on fulfilling our customers needs and to help them build heritage, among them savings, investment, and financing products.



## COMMERCIAL BANKING

This segment covers the range of products and services designed for business customers, with financial and transactional solutions in local and foreign currency, as well as financing, savings, and investment products to meet the needs of this type of customers across various economic sectors.

## ALM - DIFFERENTIATED INFORMATION

The segment of Assets and Liability Management - Differentiated Information, corresponds to segments of assets, liabilities, income and treasury expenditures equal to or greater than 10 % of assets (presented in aggregated form), as well as the management of mismatch and liability, in addition to any effect arising from exchange restatement, either by cash position or the banking book. This is why the results of this segment not only reflect the results of a business line, but also reflect corporate decisions on the management of the bank's issuances and funding sources. However, as this segment administers liquidity resources of the bank, it is monitored by the management. On this basis, we describe the main dynamics in each segment.

## INTERNATIONAL OPERATIONS

This segment represents our international operations; as such, it includes financial information from our subsidiaries in Panama, Costa Rica, El Salvador, and Honduras. These subsidiaries derive their income from a variety of financial products and services offered in each country, which are based on an effective and comprehensive value offering for their customers, with a focus on quality and service.

## RESULTS BY SEGMENT / 2020

INCOME STATEMENT	RETAIL	COMMERCIAL	ALM*-DIFFERENTIATED INFORMATION	INTERNATIONAL	TOTAL CONSOLIDATED BANK
Interest Income	5,625,675	2,823,885	643,666	2,354,358	11,447,584
Interest Expenses	-335,299	-1,351,062	-1,230,263	-963,990	-3,880,614
Net FTP**	-1,788,788	500,599	1,288,189	-	-
Loan loss Reserves and net Receivables	-2,830,806	-964,317	30,435	-434,954	-4,199,642
Net Financial Margin	670,782	1,009,105	732,027	955,414	3,367,328
Net fee, Service and Insurance Income	546,555	156,902	234,335	313,627	1,251,419
Income from Investments in Associates, Net	-	-	1,349	1,614	2,963
Dividends	-	-	18,386	609	18,995
Operating Expenses	-2,710,251	-129,778	-299,779	-999,242	-4,139,050
Changes and Derivatives, Net	-	-	-78,897	104,378	25,481
Other Income and Expenses, Net	705,336	-823,308	85,974	-18,976	-50,974
Income before Taxes	-787,578	212,921	693,395	357,424	476,162
Income Taxes and Supplementary	440,630	-35,951	-372,349	-100,460	-68,130
Net Profit	-346,948	176,970	321,046	256,964	408,032
December 31,2020					
Assets	46,980,574	37,327,283	20,257,340	31,848,168	136,413,365
Liabilities	19,126,995	45,533,259	30,785,849	28,247,261	123,693,364

\* Asset and Liability Management.

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



## RESULTS BY SEGMENT / 2019

INCOME STATEMENT	RETAIL	COMMERCIAL	ALM-DIFFERENTIATED INFORMATION	INTERNATIONAL	TOTAL CONSOLIDATED BANK
Interest Income	5,086,496	2,869,027	678,375	2,091,360	10,725,258
Interest Expenses	-339,782	-1,586,195	-1,207,515	-897,964	-4,031,456
Net FTP	-1,588,505	619,406	969,099	-	-
Loan loss Reserves and net Receivables	-1,380,554	-777,306	5,136	-281,690	-2,434,414
Net Financial Margin	1,777,655	1,124,932	445,095	911,706	4,259,388
Net fee, Service and Insurance Income	594,810	181,468	216,306	314,155	1,306,739
Income from Investments in Associates, Net	-	-	8,947	511	9,458
Dividends	-	-	20,530	1,980	22,510
Operating Expenses	-1,845,664	-746,274	-258,187	-879,758	-3,729,883
Changes and Derivatives, Net	-	-	85,304	-18,491	66,813
Other Income and Expenses, Net	7,179	-106,605	91,861	-280	-7,845
Income before Taxes	533,980	453,521	609,856	329,823	1,927,180
Income Taxes and Supplementary	12,104	-137,952	-228,559	-88,918	-443,325
Net Profit	546,084	315,569	381,297	240,905	1,483,855
December 31, 2019					
Assets	43,147,776	33,352,948	15,767,390	29,953,909	122,222,023
Liabilities	15,657,414	39,455,198	27,973,439	26,485,073	109,571,124



In 2020, methodologies in the application of funds transfer pricing (FTP) were modified based on adjustments to best practices. To compare results, the methodologies were applied historically. Therefore, it displays variations from figures reported as of December 2019 in previous reports.





## Individual financial report

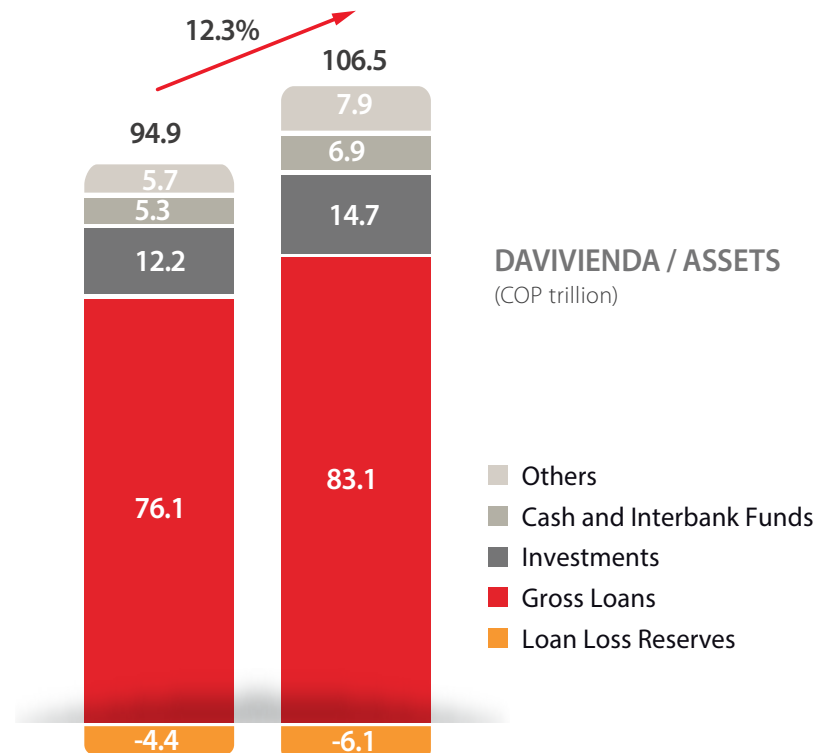
### ASSET ANALYSIS AND STRUCTURE

Assets in Colombia reached COP 106.5 trillion by year-end 2020, growing 12.3% over the year. This is mainly explained by the increase in gross loans, the investment portfolio, and cash and interbank funds.

Gross loans amounted to COP 83.1 trillion, growing by 9.2% over the previous year, mainly due to the Commercial Banking growth. Mortgage loans recorded the highest annual growth in Retail Banking.

Acknowledging potential portfolio impairment given the current situation -and foreseeing potential future losses-, we increased loan loss reserves up to COP 6.1 trillion, implying a 38.8% annual growth. The investment portfolio closed at COP 14.7 trillion, increasing 20.7% relative to December 2019. Cash and interbank funds increased by 30.5%, as a result of the additional excess liquidity built up during the first and second quarters of the year, to cope with current market conditions.

We continue being one of the leading banks in terms of gross loans (including our securitized portfolio) in the country. As of December 2020, our market share was 16.2%, occupying the second position in the Colombian financial system.



**COP 106.5 trillion**

Assets Banco Davivienda Colombia in 2020. Annual growth of 12.3%.

**COP 83.1 trillion**  
Gross Loans Banco Davivienda Colombia in 2020.  
Balance growth of 9.2%.



Commercial Banking, represented by the commercial and microcredit portfolio, had the highest growth (12.3%) over the year. This result is mainly attributable to disbursements in the corporate segment and customers in sectors with a low risk profile, such as energy, telecommunications, and mass consumption.

We contributed to the economy's reactivation with credit placements guaranteed by the National Guarantee Fund (FNG), to support the corporate and SMEs segments with their payroll and working capital needs during the health crisis.

Retail Banking grew by 6.8%. Within it, the mortgage portfolio recorded 9.8% annual increase, due to the mortgage and leasing segments. In the social housing segment, we continue leading loan placement, with a market share of 25.2%<sup>61</sup> in the Colombian financial system, by the end of December 2020. Throughout the year, we continued to actively participate in subsidized housing programs offered by the Government to low and middle-income families.

In Retail Banking, our consumer portfolio grew 4.5%, mainly due to unsecured personal loans, which were driven by digital platforms. Additionally, we offered this product to self-employed workers to help them subsist and continue their activities during the economic downturn caused by COVID-19. The National Guarantee Fund covered up to 80% of the value of these loans. The poor performance of the economy led to a slower growth rate for consumer products such as credit cards and payroll accounts.

### DAVIVIENDA / GROSS LOANS

(COP billion, except percentages)

	2019	2020	VARIATION	
			AMOUNT	PERCENTAGE
<b>Retail Banking</b>	42,572	45,466	2,894	6.8%
<b>Consumer</b>	23,741	24,798	1,057	4.5%
<b>Mortgage</b>	18,831	20,668	1,837	9.8%
<b>Commercial Banking</b>	33,557	37,679	4,122	12.3%
<b>Corporate</b>	20,336	23,896	3,560	17.5%
<b>Construction</b>	4,592	4,503	89	-1.9%
<b>Wholesale</b>	2,600	2,903	303	11.7%
<b>SMEs</b>	6,029	6,377	348	5.8%
<b>Total</b>	76,130	83,146	7,016	9.2%

As of December 2020, 90-Days PDL ratio stood at 4.48%, deteriorating by 1.04 percentage points compared to the previous year.

The ratio of the consumer portfolio deteriorated the most, increasing by 5.3 percentage points, closing at 8.05%.

The ratio improved in the commercial portfolio, ending December 2020 at 3.28%, 0.97 percentage points lower than in 2019.

**4.5%**  
Consumer  
portfolio growth  
in 2020.



**9.8%**

Annual growth mortgage  
portfolio 2020.

61. Including securitized portfolio.



Finally, the ratio of the mortgage portfolio closed at 2.41%, 0.51 percentage points lower than the 2.92% figure recorded in December 2019.

The coverage ratio reached 164% at the end of the year, lower than the figure recorded for the same period of the previous year (168%).

#### DAVIVIENDA / PDL AND COVERAGE RATIOS

(In percentages)

	2019	2020
Consumer PDL	2.71%	8.05%
Commercial PDL	4.25%	3.28%
Mortgage PDL	2.92%	2.41%
Total PDL	3.44%	4.48%
Total coverage	168%	164%

Non-performing Loans:  
(Consumer > 60 days; commercial, microcredit > 90 days; mortgage and residential leasing > 120 days) / Total

Coverage: Loan Loss Reserves / Portfolio > 90 days

**COP 95.2 trillion**, total liabilities  
Banco Davivienda Colombia in 2020.

#### LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities totaled COP 95.2 trillion at the end of 2020, increasing 14.1% over the year, mainly due to higher demand deposits, and loans acquired with multilateral and other entities, amounting to approximately USD 540 million.

Demand deposits increased, driven mainly by savings accounts, which offset the reduction in term deposits. Demand deposits totaled COP 42.5 trillion, an increase of 32.6%, while term deposits closed at COP 24.6 trillion, a 0.2% reduction.

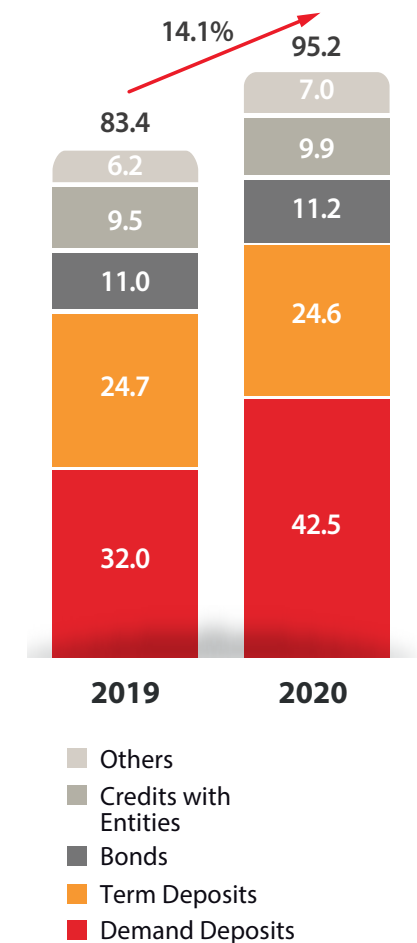
Bonds increased by 1.8%; where the issuance in conjunction with IDB Invest, worth USD 100 million, of the first social gender-focus bond in Colombia, aimed at supporting female entrepreneurship and the acquisition of low-income housing by women, stands out. Credits with entities increased 4.4%, largely due to the acquisition of obligations with multilateral entities, as mentioned above.

Savings deposits accounted for 39.8% of total funding sources, while checking accounts accounted for 8.4% and term deposits for 27.9%. Finally, bonds represented 12.7% of funding sources, while credits with entities for 11.2%.

Loans to funding ratio stood at 94.3% at the end of December 2020, 4.3 percentage points lower than the figure recorded at the end of December 2019 (98.6%).

