



ANNUAL REPORT 2019

BANCO DAVIVIENDA S.A.

REPORT FROM THE BOARD OF
DIRECTORS AND THE CEO TO
THE ANNUAL GENERAL MEETING





Good things multiply

*In Davivienda, we exist to
enrich life with integrity.*



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

Digital transformation allows us to innovate and deliver closer and smoother experiences to our customers, making their life 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 are present.

*Being a leader in each of our businesses means **creating shared value** using all our capabilities, resources and talent to promote social progress, economic success and planet conservation.*



ABOUT THIS REPORT

We have gathered in a single document what we used to publish in two different reports: The Management Report and the Sustainability Report, with the purpose of sharing our results in a simple, reliable, and friendly way, following best practices implemented worldwide.

This report covers the period running from January 1st until December 31st, 2019 and refers to our operations in Colombia and Central America.

This report has been prepared in accordance with the 'core' option of the Global Reporting Initiative (GRI) Standards, based on material information relevant for the Bank and its stakeholders. The report was verified by a third party who assessed the adaptation of the contents herein with the standard for preparing the Global Reporting Initiative Sustainability Memories. Furthermore, we reinforce 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), and the Dow Jones Sustainability Index (DJSI).

This report is divided into 5 chapters where we highlight the most important elements of our work, preceded by the letter from our CEO briefly describing the most significant developments for our organization in 2019. The first chapter provides a summarized version of our strategy, followed by the second chapter which includes a report on the economic, social and environmental results. Subsequently, the third chapter includes a description of our business' enablers, such as the human resources we rely on, the risk management model, and our corporate governance. In chapter four, a summary is provided describing the economic context of the countries we serve, and in chapter five, we disclose our financial results. Furthermore, you may find additional appendix attached hereto that are an integral part of this report.



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OUR HIGHER PURPOSE

«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.



Organizational Culture

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 are present. It is a culture that brings together all companies of Grupo Bolívar.

Our Mission

We deliver value to our customers, communities and investors through our committed and friendly team of integrity, always willing to learn.



Principles and Values

Davivienda advocates for the principles and values shared with Grupo Bolívar. We are proud to highlight those that have become the firm bedrock upon which our organizational culture is built:

Respect, equality, honesty, discipline, enthusiasm, joy, and cheerfulness.

Management Model

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



SHARED VALUE

Our projects and programs are carefully synchronized with our shared value approach¹, which tackles social and environmental issues effectively through our business model.

1. Shared value: "Results from practices that contribute to competitive advantage while strengthening the economic and social conditions of the communities in which a company operates. Companies can create shared value by focusing on identifying and expanding clusters between social and economic progress". Creating Shared Value, Harvard Business Review. January-February 2011.



Our change dynamics allowed us to deliver **closer and smoother experiences to our customers, making their life easier.**

■ LETTER FROM THE CEO

In 2019, we strived to be an even more simple, friendly and reliable Bank by bringing the benefits of innovation and digital transformation to our clients.

We are amidst challenging global dynamics: according to the World Bank, a 2.4 % global growth was recorded in 2019, the lowest since the international financial crisis of 2009. Some of the main forces behind these results were the trade war between the United States and China, the slowdown of economic growth in these two countries, uncertainty and lack of decisions on Brexit, and Latin American economies under stress. However, despite this complex environment, the Colombian economy grew 3.3 % over 2018.

On the other hand, digitalization speed continued impacting the business landscape due to changing consumers' behaviors, demanding creativity, investments, and high adaptation skills from businesses.

Hence, we devoted our efforts to seize available opportunities in this scenario, cultivating an extraordinary change dynamic, which allowed us to offer our customers a closer and smoother experience with the Bank, making their lives easier.

I am pleased to report that our 2019 results were gratifying: **our consolidated net profit was 1.48 trillion²**, increasing 6.1% annually. The average return on equity (ROE)³ was 12.4 %. Additionally, gross loans grew 10.9 % over the year, driven mainly by the performance of the consumer segment, which accelerated to 29.1 %.

We continue positioning ourselves as a **Regional Bank**, increasing our market share with the different subsidiaries. We increased our market share in Colombia by approximately 0.6 % and we continue to rank as the second bank in the country by portfolio size, having a 15.6 %⁴ stake, and an 11.9 % annual growth. Additionally, in our Central American operation gross loans grew by 6.3 % over the year in US dollars, mainly due to personal banking, which rose 8.6 %.

2. COP: Colombian pesos. The average exchange rate for 2019 was COP 3,281.17 per 1 United States dollar (USD).

3. 12 months ROE

4. Market share as of December 2019. Source: Finance Superintendence of Colombia.



In 2019, we advanced towards consolidating our digital offer: our customers may now use their mobile devices to, in less than 5 minutes, acquire a wide range of financial services, including credit, saving, investment, and insurance products, without paperwork or the need to visit a branch. The adoption of these channels has increased in such a way that **74 % of our customers are now digital customers**⁵.

We are expanding our capacity to reach more people through **DaviPlata**, which reached over 6.1 million users in 2019. We are using this platform to develop the ability to connect with other ecosystems, creating partner-synergies and expanding our scope to reach more segments. Our partnership with the *Rappi* Super App has been essential to widen our understandings. As a direct result of this learning processes, we are boosting digital payments in Colombia and reducing transactional costs to make people's life easier while strengthening businesses' growth.

We strengthened our digital offer. 74 % of our customers are now digital.



We generated consolidated profits for COP 1.48 trillion.

We are convinced that these achievements would not be possible without transforming our organization. Therefore, throughout 2019, we promoted the use of digital tools among our employees to optimize processes, promote a more collaborative culture, and most importantly, boost innovation.