#### DAVIVIENDA / LIABILITIES

(COP trillion)





**DAVIVIENDA / FUNDING SOURCES**

(COP billion, except percentages)

	2019		2020		VARIATION	
	AMOUNT	SHARE	AMOUNT	SHARE	AMOUNT	PERCENTAGE
<b>Savings accounts</b>	26,199	33.9%	35,072	39.8%	8,873	33.9%
<b>Checking accounts</b>	5,849	7.6%	7,413	8.4%	1,563	26.7%
<b>Term deposits</b>	24,690	32.0%	24,642	27.9%	- 48	- 0.2%
<b>Bonds</b>	10,978	14.2%	11,175	12.7%	196	1.8%
<b>Credit with entities</b>	9,481	12.3%	9,895	11.2%	414	4.4%
<b>Funding sources</b>	77,198	100.0%	88,197	100.0%	10,999	14.2%



**COP 11.4**  
**trillion**

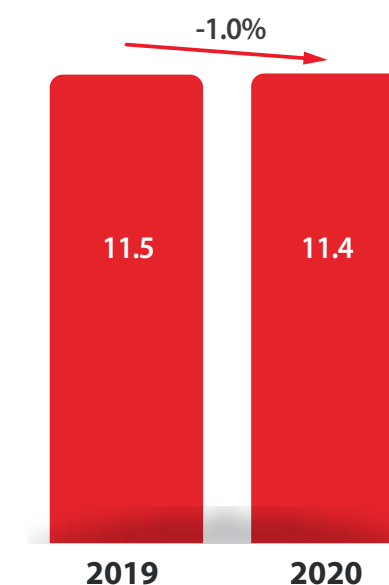
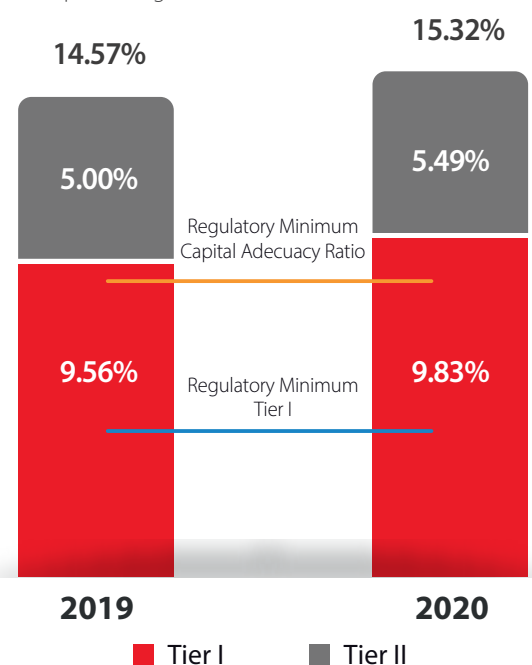
Equity Banco  
Davivienda Colombia.

**EQUITY ANALYSIS AND STRUCTURE**

At the end of 2020, Banco Davivienda's equity stood at COP 11.4 trillion, decreasing COP 110 billion compared to the previous year, equivalent to an annual variation of -1.0%, mainly due to lower accumulated profits for the year.

Regulatory capital totaled COP 13.9 trillion and grew 12.5% over the year. Risk-weighted assets totaled COP 87.7 trillion, increasing 9.4% compared to the previous year.

The Bank's total capital adequacy ratio stood at 15.32% - above the regulatory minimum of 9% for the total indicator- and increasing 0.75 percentage points from the figure recorded in 2019 (14.57%), due to the acquisition of subordinated debt throughout the year to

**EQUITY**  
(COP trillion)**CAPITAL ADEQUACY RATIO**  
(In percentages)

strengthen capital. Tier I ratio closed the year at 9.83%, above the regulatory minimum of 4.5% and 0.26 percentage points higher than the figure recorded a year earlier (9.56%).



## FINANCIAL INCOME STATEMENT

Accumulated profits reached COP 224 billion, an 83% annual decrease. Thus, ROAE closed at 1.92%.

The accumulated profit performance is explained by higher provision expenses made to cover potential future losses in the loan portfolio, as well as to lower operating income stemming from the measures that the Bank voluntarily implemented to reduce the financial burden on customers and to support them during the health crisis. In addition to these factors, lower net income from foreign exchange and derivatives, and higher operating expenses, also contributed to the negative annual variation

## DAVIVIENDA / 2020 RESULTS

(COP billion, except percentages)

	DEC. 2019	DEC. 2020	VARIATION	
			AMOUNT	PERCENTAGE
Financial Income	8,571	8,693	122	1.4%
Loan Income	8,083	8,249	166	2.0%
Investment Income	530	493	- 37	- 7.1%
Interbank Funds & Overnight	- 43	- 49	- 6	- 14.9%
Financial Expenses	3,067	2,860	- 207	- 6.8%
Gross Financial Margin	5,504	5,832	329	6.0%
Provision Expenses	2,455	3,690	1,235	50.3%
Net Financial Margin	3,048	2,142	- 906	- 29.7%
Operating Income	1,214	1,047	- 167	- 13.8%
Operating Expenses	2,811	3,069	258	9.2%
Exchange and Derivatives, net	81	- 59	- 140	- 100.0%
Other income and net expenses	39	16	- 22	- 57.9%
Income before taxes	1,571	77	- 1,493	- 95.1%
Taxes	254	- 147	- 401	- 100.0%
Net Profit	1,316	224	- 1,092	- 83.0%

Interest income increased by 1.4% compared to 2019. Loan portfolio interest income increased by 2.0%, driven by the Retail Banking portfolio, in which income from the consumer and mortgage portfolio increased by 7.65% and 0.37%, respectively, in line with increased balances. Meanwhile, Commercial Banking income decreased, contracting 3.28% and 59.8% in the commercial and microcredit portfolios, respectively, as a result of the policy intervention rate cuts, which significantly impacted rates in this segment.



# COP 224 billion

Accumulated Net Profit  
in 2020.



## Annual increase of 2% in loan income.

The investment portfolio recorded accumulated income totaling COP 493 billion at the end of 2020, 7.1% lower than the figure recorded a year earlier. This is explained by the financial market conditions during the year, which impacted the valuation of debt instruments.

Financial expenses decreased 6.8% over the year, mainly due to the expansionary monetary policy by the Central Bank, which slashed 2.5 percentage points of the intervention rate in 2020. Likewise, interest expense on demand and term deposits decreased by 8.9% and 15.0%, respectively. In contrast, financial expenses on bonds increased by 3.1% while financial expenses on credits with other entities increased by 5.2%.

Given the increase in interest income and the reduction in financial expenses, the gross financial margin at the end of December 2020 grew by 6.0% compared to the accumulated margin recorded in 2019, totaling COP 5.83 trillion.

Provision expenses increased by 50.3% (COP 1.23 trillion) relative to 2019, reaching COP 3.69 trillion. This is the result of acknowledging the potential deterioration of the portfolio due to the health and economic crisis, the macroeconomic outlook update in the expected loss model, and specific situations of corporate clients in the commercial portfolio. As a result, the cumulative Cost of Risk<sup>62</sup> stood at 4.44% at the end of 2020, approximately 1.21 percentage points higher than the previous year (3.23%).

62. 12-months Cost of Risk: Accumulated net provision expenses / Gross loans.

The net financial margin decreased annually by COP 906 billion, a 29.7% reduction. Operating income decreased 13.8%, mainly due to the equity method valuation and lower income from fees and services. Some fees were waived during the COVID-19 economic crisis as part of our strategy to support our clients.

Accumulated operating expenses were COP 3.07 trillion, growing 9.2% compared to 2019, reflecting ongoing efforts to advance in the digital transformation process, which resulted in higher administrative expenses. Personnel expenses decreased by 0.58%, due to lower commissions paid to the salesforce, given the economic situation. The efficiency ratio<sup>63</sup> deteriorated by 3.34 percentage points, from 43.9% in December 2019 to 47.3% at the end of 2020, due to lower financial and non-financial income.

Even though the income from foreign exchange and derivatives increased in the year-on-year comparison, expenses, mainly from derivatives, offset the initial result, causing a net loss. Other expenses increased due to the impairment of other assets.

Income before taxes of December 2020 reached COP 77 billion, decreasing 95.1% year-on-year, as operating expenses increased at a higher rate than operating income. Finally, the tax refund amounting to COP 147 billion explains the net profit result, which amounted to COP 224 billion.

63. 12-month efficiency = Operating expenses / (Gross financial margin + Net operating income excluding dividends + Net foreign exchange and derivatives + Net other income and expenses)



**COP 5.83**  
**trillion**

Gross Financial Margin.





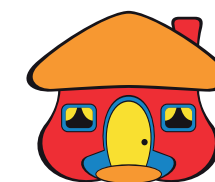
## SHARE EVOLUTION<sup>64</sup>

2020 was marked by high volatility, uncertainty in the financial markets, the impact of the pandemic on the local and global economy and, of course, the influence of the main macroeconomic indicators and assets in general. Markets experienced strong fluctuations in price levels and balance outstanding amounts in a short period of time. These fluctuations were also recorded in the Colombian stock market, which contracted 13.5% over the year, based on the Colcap index.

Thus, the average monthly trading volume of the PFDAVVNDA share was COP 92.1 billion, or a daily average of COP 4.1 billion. In line with global trends, Davivienda's preferred share contracted 21%. The stock price closed in December 2020 at COP 36,400 compared to COP 45,980 at the end of 2019.

23.9% of shares issued by the bank are preferred shares traded daily on the Colombian Stock Market. The Bank's preferred shareholders are pension funds, holding 50.7% of preferred shares, followed by foreign investors holding 26.5% of these shares, 17.2% are distributed among Colombian companies and, finally, the remaining 5.6% are held by individuals.

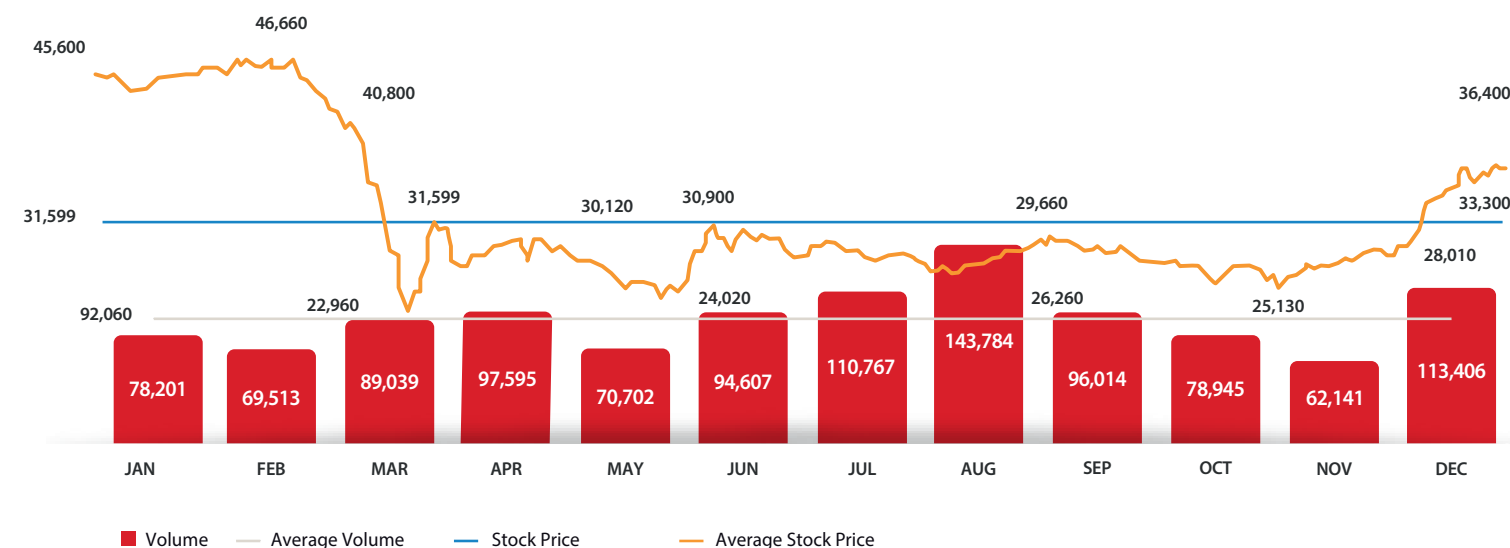
64. At the end of 2020, Davivienda had 451.7 million shares outstanding.



# COP 36,400

Stock price as of  
December 2020.

## STOCK'S BEHAVIOR IN COP





## Social Financial Statement

### DAVIVIENDA /WEALTH GENERATION 2020

(COP billion)

<b>Income</b>	<b>13,326</b>
Financial	11,448
Operating	1,878
<b>Expenses</b>	<b>4,361</b>
Financial**	3,881
Operating	481
<b>Added value created</b>	<b>8,964</b>

### DAVIVIENDA / WEALTH DISTRIBUTION 2020

(COP billion)

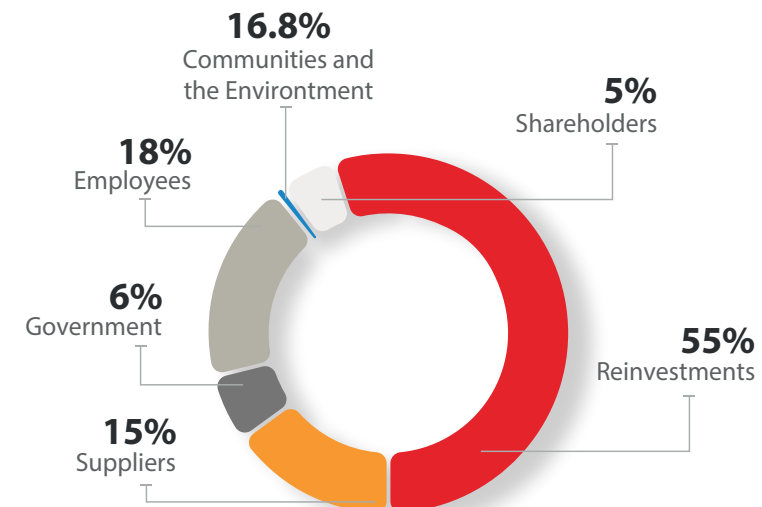
<b>Employees</b>	<b>1,628</b>
Government	556
Suppliers	1,385
Communities and the environment	74
Shareholders	418
Reinvestments	4,903
<b>Distributed added value</b>	<b>8,964</b>

### REINVESTMENTS 2020\*

(COP billion)

<b>Equity Reserves and Profit</b>	<b>- 10</b>
Depreciation and Amortization	312
Maintenance, repairs and adaptation of offices	252
Provisions for portfolio and other assets	4,349
<b>Reinvestment</b>	<b>4,903</b>

\* Includes costs of deposits, bonds, and loans with entities.