Proof of such transformation is the fact that we were recognized by Google as a **Disruptive Model of Internal Transformation**. We also filed 2 patent registration applications before the Financial Superintendence of Industry and Commerce of Colombia. Furthermore, we supported innovation initiatives proposed by our employees through *Grupo Bolívar* Innovation Award, which celebrated its 10th edition.

However, these innovation initiatives should be followed by a business management that allows us to be sustainable in the long term and deliver more value to all our stakeholders. In this sense, we rely on a governance structure built to achieve strategic goals under the basis of management and risk control, enabling business growth and opportunity seizing. To reach these goals, we make sure to have the proper capital to support our business, we carefully oversee the relationship between risk and profitability, we preserve the liquidity and the access to different funding sources, and we care about maintaining the trust of our stakeholders.

5. Digital customers: current clients who joined or make transactions through virtual channels (web or app).





We were recognized among the most sustainable banks in the world and **within the top 15 % companies with best sustainability practices.**

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM ●●

Thanks to this approach and to our actions in the social and environmental fields, **we were recognized among the 35 most sustainable banks worldwide** and within the top 15 % companies with best sustainability practices, by being included for sixth consecutive year in the Emerging Market category of The Dow Jones Sustainability Index (DJSI) and for the third year in RobecoSAM yearbook. These recognitions are due to our constant effort to integrate the Environmental, Social and Governance (ESG) criteria into our business lines, as well as the identification of the most relevant issues for our stakeholders.

Aware of how important it is for us to participate in sustainable projects' financing, in December 2019 we acquired a \$335 million dollar subordinated loan from IFC⁶ to support women-owned SMEs, social housing, and sustainable construction. These resources also strengthened our capital levels.

We understand the importance of small and medium enterprises (SMEs) in the countries where we operate. Therefore, we aim to support them in the different stages of their business through customized products and services. Initiatives we developed in Colombia allowed us to serve more than 70 thousand SMEs and to increase our portfolio by over 15 % compared to 2018

6. International Finance Corporation, a World Bank Institution present in 184 countries.



These actions are complemented by the creation of quality employment in the countries where we are established. Knowing that the circumstances of this digital era require us to rely on the best human resources and talent, we continue investing to develop our employees through effective training programs. In 2019, we invested around COP 7 billion in training. We are convinced that these initiatives contribute to the holistic growth of our staff and reinforce their commitment to our Higher Purpose, building a world where everyone enjoys the sustainable development.

We still face significant challenges in this competitive environment. That is why we will continue innovating and transforming our human talent, channels and organization.

We will continue
**innovating and
transforming** our
human talent, channels
and organization.

We will be even closer to
SMEs, by offering them
customized products and
services, **helping them in
different business stages.**

We will continue to strengthen our progress in digital platforms by promoting them in personal banking, SMEs banking and Wealth Management, aiming to increase our market share in Colombia and Central America.

Once again, I am deeply grateful to each member of *Davivienda's* team for the efforts made throughout this year, as you continued doing your best to provide a great service experience, multiplying our positive impact.

We will continue to work on shared-value strategies to maintain our leadership position, being increasingly committed to our clients, communities, staff, shareholders, and allies by delivering them more than what we receive from them.

Efraín Forero Fonseca

CEO of Banco Davivienda S.A.



Awards, distinctions, and certifications

COLOMBIA

- We were included for sixth consecutive year in the Emerging Market category of The **Dow Jones Sustainability Index** (DJSI), and we were included in the RobecoSAM Sustainability Yearbook.
- **Plug and Play Tech Center** (in Silicon Valley), recognized us as the most active company in its Fintech⁷ ecosystem for our commitment to connect and work with different startups through Plug and Play ecosystem.
- We were invited to Google Cloud Next'19, where we obtained a special recognition as a **Disruptive Model of Internal Transformation**.
- Fintech Americas selected us **among the 25 most innovative banks of Latin America** for our *"Tecla de la Casita Roja"* widget.
- We participated in the **hackaton held by the Ministry of Information and Communication Technologies in Colombia** to build a prototype of 2 solutions for the health and education sectors. We ranked first and third place.
- Wells Fargo granted us the award to the **First Bank in South America for our operational excellence** in Swift processing.
- FIP Festival (International festival of marketing, new communication techniques, innovation and events) recognized us as **the brand of the year in Colombia**. We were the most awarded brand: we won in 4 categories and 2 segments.
- *Asobancaria* granted us a **special mention in Sustainable Management** for the *"He Gastado"* feature in Davivienda's app.
- *Asobancaria* granted us the **Economic Dimension award** for our Smart Purchases [*Compras Inteligentes*] program, which generated more efficient, transparent and digital processes.



We were invited to Google Cloud Next'19 and received an special recognition as **Disruptive Model of Internal Transformation.**

7. Fintech: Financial Technology. Used to refer to companies offering product and services by using information and communication technologies.



EL SALVADOR

- We received the **Global Climate Partnership Award 2019**, granted by Global Climate Partnership Fund (GCPF), which recognizes the most outstanding financial institutions in projects and credits for green issues.
- We obtained **La Huella RSE award**, which recognizes the best corporate social responsibility projects of Salvadoran companies, granted by **Grupo Cerca** along with the Business Foundation for Social Action (Fundemas)
- Recognition granted by the Association for Marine Turtle Conservation in San Diego Beach for our **10-year support to the marine turtle conservation program** in San Diego Beach.
- Recognition statuette granted by the National Center of Cleaner Production for our commitment to sustainable development and our **contribution to the comprehensive development of the Salvadoran community**.
- Recognition statuette granted by the Environmental Fund of El Salvador (Fonaes) for the **support and pursuit of sustainability** in El Salvador through our CSR strategy.
- Certificate of recognition granted by the Council of Mayor's Offices and the Planning Office of the Metropolitan Area of San Salvador for **contributing to the construction of a sustainable city**.



HONDURAS

- **Recognition granted by Abrigo Foundation** for the campaign to collect clothes donated by our employees, the donation to buy food for the foundation's members and which generated more efficient, transparent and digital processes and management of voluntary activities.

COSTA RICA

- The Ecologic Blue Flag Program granted us **15 blue flags for our good environmental management** in 13 branches and 2 administrative buildings





1 ■ OUR STRATEGY

At Davivienda, we work hard to achieve the higher purpose we share by being part of Grupo Bolívar: "Enriching life with integrity". We do this by living within a culture developed around our organizational principles and values: **respect, equality, honesty, discipline, enthusiasm, joy and cheerfulness**. This allows us to work towards people's well being, families' equity, business development, along with project-funding that contributes to the countries we serve.

Furthermore, we devise and execute the strategy aligned with the management model we have adopted as a business group, aimed at delivering easy, reliable, and customer-friendly experiences. To do so, we rely on a team that develops a value offer based on innovation, risk management, efficiency, and synergy between companies.

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

Our team develops a value offer based on **innovation, risk management, efficiency and synergy** within companies.

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 a digital organization by nature, proud of being agile and flexible innovators who make life easier for our customers.
- **Talent Management:** We assemble the best team and strengthen their skills to attain what we set out to do.
- **Risk Management:** We all manage risk, anticipate and seize new opportunities, enabling growth and business sustainability.
- **Effectiveness and Efficiency:** We accomplish our goals, we innovate and optimize processes to ensure the best use of resources with a cost-optimization approach.

Strategic business goals

- **Leader in Personal Banking:** We will success by being a digital organization by nature, which makes its customers' life easier by being innovative, agile and flexible.
- **Main Player in Commercial Banking:** We will focus on strengthening our offer in the SMEs segment.
- **Benchmark in Wealth Management:** We will become our clients' first choice for managing their equity as well as their needs abroad.

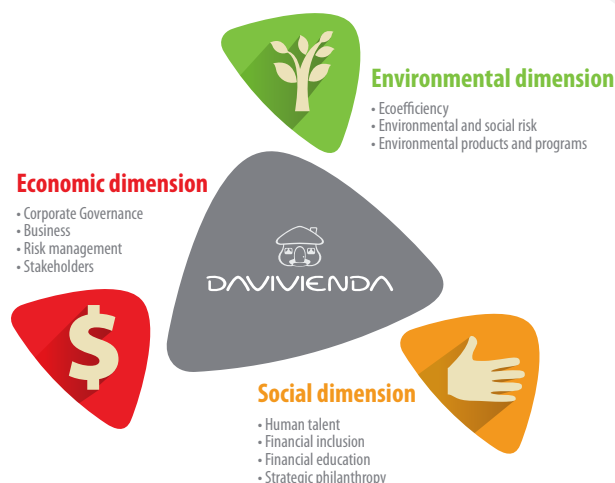


Sustainability strategy

We generate positive impacts on society and the environment beyond our operation. We do this by building trust and mutually beneficial relationships with our stakeholders in the countries where we operate. Sustainable management is among our corporate strategic goals, through which we deliver higher value to people, businesses, communities and the environment, all framed in the achievement of our Higher Purpose.

We incorporate corporate governance, social and environmental criteria into our business lines to promote development and growth in our Regional management. Thus, we work by ensuring the Banks's permanence over the long term. Our sustainability strategy enables us to look towards the future by identifying opportunities and managing risks.

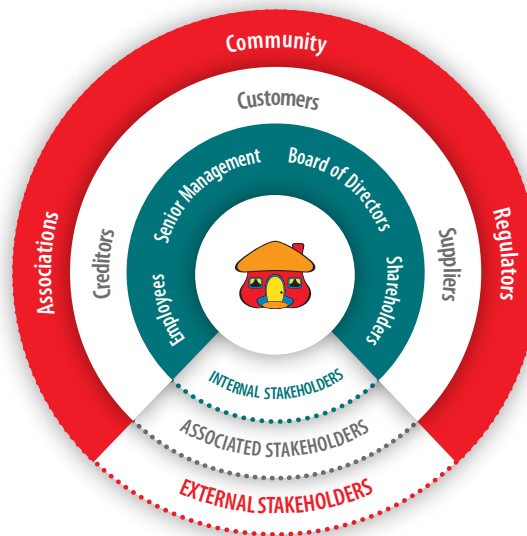
Our strategy enables us to comply with the following commitments:



Sustainable management is **among our corporate strategic goals**, through which we generate higher value for the people, companies, communities and the environment.



Dialogue with our stakeholders



Type	Stakeholder	Channels	2019 Relevant Issues
EXTERNAL	Associations	Reports Committees Events Forums Mass media	We were actively involved in different associations such as Asobancaria, Andi, Camacol and Anda while seeking to engage in active discussions with their members and participating in programs. We should highlight the work we did with Andi since we got involved in the Container and Packaging program where we worked alongside with other major companies in Colombia to develop a new waste management model under a circular economy approach.
	Community	Social media Corporate pages Domo Events Volunteering Mass media	We engaged with students, the media, universities and governments in initiatives such as the Social Skin awards and the Domo observatory; we generated extensive interaction with universities, students and partners, among others. We discussed with local governments and ministries to expand our involvement in projects and partnerships.
	Regulators	Reports One-on-one conversations	We were in permanent contact with regulators to comply with the regulations and contribute to the regulatory standards of the sector.
RELATED	Creditors	Quarterly and annual financial statements Annual report Quarterly Results - conference calls Investor Website	We provided reliable, accurate and timely information to our bondholders and lenders through the Investor Relations Office and the channels agreed in the different contracts. We also communicated through the official channels defined with the tax authorities.