# Appendices





# APPENDIX 1

## Memorandum of Independent Review



Memorandum of independent review

### Memorandum of independent review

Independent Review of the Annual Report 2020 – Davivienda

#### [Responsibilities of the Management of Davivienda and Deloitte](#)

The preparation of the 2020 Annual Report of Davivienda, between January 1st and December 31, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Report.

#### [Scope of our work](#)

We have carried out the review of the content adaptation of Davivienda Annual Report 2020, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

#### [Standards and review processes](#)

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Davivienda that have participated in the elaboration of the Annual Report 2020, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Davivienda employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and content/ indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, contents and Davivienda internal KPIs included in the 2020 Annual Report, and proper compilation from the data supplied by Davivienda the sources of information.

#### [Confirmation that the 2020 Annual Report of Davivienda has been prepared in accordance with the GRI Standards: Core option'](#)

General contents:

It was confirmed that the report has been prepared in accordance with the GRI Standards: Core option' regarding the general basic contents.



Specific contents:  
We reviewed the management approach, the GRI contents, and internal KPIs of its material issues:

Material Issues <sup>1</sup>	Indicadores GRI o propio Davivienda
Innovation and digital transformation	Dav1. Skills management programs that foster product and services development and improvement.
Corporate Governance, ethics and transparency	206-1, 405-1.
Economic Growth	201-1, 102-43, 102-44.
Corporate risk management	Dav5. Risk management results.
Customer relationship management	Dav6. Survey results measuring customer satisfaction.
Value chain management	Dav7. Supplier assessment through the Environmental and Social Risk Management System - SARAS, which incorporates environmental, labor, human rights, and community criteria.
	Dav8. Assessment of operational risks in the supply chain.
	Dav9. Describe the actions to incorporate sustainable criteria into the procurement process.
	Dav12. Supplier training and development programs.
Environmental and social risk system (SARAS)	Dav13. Result of the assessment of environmental and social criteria in investment evaluation.
Eco-Efficiency	Dav14. Paper consumption measurement.
	Dav15. Amount of tons of recycled paper.
	Dav16. Initiatives promoting sustainable construction.
Environmental products and programs	302-1, 303-1, 305.1, 305-2, 305-3.
	FS8. Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.
	Dav18. Description of environmental programs supported during the period.
Talent management	401-1, 403-9 (2018), 403-10 (2018), 404-1 <sup>2</sup> , 404-2.
Financial inclusion	Dav21. Initiatives to improve the product's service and quality.
	FS13. Accessibility in low-populated or disadvantaged areas.
Financial education	FS14. Initiatives to improve access to financial services for disadvantaged people.
	Dav22. Initiatives to improve the population's access to the Financial Education Program.
Strategic philanthropy	Dav23. Investment in social development.
	Dav24. Programs developed and managed by the organization that generate social development.

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, nothing has come to our knowledge, that leads us to think that the contents and KPIs within the scope of the review and included in the 2020 Annual Report of Davivienda for the period between January 1 and December 31, 2020, have not met all the requirements for the preparation of reports, in accordance with the GRI Standards: Core option. For those contents of the GRI Standards where Davivienda did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

Alternative lines of actions


<sup>1</sup> The Scope of the external independent Review is limited to data of Colombia.  
<sup>2</sup> Ibidem.



Deloitte has provided Davivienda with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Davivienda. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Davivienda, its subsidiaries and its stakeholders.

  
Jorge Enrique Múnera D.  
Deloitte asesores y consultores  
Partner  
Bogotá, march 2021

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## APPENDIX 2

# 2020 Materiality Report Banco Davivienda S.A.



We conducted a materiality assessment in 2020 based on the most relevant and prioritized components of our sustainability strategy. The assessment led us to update a number of material issues that we have been measuring. It provides a framework and guidance on how to comply with both internal and external commitments, and it enables us to adapt to the constant evolution of the industry.

The scope of the materiality assessment and our strategy covers the Bank and its domestic and foreign subsidiaries in Honduras, Costa Rica and El Salvador, Panama and Miami, for all strategic issues reported.

### ASSESSMENT OF STRATEGIC ISSUES

We conducted the material or strategic issues assessment for 2020 in four (4) stages, which are outlined below:

#### 1. Identification

We considered the organization's strategic goals and our external commitments to:

- > DJSI - Dow Jones Sustainability Index
- > GRI - Global Reporting Initiative
- > SDG - Sustainable Development Goals
- > CDP - Carbon Disclosure Project
- > TCFD - Task Force on Climate-Related Financial Disclosure
- > IFC - International Finance Corporation

- > IDB - Inter-American Development Bank
- > PRI - Principles for Responsible Investment
- > SFC - Financial Superintendence of Colombia
- > Asobancaria (Banking Association)
- > BVC - Colombian Stock Exchange

The issues raised by these organizations are regarded as priorities and areas of work that enable us to be aligned with the strategic issues identified for the industry, while representing the interests of our stakeholders. Accordingly, we listed all issues for each benchmark to validate and compare them with the issues we have been measuring. We then clustered the main issues for management purposes.

Following this process, we identified new issues to add to our list, which now includes 19 issues. New identified issues include: sustainable financing, climate change, responsible investment and stakeholder engagement.

#### 2. Prioritization Stage

We assessed the importance of these issues regarding the advancement of our strategy, our stakeholders and our strategic goals, with the purpose of prioritizing issues to be managed in 2020.

To prioritize, we looked at: (i) the prevalence of these issues across different benchmarks, (ii) the relevance to stakeholders and (iii) consistency with the Strategic Goals of the bank, striving for the highest level of consistency and compliance.





As a result of this prioritization process, we identified 14 strategic issues, such as: innovation, economic growth, ethics and transparency, risk management and corporate governance remain highly relevant because these are issues directly related to the core of the business. On the other hand, issues related to stakeholder engagement, climate change, sustainable finance and responsible investment are increasingly relevant to the bank's management.

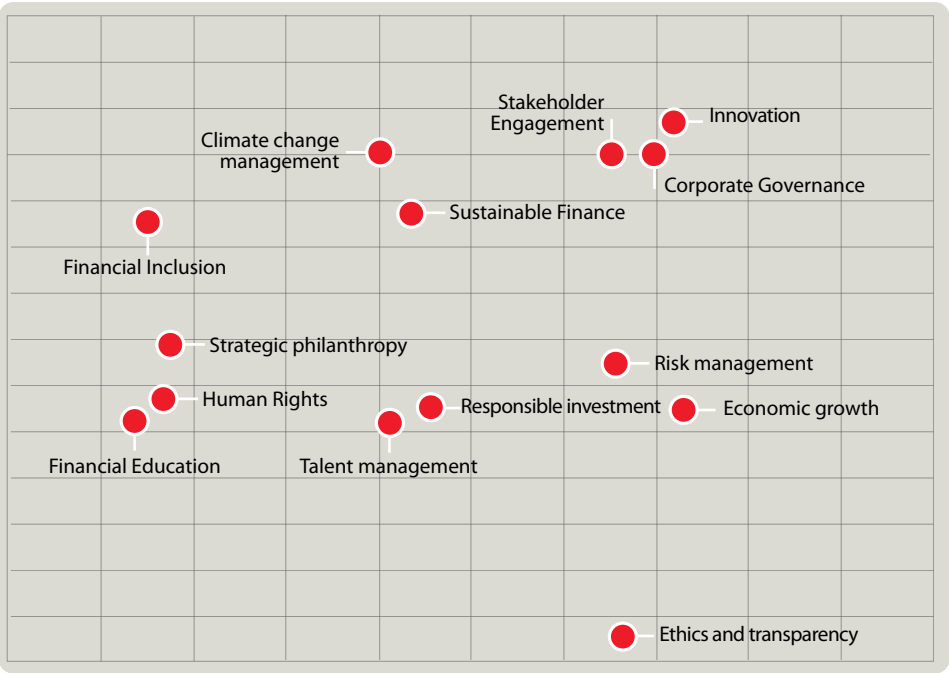
3. Approval Stage

In 2020, we ratified our commitment to implementing and managing the programs and initiatives of our sustainability strategy. As a result, the Sustainability Committee, which includes the bank's CEO and a member of the Board of Directors, approved these matters to ensure that these issues are discussed at the highest levels of corporate governance.

4. Review Stage

After publishing the Annual Report, we review and manage strategic issues in conjunction with an independent third party. This materiality assessment process is conducted every two years, with the purpose of adapting to the context in which the bank operates, its strategic issues and, if deemed necessary, refocusing the sustainability strategy. It is essential to update all material issues.

IMPACT TO  
STAKEHOLDERS



IMPACT ON THE STRATEGY

Innovation	Sustainable Finance
Economic growth	Financial Inclusion
Ethics and transparency	Responsible investment
Risk management	Strategic philanthropy
Corporate Governance	Talent management
Stakeholder Engagement	Human Rights
Climate change management	Financial Education





## APPENDIX 3 GRI Standards

MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
	<b>Organizational profile</b>	<b>102-1</b>	Name of the reporting entity	Banco Davivienda S.A.		
		<b>102-2</b>	Main brands, products and/or services.	<b>Our Results</b> Retail Banking - Page 30 Commercial Banking - Page 39 Wealth Management - Page 50		
		<b>102-3</b>	Location of the parent company.	Bogotá, Colombia Av. El Dorado No. 68C-61		
		<b>102-4</b>	Indicate the number of countries where the company operates and the name of the countries where the company has significant operations or that are relevant to the sustainability issues addressed in the report.	<b>Letter from the CEO</b> Page 4		
		<b>102-5</b>	Ownership structure and legal status.	El Banco Davivienda S.A. is a private equity corporation.		
		<b>102-6</b>	Markets reached (including geographic breakdown, sectors served and types of customers/beneficiaries).	<b>Our Results</b> International banking - Page 52		
		<b>102-7</b>	Indicate the size of the organization, including: number of employees, total number of operations, net sales or revenues, number of products or services offered.	<b>Our Results</b> Main Figures - Page 24 Retail Banking - Page 30 Commercial Banking - Page 39 Wealth Management - Page 50 International banking - Page 52  <b>Our Enablers</b> Human talent - Page 109		



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		102-9	Detail the organization's supply chain.	<b>Appendices</b> Suppliers - Value Chain Management Page 199		
		102-10	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	There were no significant changes during the reporting year.		
		102-11	Describe how the organization has adopted a precautionary approach or principle.	<b>Sustainable Management</b> SARAS - Page 64 SARAS allows timely identification of environmental and social risks in the financed businesses.  <b>Our Enablers</b> Corporate Risk Management - Page 121 The identification of emerging risks allows the bank to be prepared for different events.		
		102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives endorsed or supported by the organization.	<b>About this Report</b> Page 2		
		102-13	Memberships in associations (such as trade associations) and/or national and international organizations that the organization supports.	Asobancaria, Andi, BVC, FAFW, Sustainable Banking (Honduras), Chamber of Banks and Financial Institutions of Costa Rica; Salvadoran Banking Association		
		102-41	Indicate the percentage of employees covered by a collective bargaining agreement.	100% Davivienda's employees benefit from a collective bargaining agreement.		
	Strategy and analysis	102-14	State the organization's highest decision-maker on the relevance of sustainability to the organization.	<b>Letter from the CEO</b> Page 4		
		102-15	Description of key impacts, risks, and opportunities.	<b>Letter from the CEO</b> Page 4		
	Ethics	102-16	Describe the organization's values, principles, standards and codes of conduct, such as ethics codes and internal rules.	<b>Higher Purpose</b> Page 12		
		102-17	Indicate the internal and external mechanisms in place to report unethical or improper behavior concerns, such as reporting to senior management, whistleblower hotline or ethics line.	<b>Our Enablers</b> Corporate Governance and Structure Transparency line - Page 127		





MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
	<b>Corporate governance</b>	<b>102-18</b>	Governance structure of the organization, including committees of the highest governance body. Identify whether there is any committee responsible for oversight of economic, social and environmental issues.	<b>Our Enablers</b> Corporate Governance and Structure Governing bodies - Page 130 Committees supporting the Board of Directors - Page 135		
		<b>102-20</b>	Management responsibility for economic, environmental and social issues.	<b>Our Enablers</b> Corporate Governance and Structure Committees supporting the Board of Directors - Page 135		
		<b>102-22</b>	Indicate the composition of the senior management and its committees: • Executive and non-executive. • Independent • Term of office • Gender • Minority members • Competencies related to economic, social and environmental impacts	<b>Our Enablers</b> Corporate Governance and Structure Board of Directors - Page 132		
		<b>102-23</b>	Specify whether the Chair of the highest governance body is also an executive officer (if so, explain his/her role within the organization and the rationale).	<b>Our Enablers</b> Corporate Governance and Structure Board of Directors - Page 132		
		<b>102-25</b>	Procedures in place to prevent conflicts of interest in the highest governance body.	<b>Our Enablers</b> Corporate Governance and Structure - Page 127		
		<b>102-28</b>	Performance evaluation of the highest governance body	<b>Our Enablers</b> Corporate Governance and Structure Assessing the Performance of the Board of Directors - Page 134		
		<b>102-31</b>	Assessment of economic, environmental and social issues	Four (4) times a year		
		<b>102-32</b>	Identify the highest committee or position responsible for reviewing and approving the sustainability report and ensuring that all material issues are covered.	Vice Presidents of each area and Director of Sustainability.		
	<b>Identification of material issues</b>	<b>102-45</b>	List the entities included in the consolidated financial statements and disclose if any of these entities were not included in the sustainability report.	This Annual Report includes the companies owned by Davivienda Colombia and its national and international subsidiaries in consolidated and individual results.		
		<b>102-46</b>	Explain the process followed to determine the content of the report and the issues to be reported.	<b>Appendices</b> Materiality Report 2020 - Page 183		