Type	Stakeholder	Channels	2019 Relevant Issues
RELATED	Customers	Branches Chat Call center Emails Text messaging Social networks Contact line	<p>We have a network of virtual and on-site channels to be in contact with our clients, and monitor our service through an interdisciplinary committee.</p> <p>As per the last Banking Sectoral Satisfaction Survey (2019), our clients rated us 80.5 out of 100 points, exceeding the sector's average (77.1 / 100) in 3 points.</p>
	Suppliers	Suppliers Website Contract supervisors Email Transparency lines On-site inspections Annual training and assistance event	<p>As an important part of our business, we are concerned about the development of our suppliers; therefore, we made a comprehensive and responsible assessment of the services provided. In 2019 we launched a website for them, which was aligned with Grupo Bolívar's ethics and values, negotiation schemes, recruitment and self-education programs.</p> <p>Contract supervisors became key actors in accompanying suppliers and providing <i>feedback</i> for ongoing improvement of their internal processes.</p>
INTERNAL	Employees	Workplace Daily News Training platforms Development assessment One-on-one conversations Organizational climate survey Transparency line	<p>Beyond our virtual channels, our organizational culture promotes an active, responsible and ethical interaction between our employees.</p> <p>The climate survey was a great input for this transparent dialogue, as well as the development assessment; 2 tools that enable us to be aligned with our employee's growth.</p>
	Senior Management	Government Committees Strategic meetings Convention One-on-one conversations Digital internal channels	The strategy is monitored on an ongoing and timely basis through the established mechanisms to make strategic decisions and redirect the actions that guide the Bank's future.
	Board of Directors	Board meetings Reports	The senior management proposes actions to be considered by the Board of Directors, aiming to strengthen the strategic competitiveness over the sector.
	Shareholders	Annual General Meeting Quarterly and annual financial statements Annual report Quarterly results - conference calls Investors Website	<p>Our main goal with the Investor Relations Office is to generate value to shareholders by providing reliable, accurate and timely information, facilitating a comprehensive analysis of business outcomes and investment decisions.</p> <p>We attended national and international conferences of brokers, specialized forums of the financial industry and individual meetings with analysts and investors, to expand the Bank's knowledge and address concerns about financial performance and business strategy.</p>



Materiality overview

Material subjects allow us to **effectively communicate with our stakeholders** on the aspects in which we generate greater impact.

Diagnosis and review of the materiality analysis enables us to identify the positive and negative contributions to the Bank's sustainable development. Accordingly, the material issues allows us to engage in assertive and transparent discussions with our stakeholders about the economic, social and environmental aspects on which we generate greater impact.

This exercise helped us to focus our strategy and business goals towards the issues of greatest impact, while encouraging an on-going dialogue with stakeholders to identify their expectations and best practices to address risks and opportunities.

For more information, please visit Appendix 2. Materiality Report

This space is a meeting place for our stakeholders.





2 ■ OUR RESULTS

Good things multiply

Innovation and digital transformation are key to successfully managing our business, and allow us to multiply good things and create shared value:

*In 2019, **11.9 million** customers from 6 countries trusted in Davivienda to manage their money (deposits for 75.6 trillion). We delivered well-being to our employees' **17 thousand families**, increased our capabilities through 5.500 suppliers, contributed with COP 443 billion in taxes, donated more than COP 27 billion and were recognized among the most sustainable banks in the world.*

As a result, our assets, loans, deposits and equity grew over 10 % annually; we generated a consolidated net profit of COP 1.48 trillion; and our preferred shares appreciated 48.7 %.

*We are confident that **good things multiply***



2019 MAIN FIGURES

CONSOLIDATED FIGURES

(COP trillion, except variation)

	2018	2019	VARIATION
Assets	110.7	122.2	10.4 %
Gross loans	87.8	97.4	10.9 %
Loan loss reserves	3.7	4.1	11.7 %
Deposits	67.2	75.6	12.5 %
Equity	11.4	12.7	10.9 %
Net Profit	1.40	1.48	6.1 %
Capital adequacy ratio	11.93 %	11.61 %	-0.32 %
Tier I	7.98 %	7.99 %	0.01 %

Clients (million)



Davivienda and national subsidiaries	10.78
International subsidiaries	1.16
Total	11.94

Branches



Davivienda and national subsidiaries	537
International subsidiaries	144
Total	681

ATMs



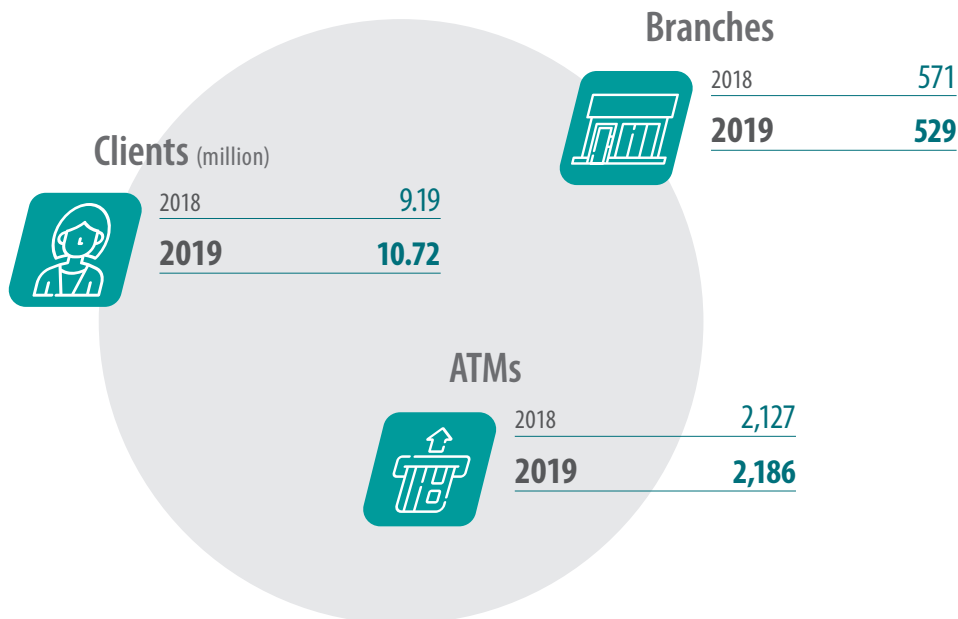
Davivienda and national subsidiaries	2,186
International subsidiaries	495
Total	2,681



INDIVIDUAL FIGURES

(COP trillion, except variation)

	2018	2019	VARIATION
Assets	86.0	94.9	10.3 %
Gross loans	68.1	76.1	11.8 %
Loan loss reserves	3.7	4.4	20.2 %
Deposits	50.9	56.7	11.4 %
Equity	10.3	11.5	10.8 %
Net Profit	1.19	1.32	10.9 %
Capital adequacy ratio	15.10 %	14.57 %	-0.53 %
Tier I	9.63 %	9.56 %	-0.07 %



RISK RATINGS

	INTERNATIONAL			NATIONAL	
	S&P	FITCH	MOODY'S	FITCH	BRC
Long-term rating	BBB-	BBB	Baa2	AAA	AAA
Short-term rating	A-3	F3		F1+	BCR+1
OUTLOOK	Stable	Negative	Negative	Stable	



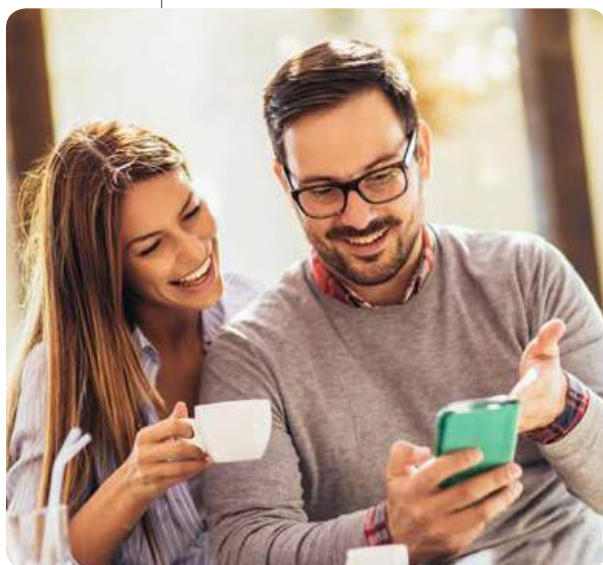
Innovation and Digital Transformation

...means that all our clients, as Sonia, are able to access 100 % digital products of credit, savings, investment and insurance, in a matter of minutes and at their fingertips.



To be an innovative bank

by transforming our processes, products, channels and talent for the digital world



...means that all our employees engage in digital tools as G Suite, optimizing processes in a collaborative culture.



Innovation



Davivienda, **the most active bank in the fintech ecosystem** among more than 65 companies from 28 countries.

Innovation is **key to managing our business**. Therefore, we work to strengthen this skill at all levels across the organization through different initiatives aligned with Grupo Bolívar's innovation model.

We carry out further research through **Grupo Bolívar's Innovation Observatory**, where we have made important findings that make it possible to continue expanding our business opportunities supported by partners. We are also proud of the research results that enabled us to file two patent applications before the Colombian Superintendence of Industry and Commerce in 2019.

We continue to promote an innovation culture among our employees through different initiatives: we were engaged in the tenth edition of **Grupo Bolívar's Innovation Award** with 67 % of nominations. This Award recognizes the teams that propose innovative initiatives to transform daily tasks into simpler, reliable and friendly procedures while generating efficiency and learnings for the organization, improving our customers' experience.

It is worth mentioning that we have received an international recognition from **Plug and Play**, one of the accelerators that has the greatest impact on the global innovation ecosystem. They ranked us as **the most active bank in its fintech ecosystem** among over 65 financial entities from 28 countries such as BNP Paribas, Deutsche Bank, US Bank, Citizens Bank and ING.



We filed 2 patent registration applications before the Superintendence of Industry and Commerce of Colombia.



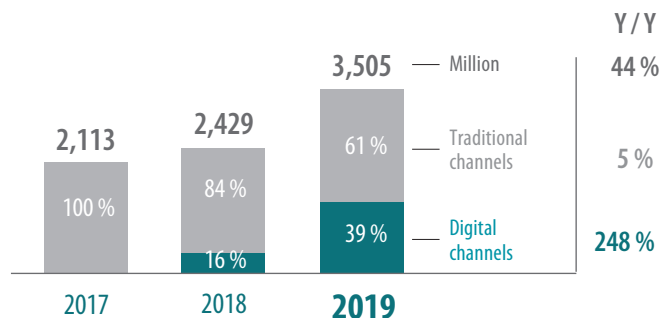
Digital transformation

We continue moving forward with our digital transformation agenda that not only focuses on our channels, products and services, but that has also yielded results for our employees and processes. The technologies we are adopting are enablers of greater scalability for process development, cost and time efficiency. Thus, we have implemented business, customer service and administrative management support solutions.