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		102-47	List all material issues identified in the process followed to determine the content of the report.	<b>Appendices</b> Materiality Report 2020 - Page 183		
		103-1	Report on whether each material issue is material for the entire organization. If not, please specify which issue is not material for one or more of the entities in the organization.	<b>Appendices</b> Materiality Report 2020 - Page 183		
		102-48	Describe the impact of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Since 2019, 2 indicators have been restated. In previous reports, indicators F52 and F53 were reported, but they were removed this year because they were supplements. However, they were adopted by the bank as Dav.25 and Dav.26, maintaining the methodology to integrate the measurement of social risks and social and environmental requirements across business lines and contracts into the bank's management.		
		102-49	Substantial changes from previous reporting periods in the scope, boundary, or measurement methods used in the report.	There were no substantive changes in the scope, coverage or valuation methods applied to the 2020 report.		
	Report profile	102-50	Reporting period covered by the information in the report.	<b>About this Report</b> Page 2		
		102-51	Latest report date.	2019		
		102-52	Reporting cycle (Annual-Biannual).	Annual		
		102-53	Contact information for questions about the report or its contents.	<i>sostenibilidad@davivienda.com</i> <i>ir@davivienda.com</i>		
		102-54	Report the option "In accordance" with the GRI methodology selected by the organization (Core-Comprehensive). Submit the GRI content chart.	<b>About this Report</b> Page 2		
		102-56	Report the company's policy or approach regarding external auditing of the report.	The report was subject to an independent review by Deloitte. Banco Davivienda believes that accountability based on transparency and reliability is of utmost importance. Therefore, this review ensures the reliability of the data.		
Innovation and digital transformation		Dav.1	Training programs aimed at fostering skills to build and improve products and services.	<b>Our Results</b> Innovation - Page 25		X
		Dav.2	New products and services through digital channels.	<b>Our Results</b> Digital Transformation - Page 27		



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
Corporate governance, ethics and transparency		<b>Dav.3</b>	How often does the Board of Directors follow up on the sustainability strategy?	Two (2) times a year		
		<b>Dav.4</b>	Claims concerning breaches to the Bank's Code of Good Governance.	<b>Our Enablers</b> Corporate Governance and Structure Ethics Code - Page 127		
		<b>205-3</b>	Confirmed cases of corruption and corrective measures adopted.	There were no corruption cases reported through our whistleblower channels during 2020.		
		<b>206-1</b>	Legal Actions in connection with unfair competition.	<b>Our Enablers</b> Corporate Governance and Structure Ethics Code - Page 127		<b>X</b>
		<b>405 - 1</b>	Diversity among governing bodies and employees.	<b>Our Enablers</b> Human Talent - Page 110  <b>Corporate Governance and Structure</b> Board of Directors - Page 133		<b>X</b>
		<b>415 - 1</b>	Political contributions by country and recipient.	<b>Administrative Matters</b> Donations and Contributions - Page 198		
Business	Stakeholders	<b>102-40</b>	List the stakeholders that have a relationship with the organization.	<b>Introduction</b> Dialogue with our Stakeholders- Page 18		
		<b>102-42</b>	Report the criteria for identifying and selecting stakeholders that have relationships with the organization.	Corporate Governance Country Code defines Stakeholders as: "All those parties who, due to their relationship with the issuer of securities, have an interest in the issuer. These include the general public, shareholders, customers, users, economic and tax authorities, and the official watchdog". The definition set forth in the Code of Good Corporate Governance is consistent.		
		<b>102-43</b>	Approaches to stakeholder engagement, including frequency of engagement by type of stakeholder, and whether any dialogues were conducted as part of the reporting process. Channels such as surveys, panels, evaluations, among others, used to engage with our stakeholders at least once a year.	<b>Introduction</b> Dialogue with our Stakeholders- Page 18  We are currently developing a tool that will enable us to perform a detailed traceability of the relationship and issues with our Stakeholders.		<b>X</b>
		<b>102-44</b>	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups and the issues they identified as relevant.			<b>X</b>





MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
	<b>Economic Performance</b>	<b>201-1</b>	Direct economic value generated and distributed.	<b>Appendices</b> Social Financial Statement - Page 179		<b>X</b>
	<b>Product Portfolio</b>	<b>FS6</b>	Portfolio breakdown by business lines based on region, size (micro/ SMEs/large) and industry.	<b>Appendices</b> Individual Financial Report - Page 172		
		<b>FS7</b>	Monetary value of products and services designed to provide a specific social benefit for each line of business broken down by purpose.	<b>Our Results</b> Retail banking - Page 30 VIS, DaviPlata Commercialbankings - Page 39 SMEs (Woman Strategy), Rural  <b>Sustainable management</b> Economic management - Page 60		
<b>Corporate risk management</b>		<b>Dav.5</b>	Risk management results.	<b>Our Enablers</b> Corporate Risk Management - Page 121		<b>X</b>
<b>Customer Service</b>		<b>Dav.6</b>	Results of surveys measuring customer satisfaction.	<b>Introduction</b> Dialogue with our Stakeholders- Page 18		<b>X</b>
<b>Value chain management</b>	<b>Procurement practices</b>	<b>204-1</b>	Share of spending on locally-based vendors in locations where significant operations are conducted.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199		
		<b>Dav.7</b>	Vendor evaluation through the Environmental and Social Risk Management System - SARAS, which incorporates environmental, labor, human rights and community criteria.	<b>Sustainable Management</b> SARAS - Page 64		<b>X</b>
		<b>Dav.8</b>	Supply chain operational risk assessment.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199 The evaluation is performed every other year. Suppliers are evaluated in 2020 based on 2019.		<b>X</b>
		<b>Dav.9</b>	Describe actions to incorporate sustainable criteria in the procurement process.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199 Davivienda has defined sustainability criteria for the procurement of goods and services in accordance with the "Purchasing and Vendor Management Process" procedure, which includes a specific section for prioritized products and another for the evaluation of sustainable procurement.		<b>X</b>



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		<b>Dav.10</b>	Conducting a semiannual vendor evaluation based on criteria such as: quality, compliance and after-sales service.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199		
		<b>Dav.11</b>	Describe actions for keeping vendors informed.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199		
		<b>Dav.12</b>	Vendor training and development programs.	<b>Appendices</b> Suppliers - Value Chain Management - Page 199		<b>X</b>
<b>Eco-efficiency</b>	<b>Energy</b>	<b>302-1</b>	Power consumption in the organization.	<b>Sustainable Management</b> Operational eco-efficiency - Page 74		<b>X</b>
	<b>Water</b>	<b>303-5</b>	Total water consumption.	<b>Sustainable Management</b> Operational eco-efficiency - Page 76		<b>X</b>
	<b>Emissions</b>	<b>305-1</b>	Greenhouse gases (Scope 1).	<b>Sustainable Management</b> Operational eco-efficiency - Page 72		<b>X</b>
		<b>305-2</b>	Energy-related GHG indirect emissions (Scope 2).	<b>Sustainable Management</b> Operational eco-efficiency - Page 72		<b>X</b>
		<b>305-3</b>	Other indirect greenhouse gas emissions (Scope 3).	<b>Sustainable Management</b> Operational eco-efficiency - Page 72		<b>X</b>
	<b>Effluents and waste</b>	<b>306-2</b>	Total weight of waste by type and disposal method.	<b>Sustainable Management</b> Operational eco-efficiency - Page 77		<b>X</b>
		<b>Dav.14</b>	Measurement of paper consumption.	<b>Sustainable Management</b> Operational eco-efficiency - Page 76		<b>X</b>
		<b>Dav.15</b>	Tons of paper recycled.	<b>Sustainable Management</b> Operational eco-efficiency - Page 77		<b>X</b>
		<b>Dav.16</b>	Initiatives promoting green building.	<b>Sustainable Management</b> Operational eco-efficiency - Page 78		<b>X</b>
		<b>Dav.17</b>	Initiatives promoting traffic circulation.	<b>Sustainable Management</b> Environmental programas - Page 88		<b>X</b>



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
Environmental and Social Risk Management System (SARAS)		<b>FS4</b>	Process(es) for improving competencies among employees to implement environmental and social policies and procedures applicable to our lines of business.	<b>Sustainable Management</b> SARAS - Page 66		
		<b>Dav.13</b>	Environmental and social criteria assessment results for investment analysis.	<b>Sustainable Management</b> SARAS - Page 65		<b>X</b>
	Service Portfolio	<b>Dav.25</b>	Environmental and social criteria assessment results in the investment evaluation process.	<b>Sustainable Management</b> SARAS - Page 64		
		<b>Dav.26</b>	Processes for monitoring customers' compliance with environmental and social requirements embedded in contracts or transactions.	<b>Sustainable Management</b> SSARAS - Page 64		
Products and programs with environmental benefits		<b>FS8</b>	Monetary value of products and services designed to provide a specific environmental benefit for each business line broken down by purpose.	<b>Sustainable Management</b> Environmental programs and products - Page 83		<b>X</b>
		<b>Dav.18</b>	Describe the environmental programs that were supported during the period.	<b>Sustainable Management</b> Environmental programs - Page 88		<b>X</b>
Human talent management		<b>102 - 8</b>	Report the following employment information: Report the total number of employees by contract, region and gender.	<b>Our Enablers</b> Human Talent - Page 110	No disaggregated by type of contract is reported	
		<b>401-1</b>	Total headcount, rate of new hires, and employee turnover by age, gender, and region.	<b>Our Enablers</b> Human Talent - Page 110	No disaggregated by type age or gender	<b>X</b>
		<b>401-2</b>	Benefits for full-time employees not offered to temporary or part-time employees, broken down by significant locations of operation.	<b>Our Enablers</b> Human Talent - Page 111		
		<b>Dav.20</b>	Davivienda's Salary Ratio relative to the market.	Salary ratio: 1,18		
	Health and Safety at Work	<b>403-1</b>	Statement indicating that an occupational health and safety management system has been implemented in accordance with legal requirements or other applicable guidelines.	<b>Our Enablers</b> Human Talent - Page 111		
		<b>403-2</b>	Processes used to identify occupational hazards and assess risks on a periodic or occasional basis, and to enforce a control hierarchy to eliminate hazards and minimize risks.	<b>Our Enablers</b> Human Talent - Page 111		





MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		403-3	Occupational health services: Describe the roles of occupational health services that contribute to the identification and elimination of hazards and the minimization of risks.	<b>Our Enablers</b> Human Talent - Page 112 Our actions to prevent infections, physical and mental health effects on employees, families and other stakeholders that have worked with us as a result of the pandemic. It includes tools for psychological and social support, emotional support, return to normality, among others.		
		403-4	Processes available for employees to participate and add their inputs for developing, implementing and evaluating the occupational health and safety management system.	<b>Our Enablers</b> Human Talent - Page 112 We describe how we are engaging with our employees to discuss the changes in the workplace as a result of the pandemic, biosecurity protocols and other measures for returning back to work considering COVID-19.		
		403-5	Describe training courses for workers on occupational health and safety.	<b>Our Enablers</b> Human Talent - Page 112 Training on biosecurity measures, mental health, infection prevention, and other relevant measures.		
		403-6	Explain how the organization supports employees to access non-work related medical and health care services.	<b>Our Enablers</b> Human Talent - Page 112 <ul style="list-style-type: none"> <li>• Subsidy to pay for a health policy that would allow them access to preferential health services and share this benefit with their family group.</li> <li>• Family Orientation Center (COF), which offers psychological counseling, legal advice, tax advice and digital literacy programs.</li> </ul>		
		403-7	Preventing or mitigating significant adverse occupational health and safety risks related to operations, products or services through business relationships.	<b>Our Enablers</b> Human Talent - Page 111		
		403-8	Describe whether the organization has implemented an occupational health and safety management system (the number and percentage of all employees and non-employees covered by such system).	<b>Our Enablers</b> Human Talent - Page 111		



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		<b>403-9</b>	Describe the number and rate of occupational injuries along with the main causes and cases related to absenteeism due to occupational accidents.	<b>Our Enablers</b> Human Talent - Page 119 Pursuant to Resolution 0312 of 2019, absenteeism must be calculated based on the number of scheduled working days in the evaluated period. Days are calculated based on the total number of employees multiplied by the number of working days in the month. No information is reported for contractors because it is not available.		
		<b>403-10</b>	Occupational diseases and illnesses: number of deaths resulting from occupational disease; number of cases of recordable occupational diseases and illnesses; main types of occupational diseases and illnesses.	<b>Our Enablers</b> Human Talent - Page 111		<b>X</b>
	<b>Training</b>	<b>404-1</b>	Average hours of training per year per employee by gender, and by employee category.	<b>Our Enablers</b> Human Talent - Page 118	No disaggregated by type age or job category	<b>X</b>
		<b>404-2</b>	Skills development and continuing education programs to foster the employability of the staff and to assist them in managing their career.	<b>Our Enablers</b> Human Talent - Page 117		<b>X</b>
	<b>Work environment</b>	<b>Dav.19</b>	Organizational Climate Survey Score.	<b>Our Enablers</b> Human Talent - Page 120		
<b>Financial Inclusion</b>	<b>Local communities</b>	<b>FS13</b>	Accessibility in areas of low population density or disadvantaged locations.	Daviplata has increased its presence on the coast, Santander and Arauca, compared to last year, increasing access in low population areas throughout the country and consolidating its position as a tool for financial inclusion and accessibility for Colombians. <ul style="list-style-type: none"> <li>• Antioquia: 98.1%</li> <li>• Centro Sur: 93.8%</li> <li>• Costa: 100%</li> <li>• Eje Cafetero: 100%</li> <li>• Santanderes y Arauca: 100%</li> <li>• Valle y Cauca: 98.8%</li> <li>• Bogotá Y Cundinamarca: 96.6%</li> </ul> * These percentages are calculated based on the number of DaviPlata correspondent banking locations (Red Vía Baloto, PuntoRed), Ara Stores, Davivienda ATMs, Davivienda branches. Compared to the total number of municipalities in the country vs. those served via the aforementioned channels.		<b>X</b>



MATERIAL ISSUE	DIMENSION	INDICATOR	INDICATOR DESCRIPTION	LOCATION	OMISSION	VERIFIED
		<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people.	<b>Our Results</b> Daviplata - Page 36		<b>X</b>
		<b>Dav. 21</b>	Initiatives to improve service and product quality.	<b>Our Results</b> Daviplata - Page 36		<b>X</b>
<b>Financial Education</b>		<b>Dav.22</b>	Number of interactions with the financial education program.	<b>Sustainable Management</b> Financial Education - Page 91		<b>X</b>
<b>Strategic philanthropy</b>	<b>Economic performance</b>	<b>Dav.23</b>	Investment in social development.	<b>Sustainable Management</b> Strategic Philanthropy - Page 97		<b>X</b>
		<b>Dav.24</b>	Programs developed and managed by the Organization that lead to social development.	<b>Sustainable Management</b> Strategic Philanthropy - Page 101		<b>X</b>







## APPENDIX 4

# Transactions with related parties, significant and subsequent Events

### OPERATIONS WITH SHAREHOLDERS AND MANAGEMENT

Businesses between Banco Davivienda, its shareholders and management were carried out following the Bank's general policies. These operations are detailed in Note 15 to the Financial Statements

Loans and financial liabilities with related parties amount to COP 124,249 million and COP 667,325 million, respectively.