Regarding business solutions, we continued to strengthen our offer through virtual channels in 2019 by having at least **one 100 % -digital product in each of the financial services**: credit, deposits, insurance and investment funds. Consequently, around 4 out of every 10 sales we made in Colombia during the year were through digital channels; and 3 out of every 10 monetary transactions were made through these means, 5 % more than those recorded in 2017.

We offer at least **one 100 % digital product** in each of the financial services.

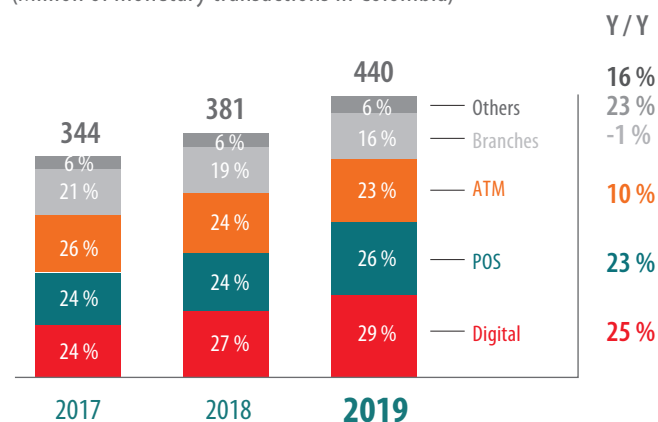
PRODUCT SALES IN COLOMBIA

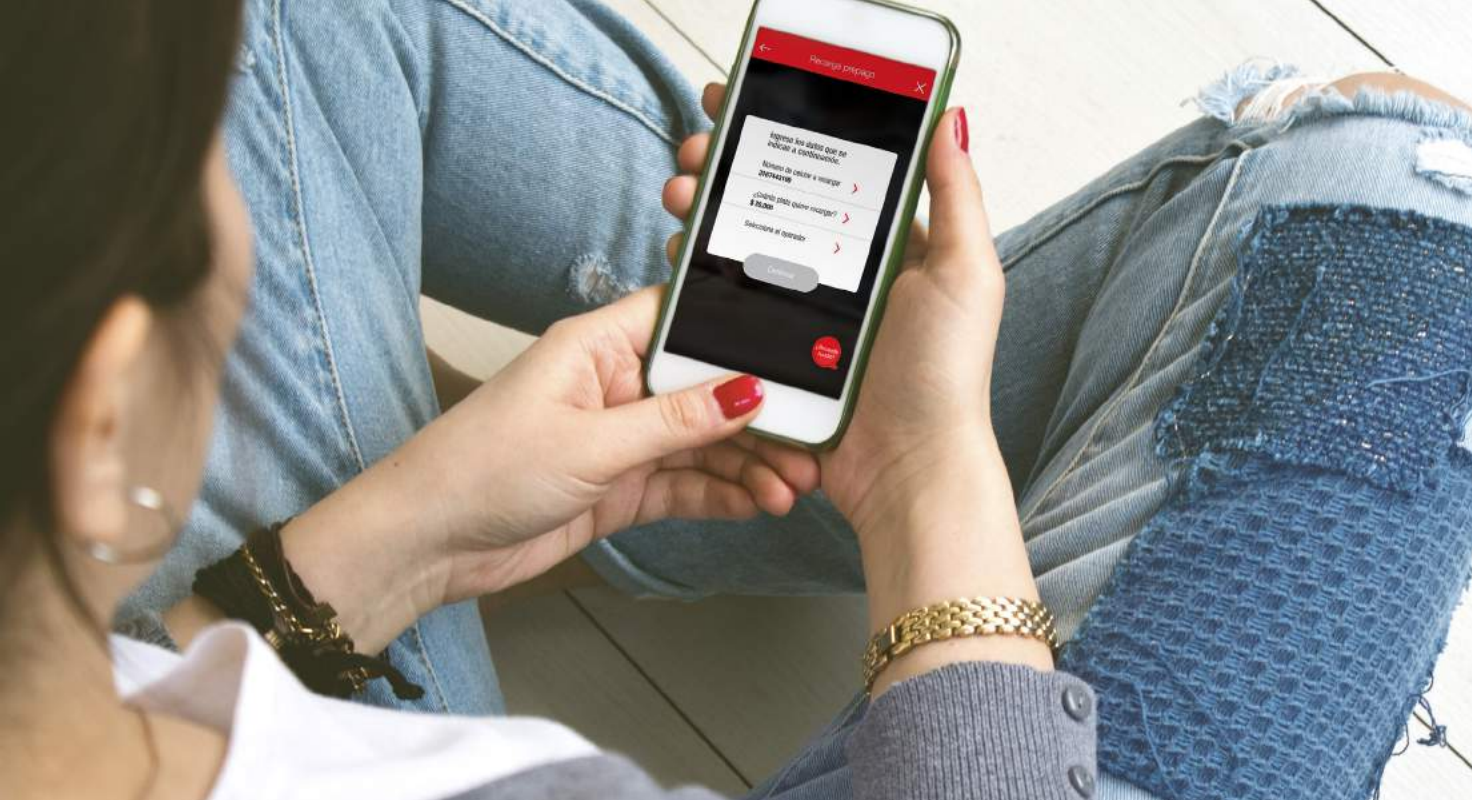


Around **4 of every 10** sales occurred through our digital channels.

TRANSACTIONAL MIX

(Million of monetary transactions in Colombia)





With Google's G Suite
**we transformed
over 740 processes**
and increased sales
productivity by 15 %.