### BUSINESS GROUP SPECIAL REPORT

Traditionally, Banco Davivienda has maintained business relations with companies belonging to the same business group pursuing greater combined efficiency and leveraging the specialization of each company to obtain competitive advantages.

This is a summary of the main transactions with related parties as of December 31, 2020, details of which are disclosed in Note 15 to the Financial Statements

<b>Assets:</b>	<b>COP 489,419 million</b>
<b>Liabilities:</b>	<b>COP 679,524 million</b>
<b>Income:</b>	<b>COP 450,899 million</b>
<b>Expenses:</b>	<b>COP 250,796 million</b>

There were no significant decisions taken or not taken by Banco Davivienda due to influence or in the interest of Grupo Bolívar S.A., nor decisions taken or not taken by Grupo Bolívar S.A. in the interest of the Bank.





## APPENDIX 5

# Administrative Aspects



### LEGAL STATUS

The Bank is not currently involved in any legal cases adversely impacting its solvency or stability. The most important cases are listed in Note 12.20 of the Separate Financial Statements.

### FREE CIRCULATION OF INVOICES

The Bank hereby declares that it complies with the provisions of Article 87 of Law 1676 of 2013, as it does not prevent the free circulation of invoices by withholding them or engaging in comparable practices. Banco Davivienda complies with Article 87 of Law 1676 of 2013.

### ADMINISTRATIVE STANDING

As of December 2020, Banco Davivienda Colombia had 11,164 positions under open-ended contracts and 1,217 under fixed-term contracts, for a total of 12,381.

### INTELLECTUAL PROPERTY

Banco Davivienda hereby certifies that it complies with industrial property and copyright regulations as of December 2020.



### EXPENSE ON COMPANY EXECUTIVES

In 2020, payments to key personnel who had authority and responsibility for planning, directing, and controlling the entity's activities, directly or indirectly, amounted to COP 9.4 billion.

### EXPENSE ON CONSULTANTS OR FACILITATORS WHO ARE RELATED PARTIES

Expenditures on consultants and advisors are listed below:

Board of Directors Payments:	COP 1,289 million
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## DONATIONS AND CONTRIBUTIONS

During 2020, donations of COP 47,524 million and contributions of COP 1,488 million were made, as follows:

<b>Lobbying, interest representation or similar:</b>	COP 0
<b>Local, regional or national political campaigns/organizations/candidates</b>	COP 0
<b>Trade associations or tax-exempt groups (e.g. think tanks):</b>	COP 1,488,531,585
<b>Other (e.g. spendings related to ballot measures or referendums):</b>	COP 0
<b>Total contributions and other spendings:</b>	COP 1,488,531,585

### Breakdown of the largest contributions

<b>Colombian Stock Exchange</b>	COP 582,685,756
<b>Financial Superintendence of Colombia</b>	COP 320,257,375
<b>National Business Association of Colombia - Andi</b>	COP 247,962,559
<b>Colombian Chamber of Construction Camacol</b>	COP 157,980,000
<b>Asobancaria</b>	COP 114,350,669

## ADVERTISING AND PUBLIC RELATIONS

Advertising expenses totaled COP 72,578 million and public relations expenses amounted to COP 2,001 million.

## PROPERTIES ABROAD

The Bank's cash and other assets abroad amounted to COP 13,791,719 million, and foreign currency obligations amounted to COP 12,781,173 million.

## NATIONAL AND FOREIGN INVESTMENTS

Equity investments are disclosed in full in Note 12.3.7 to the Financial Statements. These amounts totaled COP 4,491,244 million, as follows:

<b>International investments</b>	COP 3,929,761 millones
<b>Domestic investments</b>	COP 561,483 millones
<b>National subsidiaries</b>	COP 491,945 millones
<b>Other:</b>	COP 69,538 millones







## BANCO DAVIVIENDA EXPECTED PERFORMANCE

To continue fulfilling the higher purpose we share as a business group, in 2021 we will play a key role in the economic recovery of the countries where we operate and, as such, our growth projections are aligned with this recovery. To achieve the expected results, we will continue assembling talent and forging strategic partnerships to strengthen and build new ecosystems around our customers. We expect sustained growth across our entire portfolio, driven mainly by mortgage and commercial loans (with increasing market share in SMEs), and a moderate growth in our consumer portfolio.

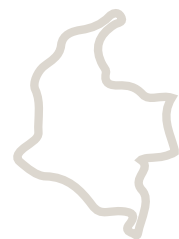
We are constantly evolving as a Bank and we will continue developing talent and innovating in our digital offerings, to keep delivering value to our customers through simple, user-friendly, and reliable experiences.

## SUPPLIERS- VALUE CHAIN MANAGEMENT

2020 was a challenging period that tested our suppliers. We learned to overcome challenges together and supported them to emerge even stronger, demonstrating our ability to adapt to new circumstances and learning from our experiences.



We learned  
**to overcome  
challenges together  
and supported  
them to emerge  
even stronger,**  
demonstrating our  
ability to adapt to new  
circumstances

**3,383**

Suppliers in Colombia

**93**

Foreign suppliers

**TOTAL  
SUPPLIERS 3,476****1,508,883**Payment to  
local suppliers  
(COP million)**106,927**Payment to  
foreign suppliers  
(COP million)**TOTAL  
PAYMENTS 1,615,810**

Aware of potential unforeseen issues encountered by our suppliers, **we made early payments to 94% of them.**

### We prepared together to face the crisis

We met with our suppliers to share experiences, raise awareness, and train them on the biosafety and surveillance protocols to be followed in response to the health emergency. We also introduced a chapter on "Biosafety Protocols" on our supplier site and requested suppliers to share a monthly report on the health status of their employees with access to our facilities. This allowed us to develop a comprehensive biosafety risk management model.

During the health emergency, we supported various economic industries by maintaining operations and contracts with our suppliers as part of our commitment to our stakeholders.

Among them, we highlight the commitment of our security, cleaning and cafeteria service suppliers, who were present at all times in the different areas of the Bank, the Fiduciary and Cultivarte.

Aware of potential unforeseen issues encountered by our suppliers, we had early payments (prior to 30 days) to 94% of them. We had 3,476 suppliers in 2020; 97% of them were legally established in Colombia (3,383) and the remaining 3% (93) were foreign companies. Colombian companies received COP 1.5 trillion, equivalent to 93% of overall payments.





At Davivienda we have policies for those who are interested in becoming our business partners. All our suppliers are subject to predefined policies established by the Bank promoting transparency and objectivity during negotiations and the performance of contracts.

Our Supplier Engagement Policies are published on [www.proveedores.davivienda.com](http://www.proveedores.davivienda.com) / under section Relationships / chapter "Supplier Engagement Policies". These policies incorporate environmental, social, and economic criteria, among others, when procuring goods and services provided by third parties to the Bank, adhering to the Guide for Sustainable Procurement Management in the Financial System published by the Colombian Banking Association. The goods and services prioritized for sustainable procurement are computer equipment, appliances, paper, lighting supplies, and security, cleaning and cafeteria services. We also assessed the environmental and social risk management practices of our strategic suppliers, looking at the likelihood of environmental and social impacts.

Davivienda established a Performance Framework that requires all our suppliers to be aware of and comply with applicable policies, in addition to the ethical and corporate principles and values listed in the Ethics Code and Good Corporate Governance Code documents, as they pertain to goods or services provided by third parties.

## 1. Risk management

Our new risk management model for third parties and partners involves conducting compliance assurance activities at each stage of the life cycle of our relationship with them. This has allowed us to plan the implementation and improvement of control and security mechanisms entrusted to third parties, increasing the level of certainty in achieving the goals defined between the parties. This model has also enabled us to evolve to more advanced stages of third-party risk management, in line with industry best practices and with the risk management regulations deemed relevant given the scope of the relationship established. Early risk management is attuned to the accelerating pace prompted by the pandemic, specifically in terms of virtualization and robotization, as well as the expansion of digital ecosystems for companies to interact with their customers and partners.

## 2. Virtualization of third-party assessments conducted by the risk areas

To prevent the spread of COVID-19, we changed the risk management assessment model for third parties; we had to virtualize visits to check on the controls implemented by third parties. Since social distancing started, we conducted online sessions with third parties, relying on G-Suite tools purchased by the Bank; visits are organized and performed using Google Calendar and Meet and a recording is kept for logging purposes. Virtualization has also added value in terms of time and cost efficiencies throughout the assessment process:



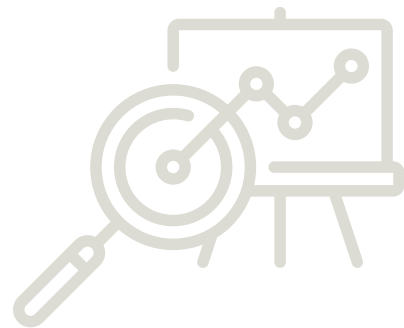
**Our new risk management model for third parties and partners** involves conducting compliance assurance activities at each stage of the life cycle of our relationship with them.







We continued **implementing the risk management model for third parties and partners** in 2020, reaching 75 suppliers that provide critical services



#### 4. We support our suppliers as they continue growing and evolving

As part of our training strategy, we trained 154 suppliers in 2020 on the following topics:

- > Resolution 666 of 2020, to comply with biosecurity protocols while in our facilities to perform their duties and reduce the risk of COVID-19 spread to a minimum.
- > Resolution 892 of 2020, to comply with the protocol adopted per Resolution 666 of 2020 in each office or branch of entities in the financial, insurance and stock market sector, overseen by the Financial Superintendence of Colombia.
- > Waste management, to identify the types of waste generated in the organization and comply with regulations.
- > 2020 economic analysis and outlook for 2021, an economic review of the nation's industries in light of the crisis, addressed to all suppliers, by Andrés Langebaek, Director of Economic Studies of Grupo Bolívar.

- > We continued implementing the Tejedoras de Servicio program, training 675 people working in the Bank's cleaning and cafeteria services on subjects related to service as well as skills and values development, aimed at improving and making a difference in the provision of their services.
- > We held the 8th Annual Meeting on Risk Management Promotion for strategic third parties, covering the following topics: cybersecurity, risk transfer, management of emerging risk events and customer service culture. Over 200 persons from nearly 70 companies participated, as we leveraged virtual platforms this year.

#### 5. Risk management for third parties and partners

We continued implementing the risk management model for third parties and partners in 2020, reaching 75 suppliers that provide critical services to the company, among others. We also continued advising companies on managing specific risks inherent to the services they provide. We relied on a multidisciplinary approach to these activities, involving risk management specialists on both sides, paying close attention to the biosecurity measures required to manage the health emergency and prioritizing the use of digital tools.



## APPENDIX 6

# Consolidated Financial Statements



**KPMG S.A.S.**  
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### (FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH) STATUTORY AUDITOR'S REPORT

To the Shareholders  
Banco 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 at December 31, 2020 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and their respective notes, that include the significant accounting policies and other explanatory notes.

In my opinion, the above mentioned consolidated financial statements, attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group at December 31, 2020, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with the previous year.

#### **Basis for opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

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.





2

Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 5.7.1.3 and 13.5.2 to the consolidated financial statements)	
The key audit matter	How our audit approached this matter
<p>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 the models to determine impairment based on an expected loss approach required in the IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2020 is \$106.674.756 million and \$6.394.699 million, respectively.</p> <p>I considered the evaluation of the loan portfolio impairment as a key audit matter, because it involves a significant measurement complexity that required judgment, knowledge and experience in the industry, especially with regard to (1) the evaluation of the methodologies used, including the methodology to estimate the loss due to non-compliance; (2) the probability of loss given default and its key factors and assumptions; (3) the qualification of loans and qualitative factors that are incorporated into the variables of the internal models, which include impacts due to the COVID-19 pandemic, established by the Group; and (4) the estimated impairment calculations due to credit risk of the entire loan portfolio.</p>	<p>My audit procedures to assess the sufficiency of credit risk impairment included, among others, the following:</p> <ul style="list-style-type: none"><li>• Involvement of professionals with experience and knowledge in credit risk assessment and information technology, to evaluate certain internal controls related to the Group's process for determining the loan portfolio impairment. This included controls related to (1) validation of the models that determine the probability of loss, severity and exposure at the time of default; (2) the Group's monitoring on the determination of portfolio impairment; (3) information technology controls on the input data for the models that determine credits impairment, as well as related calculations; (4) the evaluation to identify if there was a significant change in credit risk; and (5) the evaluation of macroeconomic variables and the weighted scenarios used in the models for determining the loan portfolio impairment; and (6) the verification of controls related to the evaluation of commercial credits analyzed individually and write-offs.</li><li>• Professionals with knowledge in credit risk assessment and information technology assisted me to (1) evaluate the methodologies and key data used to determine the probability of loss, the severity and exposure in case of default, and the parameters produced by the models; (2) evaluate the macroeconomic variables and the weighted probability scenarios used in the internal models including the consideration of alternative</li></ul>



3

Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 5.7.1.3 and 13.5.2 to the consolidated financial statements)	
The key audit matter	How our audit approached this matter
	data for certain variables; (3) recalculation of the expected loss model and its related data; and (4) evaluate the qualitative adjustments applied to the model.

#### Other matters

The consolidated financial statements at and for the year ended December 31, 2019 are presented exclusively for comparison purposes, were audited by me and in my report dated February 21, 2020 I expressed an unqualified opinion thereon.

#### Other information

Management is responsible for the other information. The other information is comprised by the content of the annual report related to: "President's letter, results of our management, financial results and administrative aspects appendix," but does not include the consolidated financial statements nor my corresponding audit report.

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

In relation to my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, considering if there is a material incongruency between that information and the consolidated financial statements or my knowledge obtained in the audit, or if in any way, there appears to be a material misstatement.

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

#### Responsibilities of Management and those in charge with the Group's governance for the consolidated financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control that management considers necessary for the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error; selecting and



4

applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for using the going concern accounting basis unless management either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

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

#### **Statutory Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the annulment or 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 appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, 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 continue as a going concern.



5

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves 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 audit. I remain solely responsible for my audit opinion.

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

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

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

Pedro Ángel Preciado Villarraga  
Statutory Auditor of Banco Davivienda S.A.  
Registration 30723 – T  
Member of KPMG S.A.S.

February 24, 2021



## CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### RESPONSIBILITY FOR FINANCIAL REPORTING

The undersigned, in their capacity as Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the provisions set forth in Sections 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 running from January 1 to December 31, 2020, have no defects, inaccuracies or errors that would prevent knowing the true financial position or operations of Banco Davivienda S.A. and its Subsidiaries, pursuant to the provisions of Article 46 of Law 964 of 2005.

Under the terms established by the Accounting and Financial Reporting Standards accepted in Colombia and based on the items listed in the Conceptual Framework, the information and assertions included in the Consolidated Financial Statements have been duly verified and obtained from accounting records, prepared in accordance with such standards.

Banco Davivienda S.A. and its Subsidiaries maintain adequate systems for disclosing and overseeing financial information. Accordingly, appropriate procedures were developed to ensure that such information is properly reported. These procedures are verified by Audit and the Financial Management.

Furthermore, we hereby report that there is no evidence of significant failures in the design and operation of internal controls that would have prevented the Bank and its Subsidiaries from adequately recording, processing, summarizing or reporting consolidated financial information. Management controls have been applied to prevent the risk of fraud in processes affecting the quality of the consolidated financial information, and to detect changes in its evaluation methodology.

The Consolidated Financial Statements include assets, liabilities and shareholders' equity as of the reporting date and reflect expected future rights and obligations, respectively. Transactions made throughout the period involving the entity and its subsidiaries were recorded and financial facts were accurately stated, classified,

described and disclosed, observing the items listed in the Conceptual Framework and in accordance with Accounting and Financial Reporting Standards accepted in Colombia.

Assertions made in the Financial Statements were previously verified as required by regulations. These assertions are truthfully based on the books, in accordance with Article 37 of Law 222 of 1995. The Bank and its Subsidiaries maintain adequate control and disclosure procedures for financial information. The operation of these procedures was verified in accordance with the provisions of Article 46 of Law 964 of 2005.

Bogotá, February 12, 2021

**Juan Carlos Hernández Núñez**  
Legal Representative

**Carmen Anilsa Cifuentes Barrera**  
Certified Public Accountant 35089-T





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

As of December 31:	Note	2020	2019
<b>Assets</b>			
Cash	13.1	10,260,758	9,744,167
Interbank and overnight funds	13.2	1,695,345	723,602
Investments measured at fair value	13.3	11,722,977	9,540,832
Derivatives	13.4	1,410,469	511,214
Loans portfolio and financial leases operations, net	13.5	100,280,057	93,256,035
Accounts receivable, net	13.6	1,473,369	854,551
Taxes receivable		573,940	364,361
Assets held for sale, net	13.7	91,371	88,163
Investments measured at amortized cost, net	13.3	3,837,400	2,173,054
Investments in associates	13.8	100,390	93,420
Other companies	13.9	454,501	388,447
Property and equipment, net	13.10	1,677,091	1,733,538
Investment property, net	13.11	126,476	112,900
Goodwill	13.13	1,635,185	1,635,185
Intangible assets, net	13.14	208,979	190,416
Other assets, net	13.15	865,057	812,138
<b>Total Assets</b>		<b>136,413,365</b>	<b>122,222,023</b>
<b>LIABILITIES</b>			
Deposits	13.17	88,526,231	76,732,084
Saving accounts		39,959,495	30,243,837
Checking accounts		13,016,044	10,391,313
Time deposits		33,739,238	34,804,550
Other deposits		1,811,454	1,292,384
Interbank and overnight funds	13.18	1,936,230	1,759,721
Derivatives	13.4	1,640,252	617,820
Credits from banks or other obligations	13.19	14,418,748	13,564,888
Debt instruments issued	13.20	12,535,392	12,398,883
Accounts payable	13.21	1,589,854	1,316,109
Employee benefits	13.22	293,702	253,118
Current tax liabilities		62,653	172,610
Deferred tax liabilities, net		788,720	889,625
Technical reserves	13.23	277,511	217,595
Other non-financial liabilities and estimated liabilities	13.24	1,624,071	1,648,671
<b>Total Liabilities</b>		<b>123,693,364</b>	<b>109,571,124</b>
<b>EQUITY</b>			
Capital and reserves (1)		10,331,144	9,289,322
Adjustments in the first-time adoption		136,517	138,527
Other comprehensive income		1,727,550	1,625,800
Profits attributable to the owners of controlling company		394,848	1,470,627
<b>Total equity of owners of controlling company</b>		<b>12,590,059</b>	<b>12,524,276</b>
<b>Non-controlling interests</b>		<b>129,942</b>	<b>126,623</b>
<b>Total equity</b>		<b>12,720,001</b>	<b>12,650,899</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>136,413,365</b>	<b>122,222,023</b>

(1) Includes share placement premium.

See the notes attached to the consolidated financial statements

JUAN CARLOS HERNÁNDEZ NÚÑEZ  
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
Chief Accountant  
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)

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

Years ended December 31:	Note	2020	2019
Interest income		11,447,584	10,725,258
Interest on loans		10,519,171	9,794,578
Investments and valuation, net	14.1	840,800	812,126
Interbank and overnight funds, repos, simultaneous operations		87,613	118,554
Interest expenses		3,880,614	4,031,456
Deposits and time deposits		2,338,270	2,495,673
Checking accounts		24,897	31,158
Saving accounts		803,769	787,819
Time deposits		1,509,604	1,676,696
Credits from banks or other financial obligations		558,465	571,027
Debt instruments issued		831,247	792,204
Other interest		152,632	172,552
<b>Gross Financial Margin</b>		<b>7,566,970</b>	<b>6,693,802</b>
Impairment of financial assets, net		4,199,642	2,434,414
Impairment of financial assets		6,327,937	3,883,479
Reduction of financial assets		(2,128,295)	(1,449,065)
<b>Net Financial Margin</b>		<b>3,367,328</b>	<b>4,259,388</b>
Insurance transactions income, net	14.2	120,636	109,225
Commissions and service income, net	14.2	1,129,578	1,197,514
Result of investment in associates and joint operations, net		2,963	9,458
Operating expenditures	14.3	4,139,050	3,729,883
Staff expenditures		1,608,231	1,544,063
Overhead		2,218,433	1,903,269
Amortizations and depreciation		312,386	282,551
(Loss) or profit on exchanges, net		(439,184)	196,799
Derivatives, net		464,665	(129,986)
Dividends received		18,995	22,510
Other income and (expenses), net	14.4	(49,769)	(7,845)
<b>Operating Margin</b>		<b>476,162</b>	<b>1,927,180</b>
Income tax and supplementary	14.5	179,197	387,373
Deferred income tax and supplementary	14.5	(111,067)	55,952
<b>Profit for the year</b>		<b>408,032</b>	<b>1,483,855</b>
Profit attributable to the owners of the controlling company		394,848	1,470,627
Profit attributable to non-controlling interest		13,184	13,228
Profit per share in COP (1)	13.25	903	3,285

(1) Calculated as follows: profit for the year divided by the weighted average number of shares outstanding.

See the note attached to the consolidated financial statements

JUAN CARLOS HERNÁNDEZ NÚÑEZ  
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
Chief Accountant  
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)



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

<b>Years ended December 31:</b>	<b>2020</b>	<b>2019</b>
Profit attributable to the owners of the controlling interest	394,848	1,470,627
Profit attributable to non-controlling interest	13,184	13,228
<b>Profit for the year</b>	<b>408,032</b>	<b>1,483,855</b>
<b>Components of other comprehensive income that will not be reclassified to the profit for the period, net of taxes (1)</b>		
Financial instruments with changes in other comprehensive income	60,965	92,937
Long-term employee benefits	(1,320)	(9,875)
Impairment of loan portfolio for consolidated financial statement income (2)	31,860	356,313
<b>Total of other comprehensive income that will not be reclassified to the profit for the period, net of deferred taxes</b>	<b>91,505</b>	<b>439,375</b>
<b>Components of other comprehensive income that will be reclassified to the profit for the period, net of deferred taxes</b>		
Equity method from investments in associates - OCI	(3,481)	(1,340)
Exchange difference on translation	13,726	58,823
<b>Total other comprehensive income that will be reclassified to the profit for the period, net of taxes</b>	<b>10,245</b>	<b>57,483</b>
<b>Total other comprehensive income, net of taxes</b>	<b>101,750</b>	<b>496,858</b>
<b>Total Comprehensive result</b>	<b>509,782</b>	<b>1,980,713</b>
Comprehensive income attributable to the holders of the controlling interest	507,038	1,974,223
Comprehensive income attributable to the holders of the non-controlling interest	2,744	6,490

- (1) Note 14.6 discloses taxes related to each item of other comprehensive income.  
(2) Required by the Financial Superintendence of Colombia

See the note attached to the consolidated financial statements

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**CARMEN ANILSA CIFUENTES BARRERA**  
Chief Accountant  
TP. No. 35089-T

**PEDRO ÁNGEL PRECIADO VILLARRAGA**  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)



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

Years ended December 31, 2019 and 2020	<u>Capital and reserves</u>				<u>Retained earnings</u>					<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Adjustments in the first-time adoption</u>	<u>Other comprehensive income</u>	<u>Profit previous periods</u>	<u>Profit or loss</u>	<u>Total equity owners of the parent company</u>		
<b>Balance as of December 31, 2018</b>	76,784	4,676,804	3,701,108	170,082	167,918	1,128,942	-	1,390,100	11,311,738	98,158	11,409,896
<b>Profit transfer</b>							1,390,100	(1,390,100)	-	(5,372)	(5,372)
<b>Adjustments in the first time adoption of IFRS 16 January 1, 2019</b>							2,448		2,448		2,448
<b>Dividends distribution:</b>											
Dividends declared in cash at a ratio of, \$840 pesos per share over 451,670,413 subscribed and paid. Apr.3 and Sep.18 2019				(599)		(378,804)			(379,403)		(379,403)
<b>Reserve transactions:</b>											
Other reserves				110,471		(110,471)			-	13,487	13,487
Capitalization of legal reserve to meet commitment made by the AGM on March 2018			509,220			(509,220)			-	639	639
Release of other reserves, to increase legal reserve			258,162	(258,162)					-		-
Disposal of profits from previous years realized in 2017, to increase legal reserve			45,452			(45,452)			-		-
<b>Other comprehensive income, net of income tax</b>						496,858	(377,992)		118,866	6,490	125,356
<b>Realizations first-time adoption of IFRS</b>					(29,391)		29,391		-	(7)	(7)
<b>Net profit</b>								1,470,627	1,470,627	13,228	1,483,855
<b>Balance as of December 31, 2019</b>	<b>76,784</b>	<b>4,676,804</b>	<b>4,513,942</b>	<b>21,792</b>	<b>138,527</b>	<b>1,625,800</b>	<b>-</b>	<b>1,470,627</b>	<b>12,524,276</b>	<b>126,623</b>	<b>12,650,899</b>
<b>Profit Transfer</b>							1,470,627	(1,470,627)	-	(13,623)	(13,623)
<b>Dividend Distribution:</b>											
Dividends decreed in cash at a ratio of \$926 per share over 451,670,413, shares subscribed and paid. Mar 26 and Sep 23, 2020.						(418,247)			(418,247)		(418,247)
<b>Reserve transactions:</b>											
Capitalization of legal reserve to meet commitment made by the AGM on March 2019			460,671			(460,671)			-		-
Other reserves				540,562		(540,562)			-	240	240
Release of other reserves, to increase legal reserve			338,125	(338,125)					-		-
Disposal of profits from previous years realized in 2019, to increase legal reserve			40,589			(40,589)			-	774	774
<b>Other comprehensive income, net of income tax</b>						101,750	(12,568)		89,182	2,744	91,926
<b>Realizations first-time adoption of IFRS</b>					(2,010)		2,010		-		-
<b>Net profit</b>								394,848	394,848	13,184	408,032
<b>Balance as for December 31, 2020</b>	<b>76,784</b>	<b>4,676,804</b>	<b>5,353,327</b>	<b>224,229</b>	<b>136,517</b>	<b>1,727,550</b>	<b>-</b>	<b>394,848</b>	<b>12,590,059</b>	<b>129,942</b>	<b>12,720,001</b>

See the note attached to the consolidated financial statements

JUAN CARLOS HERNÁNDEZ NÚÑEZ  
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
Chief Accountant  
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)