Regarding digital customers, we have made progress in our entire operation. Our digital customers in Colombia increased at a rate of 30 % in 2019, reaching a 78 % share in total customers. Weigh in Central America reached 36 %, with a 24 % annual increase.

As for service initiatives, we are transforming the way we interact with our customers by improving the immediate attention in our service channels and reaching a significant increase from 20 % to 75 % in online solutions for claims and complaints.

Digital tools are crucial nowadays to optimize processes and costs. In 2019, more than 17 thousand employees from 6 countries and 4 subsidiaries of Davivienda adopted the **G Suite** tools of Google, which transformed more than 740 processes and generated savings in operating expenses for over COP 21 billion. Commercial productivity increased by 15 %; and 3 out of every 10 achievements we nominated to Grupo Bolívar's Innovation Award were based on digital tools.

Due to these results, Google recognized us as a **Disruptive Model of Internal Transformation**. Wells Fargo granted us the award to the **First Bank in South America** due to our operational excellence in Swift processing; and we ranked first and third place in Colombia's *hackaton* of the Ministry of Communications and Information Technology for prototyping solutions.



Personal Banking

...means that more people can reach new shopping and money-management experiences through RappiPay, have a virtual card to access e-commerce or acquire an insurance for their pet.



...is to make easier the life of people as Catalina, who can ask for a digital unsecured personal loan to pay for her classes without waiting in line, paperless, and with disbursement in less than five minutes.



To be a leader in Personal Banking

...means that more families, as the Gonzalez, can fulfill their dream of having their own home in social housing projects, as the Cielos project in Cali.



by being present in our customers' lives to help them achieve their goals



...is that more municipalities, as Usiacurí (Atlántico), adopt Daviplata as mean of payment, and that their artisans, as Jeimy, sell their products without receiving cash.



At Davivienda, we strive to be in our clients' most significant life events to help them achieve their goals. This is the reason why we continue broadening our offering with products that satisfy the digital trends that influence our environment, thus, providing our clients with convenient services and experiences.

The consolidated balance of the Personal banking (consumer and mortgage segments) closed at COP 52 trillion, showing an annual growth rate of 20.3 %, which accounts for 53 % of the consolidated gross loan portfolio. The consumer portfolio has the highest balance, 28.8 trillion pesos, increasing 29.1 % relative to the previous year. The mortgage portfolio closed at COP 23.2 trillion, reflecting an annual growth rate of 10.9 %.

Personal banking⁸ in Colombia closed at COP 42.6 trillion, growing 23.0 % year-on-year. Meanwhile, the year-end balance of personal banking international subsidiaries⁹ was 2,387 million dollars, a 7.0 % increase over the year.

Find below the highlights of the following segments: Consumer, Mortgage and DaviPlata.

CONSUMER SEGMENT

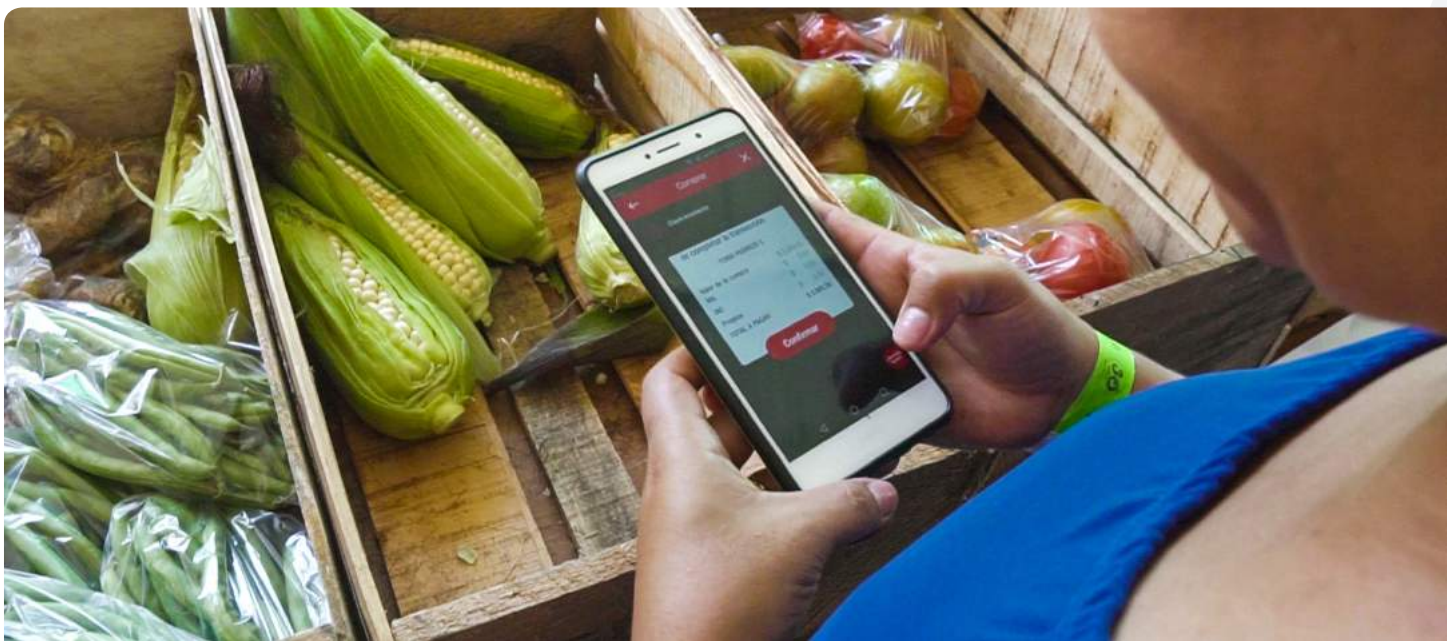
We are highly proud about the results we achieved in the consumer portfolio in Colombia, which reached a balance of COP 23.7 trillion and grew 34 % over the year. Our market share in this segment increased by 2.07 % from 13.2 % in December 2018 to 15.3 % in December 2019. This growth was driven by analytics, digital transformation, commercial force targeting and partnerships made to provide financing through traditional and digital channels.