**Banco Davivienda S.A. and Subsidiaries**  
Consolidated Statement of Cash Flows  
(Millions of Colombian pesos (COP))

Years ended December 31:	Note	2020	2019
<b>Cash flows from operating activities:</b>			
Profit for the period		408,032	1,483,855
<b>Reconciliation between profit for the period and net cash generated (used in) operating activities</b>			
Impairment (recoveries) of investments, net	13.3.6	5,413	(2,080)
Impairment of loans and financial leasing operations, net	13.5.4	4,384,316	2,742,696
Impairment of accounts receivable, net	13.6	66,860	56,295
Impairment of assets held for sale, net	13.7	9,918	608
Impairment of property and equipment and investment property, net	13.10	603	599
Impairment of other assets, net	13.15	62,913	51,236
Provision for severance payments		53,717	55,396
Provision for other non-financial liabilities and estimated liabilities, net		466,278	385,806
Net interest income		(6,726,171)	(5,881,675)
Depreciation		255,792	241,959
Amortizations		56,594	40,592
Exchange difference, net		757,503	120,476
(Profit) on sale of investments, net		(76,910)	(42,112)
(Profit) on equity method associates, net		(3,608)	(10,069)
Net gain on investments		(763,889)	(770,015)
Valuation of derivatives and spot operations, net		(464,665)	129,986
Profit on sale of loans and leasing assets, net		-	(12,125)
Loss (profit) on sale of property and equipment, net	13.10.2	768	(793)
Profit on sale of assets held for sale	13.7	(677)	(3,392)
Loss on sale of investment property	13.11.3	(1,437)	(1,417)
Provision for income tax	14.5	68,130	443,325
		(1,440,520)	(970,849)
<b>Changes in operating assets and liabilities:</b>			
Money market lending and similar operations		(643)	32,633
Derivative financial instruments		587,841	(102,801)
Investments measured at fair value		(1,377,402)	299,883
Loans portfolio and financial leases operations		(10,114,805)	(12,936,447)
Accounts receivable		(879,548)	(23,369)
Other assets		(173,098)	(104,141)
Deposits		11,815,078	7,754,443
Ordinary interbank funds		176,510	(2,026,821)
Accounts payable		314,516	(175,360)
Employment benefits		36,169	23,930
Technical reserves		59,917	12,013
Accruals and provisions		74,281	181,194
Other liabilities		(537,550)	(505,178)
Cash (used) from operating activities		(1,459,254)	(8,540,870)
Proceeds of the sale of loans		26,320	948,454
Sale of assets held for sale		30,516	36,529
Income tax paid		(252,688)	(239,496)
Interest received		9,244,939	9,909,984
Interest paid		(3,959,683)	(3,293,360)
Payment of severance		(50,622)	(51,161)
<b>Net cash provided by (used in) operating activities</b>		<b>3,579,528</b>	<b>(1,229,920)</b>

**Banco Davivienda S.A. and Subsidiaries**  
Consolidated Statement of Cash Flows (Continued)  
(Millions of Colombian pesos (COP))

	Note	2020	2019
<b>Cash flows from investing activities:</b>			
Dividends received		22,390	27,371
(Increase) in investments measured at amortized cost		(1,633,702)	(196,801)
(Increase) Decrease in investments in associates and other companies		(34,322)	66,477
(Decrease) Increase in repurchase of shares; non-controlling interest		(9,862)	15,237
Acquisition of property and equipment		(174,134)	(118,569)
Proceeds of sale of property and equipment		3,342	11,014
Proceeds of sale of investment property		4,687	5,630
<b>Net cash (used in) investing activities</b>		<b>(1,821,601)</b>	<b>(189,641)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from new loans in financial debt	13.19	11,911,000	11,766,838
Debt repayment	13.19	(11,798,565)	(10,798,107)
Issues of debt instruments	13.20	1,714,371	2,468,971
Redemptions of debt instruments issued	13.20	(1,494,102)	(827,451)
Payment of lease liabilities		(121,773)	(187,854)
Payment of cash dividends		(417,192)	(379,421)
<b>Net cash (used in) provided by financing activities</b>		<b>(206,261)</b>	<b>2,042,976</b>
Net increase in cash and cash equivalents		1,551,666	623,415
Effect of exchange difference on cash and cash equivalents		(63,975)	(59,558)
Cash and cash equivalents at the beginning of the year		10,467,769	9,903,912
<b>Cash and cash equivalents at the end of the year (*)</b>		<b>11,955,460</b>	<b>10,467,769</b>

(\*) Includes cash equivalents at under 90 days in money market and similar asset operations for \$1,694,702 at December 2020 and \$723,602 at December 2019.

See the note attached to the consolidated financial statements

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**CARMEN ANILSA CIFUENTES BARRERA**  
Chief Accountant  
TP. No. 35089-T

**PEDRO ÁNGEL PRECIADO VILLARRAGA**  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)



## APPENDIX 7

# Individual Financial Statements



KPMG S.A.S.  
Calle 90 No. 19C - 74  
Bogotá D.C. - Colombia

Teléfono 57 (1) 6188000  
57 (1) 6188100  
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### (FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH) STATUTORY AUDITOR'S REPORT

To the Shareholders  
Banco Davivienda S.A.:

#### Report on the financial statements audit

##### Opinion

I have audited the separate financial statements of Banco Davivienda S.A. (the Bank), which comprise the separate statement of financial position at December 31, 2020 and the separate statements of income, other 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 explanatory information.

In my opinion, the aforementioned separate financial statements, taken accurately from books and attached to this report, present fairly, in all material aspects, the separate financial position of the Bank at December 31, 2020, the separate results of its operations, and its separate cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with the previous year.

##### Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key audit matters

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

Assessment of the provision for credit risk of the commercial portfolio according to the Guidelines of the Financial Superintendence of Colombia applicable to the



2

separate financial statements (see notes 5.6.1.5 and 13.5.4 to the separate financial statements)	
The key audit matter	How the audit approached this matter
<p>The balance of the commercial loan portfolio and its provision for credit risk as of December 31, 2020, amount to \$33.893.103 million and \$2.278.888 million, respectively.</p> <p>The Bank records the commercial portfolio provision according to the provisions of the Financial Superintendence of Colombia, which establishes the constitution of minimum provisions in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.</p> <p>I considered the methodology for assigning the credit risk rating for clients classified in the commercial portfolio as a key audit matter, because it incorporates significant judgment elements in the key analysis assumptions, including the financial and behavioral variables of client payments, which allow the credit risk associated to the impacts of the COVID-19 pandemic to be captured. This assigned risk rating is incorporated as a parameter in the reference model for calculating the provisions for credit risk of the commercial portfolio.</p>	<p>My audit procedures to evaluate the assignment of the credit risk rating and the effect on the provision included, among others, the following:</p> <ul style="list-style-type: none"><li>• Involvement of professionals with experience and knowledge in the evaluation of credit risk and information technology, to evaluate certain internal controls related to the Bank's process for determining the commercial credits provision. This included controls related to (1) validation of the methodology and / or models for assigning credit risk rating according to regulatory provisions (2) the Bank's monitoring of the assignment of credit risk ratings and the result of the value of the provisions, (3) information technology controls on the input data to the models for determining the credits provision, as well as the calculations of the provisions; and (4) the evaluation to identify if there was a significant change in credit risk of the commercial portfolio.</li><li>• Inspection of a sample of credit portfolio files, to verify that the rating granted to commercial portfolio clients complies with the guidelines defined by the Financial Superintendence of Colombia for the provision system and is supported according to the client's financial, qualitative or economic characteristics and its subsequent incorporation into the reference model for the provisions calculation.</li></ul>

**Other matters**

3

The separate financial statements at and for the year ended December 31, 2019 are presented exclusively for comparison purposes, were audited by me and in my report dated February 21, 2020 I expressed an unqualified opinion thereon.

**Responsibilities of Management and those charged with the Bank's governance for the separate financial statements**

Management is responsible for the fair preparation and presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control that management considers necessary for the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, management is responsible for evaluating 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 accounting basis unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

**Statutory Auditor's responsibilities for the audit of the separate financial statements**

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

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

- Identify and evaluate the risks of material misstatement in the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant for to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





4

- Conclude on the appropriateness of management's use of the going concern hypothesis and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosure in the separate financial statements or, if such disclosure is inadequate, 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements present the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within **the Company** to express an opinion on the separate financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicate to those charged with the Bank's governance regarding, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

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

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

#### Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2020:
  - a) The Bank's bookkeeping has been kept in conformity with legal rules and accounting pronouncements.
  - b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders' Meeting.
  - c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.



5

- d) The Bank has fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding the appropriate administration and provision of goods received in payment and the implementation and impact on the statement of financial position and the statement of income and other comprehensive income of the Risk Management Systems that apply.
- e) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of sellers' or suppliers' invoices.
- f) The information contained in the contribution returns submitted to the Comprehensive Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Bank is up to date in payment of contributions to the Comprehensive Social Security System.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1<sup>o</sup>) and 3<sup>o</sup>) of article 209 of the Commercial Code, related to the evaluation of whether the Bank's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are measures of internal control, preservation and custody of the Bank's assets or of third parties' assets in its possession, and if these measures are adequate, I issued a separate report dated February 24, 2021.

2. I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are no outstanding material issues that may affect my opinion.

Pedro Ángel Preciado Villarraga  
Statutory Auditor of Banco Davivienda S.A.  
Registration 30723 – T  
Member of KPMG S.A.S.

February 24, 2021



## CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

### RESPONSIBILITY FOR FINANCIAL REPORTING

The undersigned, in their capacity as Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the provisions set forth in Sections 46 and 47 of Law 964 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Separate Financial Statements for the period running from January 1 to December 31, 2020, have no defects, inaccuracies or errors that would prevent knowing the true financial position or operations of Banco Davivienda S.A., pursuant to the provisions of Article 46 of Law 964 of 2005.

Under the terms established by the Accounting and Financial Reporting Standards accepted in Colombia and based on the items listed in the Conceptual Framework, the information and assertions included in the Separate Financial Statements have been duly verified and obtained from accounting records, prepared in accordance with such standards.

Banco Davivienda S.A. maintains adequate systems for disclosing and overseeing financial information. Accordingly, appropriate procedures were developed to ensure that such information is properly reported. These procedures are verified by Audit and the Financial Management.

Furthermore, we hereby report that there is no evidence of significant failures in the design and operation of internal controls that would have prevented the Bank from adequately recording, processing, summarizing, or reporting financial information. Management controls have been applied to prevent the risk of fraud in processes affecting the quality of the financial information, and to detect changes in its evaluation methodology.

The Separate Financial Statements include assets, liabilities and shareholders' equity as of the reporting date and reflect expected future rights and obligations, respectively. Transactions made throughout the period involving the entity were recorded and financial facts were accurately stated, classified, described and disclosed, observing the items listed in the Conceptual Framework and in accordance with Accounting and Financial Reporting Standards accepted in Colombia.



Assertions made in the Financial Statements were previously verified as required by regulations. These assertions are truthfully based on the books, in accordance with Article 37 of Law 222 of 1995. The operation of these procedures was verified in accordance with the provisions of Article 46 of Law 964 of 2005.

Bogotá, February 12, 2021

**Juan Carlos Hernández Núñez**  
Legal Representative

**Carmen Anilsa Cifuentes Barrera**  
Certified Public Accountant 35089-T



**Banco Davivienda S.A.**  
Separate Statement of Financial Position  
(Millions of Colombian pesos (COP))

As of December 31:	Note	2020	2019
<b>Assets</b>			
Cash	13.1	5,613,981	4,911,090
Active money market operations and related operations	13.2	1,302,188	390,486
Financial investment instruments, net	13.3	7,013,552	6,199,325
Derivatives	13.4	1,407,345	510,338
Loans portfolio and financial leases operations, net	13.5	77,039,266	71,731,670
Accounts receivable, net	13.6	2,352,788	1,157,943
Taxes receivable		534,621	332,972
Assets held for sale, net	13.7	53,228	49,742
Investments measured at amortized cost, net	13.3	3,189,427	1,642,911
Investments in subsidiaries and associates	13.3.7	4,491,244	4,336,725
Property and equipment, net	13.8	1,191,859	1,252,902
Investment property, net	13.9	79,527	69,013
Goodwill	13.11	1,080,775	1,080,775
Intangibles	13.12	109,709	104,625
Other non-financial assets, net	13.13	1,072,811	1,111,603
<b>Total Assets</b>		<b>106,532,321</b>	<b>94,882,120</b>
<b>LIABILITIES</b>			
Deposits and term deposits	13.14	68,214,839	57,777,315
Savings accounts		34,547,636	26,048,124
Checking accounts		7,412,544	5,849,206
Term deposits		24,642,076	24,690,016
Other deposits		1,612,583	1,189,969
Money market and overnight operations	13.15	1,111,215	1,366,095
Derivatives	13.4	1,640,073	617,812
Credits from banks or other obligations	13.16	9,894,984	9,480,693
Debt instruments issued	13.17	11,174,892	10,978,422
Accounts payable	13.18	1,403,165	1,157,001
Employee benefits	13.19	191,716	168,178
Current tax liabilities		37,336	151,121
Deferred tax liabilities, net		152,275	326,572
Other non-financial liabilities and estimated liabilities	13.20	1,355,959	1,393,252
<b>Total Liabilities</b>		<b>95,176,454</b>	<b>83,416,461</b>
<b>EQUITY</b>			
Capital and reserves (*)	13.21	10,257,633	9,353,681
Adjustments in the first-time adoption		394,855	396,864
Other comprehensive income		435,212	350,566
Profits from prior years		44,358	48,345
Profit for the year		223,809	1,316,203
<b>Total equity</b>		<b>11,355,867</b>	<b>11,465,659</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>106,532,321</b>	<b>94,882,120</b>

(\*) Includes share placement premium.

See the notes attached to the separated financial statement

JUAN CARLOS HERNÁNDEZ NÚÑEZ  
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
Chief Accountant  
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)

**Banco Davivienda S.A.**  
Separate Statement of Income  
(Millions of Colombian pesos (COP))

Years ended December 31:	Note	2020	2019
Interest income and investment results		8,692,684	8,571,002
Loans portfolio		8,248,666	8,083,165
Investments and valuation, net	14.1	492,977	530,463
Money market operations		(48,959)	(42,626)
<b>Interest Expenses</b>		<b>2,860,312</b>	<b>3,067,469</b>
Deposits and term deposits		1,698,305	1,952,514
Checking accounts		24,897	31,158
Savings accounts		546,941	596,671
Term deposits		1,126,467	1,324,685
Bank borrowings and other financial debt		357,234	330,901
Debt instruments issued		728,351	706,810
Other interest		76,422	77,244
<b>Gross Financial Margin</b>		<b>5,832,372</b>	<b>5,503,533</b>
Impairment for financial assets, net		3,690,044	2,455,379
Impairment of financial assets		5,597,706	4,207,587
Recoveries of financial assets		(1,907,662)	(1,752,208)
<b>Net Financial Margin</b>		<b>2,142,328</b>	<b>3,048,154</b>
Commissions and service income, net	14.2	703,552	776,624
Equity method result	14.3	309,180	417,655
Dividends		34,470	20,150
Operating Expenditures	14.4	3,069,278	2,811,380
Staff Expenditures		1,126,820	1,133,345
Operating expenses		1,717,975	1,473,472
Amortizations and depreciation		224,483	204,563
Exchange difference, net		(541,448)	212,911
Derivates, net		482,197	(132,075)
Other income and expenses, net	14.5	16,255	38,625
<b>Operating Margin</b>		<b>77,256</b>	<b>1,570,664</b>
Income tax and supplementary		(146,553)	254,461
Income tax and supplementary		17,202	250,027
Deferred income tax and supplementary		(163,755)	4,434
<b>Profit for the year</b>		<b>223,809</b>	<b>1,316,203</b>
Profit per share for the year in COP (*)		496	2,914

(\*) Calculated as: Profit for the period / weighted average number of shares outstanding.

See the notes attached to the separated financial statement

JUAN CARLOS HERNÁNDEZ NÚÑEZ  
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
Chief Accountant  
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)





**Banco Davivienda S.A.**  
 Separate Statement of Other Comprehensive Income  
 (Millions of Colombian pesos (COP))

Years ended December 31:	2020	2019
<b>Profit for the year</b>	<b>223,809</b>	<b>1,316,203</b>
<b>Financial instruments with changes in other comprehensive income</b>		
Long-term employee benefits	(194)	(1,951)
<b>Total of other comprehensive income that will not be reclassified to the income of the period, net of deferred taxes</b>	<b>(194)</b>	<b>(1,951)</b>
<b>Components of other comprehensive income that will be reclassified to the income of the period, net of deferred taxes</b>		
Unrealized gains on fixed-yield investments	84,732	109,141
Interest in investments accounted for using the equity method	(72,519)	36,169
Exchange difference on translation, subsidiaries abroad	123,643	62,477
Net hedging of investments outside Colombia, net of deferred taxes	(51,016)	(23,541)
<b>Total other comprehensive income that will be reclassified to the profit of the period, net of taxes</b>	<b>84,840</b>	<b>184,246</b>
<b>Total other comprehensive income, net of taxes</b>	<b>84,646</b>	<b>182,295</b>
<b>Total Comprehensive Result</b>	<b>308,455</b>	<b>1,498,498</b>

See the notes attached to the separated financial statement

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
 Legal Representative

**CARMEN ANILSA CIFUENTES BARRERA**  
 Chief Accountant  
 TP. No. 35089-T

**PEDRO ÁNGEL PRECIADO VILLARRAGA**  
 Statutory Auditor of Banco Davivienda S.A.  
 TP. No. 30723-T  
 Member of KPMG S.A.S.  
 (See my report of February 24, 2021)



**Banco Davivienda S.A.**  
**Separate Statement of Changes in Equity**  
(Millions of Colombian pesos (COP))

	<u>Capital and reserves</u>				<u>First-time adoption</u>	<u>Other</u>	<u>Retained earnings</u>		<u>Total shareholders</u>
<b>Periods ended December 31, 2019 and 2020</b>	<u>Capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>effects</u>	<u>comprehensive</u>	<u>Profit previous</u>	<u>Profit or loss</u>	<u>equity</u>
<b>Balance December 31, 2018</b>	76.784	4.676.804	3.429.493	309.668	421.882	168.271	66.331	1.194.882	10.344.115
<b>Profit transfer</b>							1.194.882	(1.194.882)	-
<b>Dividends distribution:</b>									-
Dividends declared in cash at a ratio of \$840 pesos per share over 451,670,413 subscribed and paid. Apr.3 and Sep.18 2019				(599)			(378.804)		(379.403)
<b>Reserve transactions:</b>									-
Other reserves				338.125			(338.125)		-
Capitalization of legal reserve to meet commitment made by the AGM on March 2018			477.953				(477.953)		-
Release of other reserves, to increase legal reserve			258.162	(258.162)					-
Disposal of profits from previous years realized in 2017, to increase legal reserve			45.453				(45.453)		-
<b>Realizations first-time adoption of IFRS</b>					(25.018)		25.018		-
<b>Effects of IFRS 16</b>							2.449		2.449
<b>Other comprehensive income, net of income tax</b>						182.295			182.295
<b>Results for the period</b>								1.316.203	1.316.203
<b>Balance as of December 31, 2019</b>	76.784	4.676.804	4.211.061	389.032	396.864	350.566	48.345	1.316.203	11.465.659
<b>Profit transfer</b>							1.316.203	(1.316.203)	-
<b>Dividends distribution:</b>									-
Dividends decreed in cash at a ratio of \$926 per share over 451,670,413 shares subscribed and paid. Mar 26 and Sep 23, 2020.							(418.247)		(418.247)
<b>Reserve transactions:</b>									-
Capitalization of legal reserve to meet commitment made by the AGM on March 2019			460.671				(460.671)		-
Other reserves				437.285			(437.285)		-
Release of other reserves, to increase legal reserve			338.125	(338.125)					-
Disposal of profits from previous years realized in 2019, to increase legal reserve			5.996				(5.996)		-
<b>Realizations first-time adoption of IFRS</b>					(2.009)		2.009		-
<b>Other comprehensive income, net of income tax</b>						84.646			84.646
<b>Results for the period</b>								223.809	223.809
<b>Balance as of December 31, 2019</b>	76.784	4.676.804	5.015.853	488.192	394.855	435.212	44.358	223.809	11.355.867

See the notes accompanying the separate financial statements.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**CARMEN ANILSA CIFUENTES BARRERA**  
Accountant  
TP. No. 35089-T

**PEDRO ÁNGEL PRECIADO VILLARRAGA**  
Fiscal Auditor de Banco Davivienda S.A.  
TP. No. 30723-T  
Miembro de KPMG S.A.S.  
(Véase mi informe del 19 de febrero de 2021)



**Banco Davivienda S.A.**  
Separate Statement of Cash Flows  
(Millions of Colombian pesos (COP))

Years ended December 31:	Note	2020	2019
<b>Cash flow from operating activities:</b>			
<b>Profit for the year</b>		<b>223,809</b>	<b>1,316,203</b>
<b>Reconciliation of profit for the period and net cash provided (used) in operating activities</b>			
Recovery in financial instrument investments, net	13.3.6	(108)	(1,198)
Provision against loans and leases, net	13.5.14	3,336,131	2,552,958
Provision against accounts receivable, net	13.6	524,817	191,296
Provision against assets held for sale, net	13.7.4	13,264	9,574
Provision against property and equipment and investment property, net	13.8.3/13.9.3	1,438	2,263
Provision against other assets, net	13.13	28,613	10,147
Provision for severance payments		50,013	51,225
Estimated liabilities provision, net	13.20	308,634	345,318
Interest income, net		(5,339,395)	(4,973,070)
Depreciation	14.4.2	195,227	185,451
Amortizations	14.4.2	29,256	19,112
Exchange difference, net		541,448	(212,911)
Profit on loan portfolio sales, net	13.5.11	-	(12,125)
Profit on equity method, net	14.3	(309,180)	(417,655)
Valuation of investments, net		(492,998)	(528,801)
Profit on sale of trading investments, net		(1,225)	(1,689)
Loss on sale of investments available for sale, net		1,246	27
Valuation of derivatives and spot operations , net		(482,197)	132,075
Profit (Loss) on sale of assets held for sale, net	13.7.3	(478)	35
(Profit) on sale of property, equipment, and leasing assets, net	13.8.2	939	(309)
Profit on sale of investment property, net	13.9.4	(1,437)	(1,417)
(Profit) Loss on sale of other assets		(7,465)	5,017
Income tax provision	14.6	(146,553)	254,461
<b>Changes in operating assets and liabilities:</b>			
Active money market operations and related operations		(147,321)	65,159
Financial investment instruments, net		(664,631)	1,288,570
Loans and financial leasing operations		(8,794,437)	(10,854,692)
Accounts receivable		(677,787)	(299,094)
Other assets		(124,423)	(28,327)
Deposits and term deposits		10,441,262	5,375,851
Money market and overnight operations		(254,881)	(2,177,228)
Derivatives		616,294	(86,916)
Accounts payable		185,025	107,617
Employee benefits		16,407	13,133
Other liabilities and estimated liabilities		182,353	(240,710)
Proceeds of the sale of loans	13.5.11	19,934	945,126
Proceeds of sale of assets held for sale	13.7.3	29,870	21,887
Proceeds of sale of other assets		64,593	46,463
Payment of severance		(43,574)	(43,417)
Income tax paid		(479,380)	(413,981)
Interest paid		(3,026,442)	(2,666,190)
Interest received		7,339,004	8,084,202
<b>Net cash provided (used) in operating activities</b>		<b>3,155,665</b>	<b>(1,936,560)</b>

**Banco Davivienda S.A.**  
Separate Statement of Cash Flows(Continuation)  
(Millions of Colombian pesos (COP))

<b>Cash flow from investing activities:</b>			
Dividends received		213,091	79,255
Decrease (increase) in available-for-sale investments		364,035	(655,429)
Increase in investments to maturity		(1,551,474)	(136,481)
Increase in investments in securities		(7,703)	(49,500)
Acquisition of property and equipment	13.8	(136,080)	(76,317)
Proceeds of sale of property and equipment	13.8.2	2,797	3,685
Proceeds of sale of investment property	13.9.4	4,687	5,630
Increase in intangible assets		(34,405)	(23,319)
<b>Net cash used in investing activities</b>		<b>(1,145,052)</b>	<b>(852,476)</b>
<b>Cash flow from financing activities:</b>			
Issues of debt instruments	13.17	1,066,284	1,799,680
Debt issue redemptions	13.17	(777,466)	(515,094)
New financial obligations	13.16	9,094,062	9,423,583
Payments for the period of financial obligations	13.16	(9,214,269)	(7,638,731)
Payment of lease liabilities		(102,158)	(105,337)
Payment of cash dividends		(418,140)	(379,311)
<b>Net cash (used in) provided by financing activities</b>		<b>(351,687)</b>	<b>2,584,790</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,658,926</b>	<b>(204,246)</b>
<b>Effect of the variation in exchange difference on results</b>		<b>(183,941)</b>	<b>(1,659)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,301,576</b>	<b>5,507,481</b>
<b>Cash and cash equivalents at the end of the period (*)</b>		<b>6,776,561</b>	<b>5,301,576</b>

(\*) Includes cash equivalents at under 90 days in money market and similar asset operations for \$1,162,580 on December 31, 2020 and \$390,486 at December 31, 2019.

See the notes attached to the separated financial statement

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**CARMEN ANILSA CIFUENTES BARRERA**  
Chief Accountant  
TP. No. 35089-T

**PEDRO ÁNGEL PRECIADO VILLARRAGA**  
Statutory Auditor of Banco Davivienda S.A.  
TP. No. 30723-T  
Member of KPMG S.A.S.  
(See my report of February 24, 2021)





## APPENDIX 8

# Certification and Responsibility of Financial Information

### WE CERTIFY TO THE SHAREHOLDERS THAT:

Individual and consolidated financial statements and other material reports for the period running from January 1 to December 31, 2020, are free from defects, inaccuracies or errors that would prevent ascertaining the true financial position and operations of the Bank.

The Bank maintains adequate disclosure and control systems and procedures to ensure that financial information is presented appropriately.

Furthermore, we hereby represent that there are no major deficiencies in the design and operation of internal controls that would have prevented the Bank from adequately recording, processing, summarizing, or presenting its financial information, as stated in the Internal Control System report.

We appreciate the commitment of all our employees and the support of our shareholders. Without you, it would not have been possible to achieve the results herein stated.

**CARLOS ARANGO URIBE**

Board of Directors Chairman  
Banco Davivienda S.A.

**EFRAÍN FORERO FONSECA**

CEO  
Banco Davivienda S.A.



## **BANCO DAVIVIENDA S.A.**

This Annual Report, and its appendices were at Davivienda's Shareholders' disposal, within the terms established by law.

### **THIS REPORT WAS PREPARED BY:**

#### **EXECUTIVE VICE PRESIDENCY OF RISK**

Ricardo León Otero / Executive Vice President of Risk

David Orlando Pedraza Sanabria / Manager - Investor Relations and Capital Management

Alejandro Córdoba Muñoz / Specialist - Investor Relations and Capital Management

Paula Lorena Botía Cella / Professional - Investor Relations and Capital Management

María Andrea Figueroa Suden / Professional - Investor Relations and Capital Management

Camilo Valencia Franco / Professional - Investor Relations and Capital Management

Daniel Eduardo Godoy Landinez / Professional - Investor Relations and Capital Management

Juan Felipe Manotas Morales / Professional - Investor Relations and Capital Management

#### **VICE PRESIDENCY OF ACCOUNTING AND TAXES**

Juan Carlos Hernández Núñez / Vice President of Accounting and Taxes

Carmen Anilsa Cifuentes Barrera / Financial Director

Nayibe Rey Ortiz / Head - Financial and Regulatory Department

Sandra Liliana Bejarano / Head - Corporate Accounting Department

#### **EXECUTIVE VICE PRESIDENCY OF PERSONAL BANKING AND MARKETING**

Maritza Pérez Bermúdez / Executive Vice President of Personal Banking and Marketing

Alejandra Cuéllar Vanegas / Director - Sustainability and Public Relations

María Mercedes Márquez Olarte / Manager - Public Relations

Lina María Toro Osorio / Head - Sustainability

Lina Marcela Moscoso Rodríguez / Professional - Sustainability

Carlos Eduardo Torres Prieto / Director of Marketing and Advertising

Carlos Javier Larrota Rangel / Head - Brand and Advertising

Juanita Barriga Herrera / Professional - Brand and Advertising

#### **DESIGN & PRODUCTION**

Babel Group / Design concept

Todo Comunica S.A.S. / Layout and photo retouching

José F. Machado / Director of Content production and editing

Photography / Davivienda archive, Todo Comunica S.A.S. photo archive, Shutterstock, Unsplash.com, Pexels.com, Freepik.com, flaticon.es

#### **FOR FURTHER INFORMATION**

Sustainability and Public Relations / [sostenibilidad@davivienda.com](mailto:sostenibilidad@davivienda.com)

Investor Relations and Capital Management / [ir@davivienda.com](mailto:ir@davivienda.com)

Bogota, March 18th, 2021