We continue working to be **present in our customers' lives**, helping them to achieve their goals.

COP 52 trillion:
Consolidated Retail
Banking portfolio in 2019.

8. Individual figures of Colombia operation.

9. Figures under local homologated accounting.



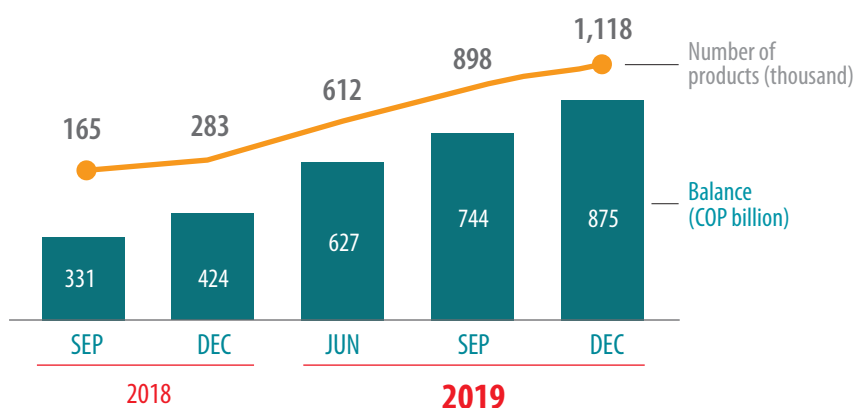
The Mobile Account, our digital savings account, represented **90 % of new Retail Banking savings accounts.**

Working with over 30 partners located across more than 500 stores, by the end of 2019 we doubled our coverage in Colombia and increased product placement, notably, digital products in parallel to the operation of our branches.

Furthermore, we continued advancing in the transformation of personal banking:

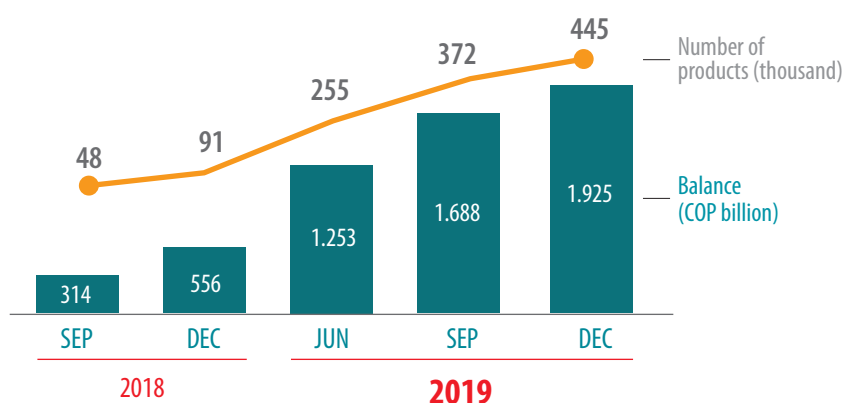
90 % of the new savings accounts in Personal Banking were Mobile accounts (digitally opened). This meant that average accounts opened per month increased by 60 % over 2018's monthly average; and also contributed to reach new customers, which accounted for 80 % of the total accounts opened over the year. In addition, thanks to our investments in security and, particularly, in cybersecurity, we implemented a biometric authentication system to reduce the risk of fraud. At the end of the year, there were more than one million mobile accounts, with a balance exceeding COP 520 billion.

The mobile unsecured personal loan, our first 100 % digital loan product, closed with a 1.4 trillion pesos balance and a 6 % share on the total consumer portfolio in Colombia, after a year of being launched.



TOTAL DEPOSITS - COLOMBIA

Digital savings accounts and Certificate of Deposits



TOTAL LOANS - COLOMBIA

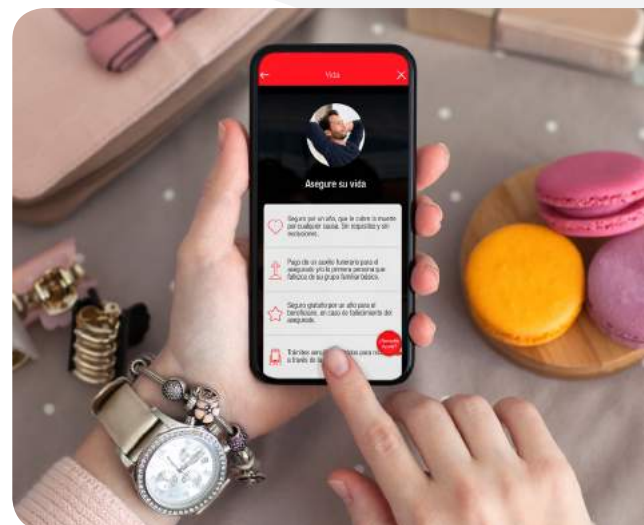
Unsecured personal Mobile loan, Mobile Credit Card, Mobile Payroll, Mobile Payroll Advance



The Mobile Payroll Advance is another success story. Originally launched in 2018 and consolidated in 2019. This is a revolving credit limit that enables our clients to receive a portion of their next payroll payment. It may be used via digital channels and it is a key product to address the short-term needs of our customers. At the end of 2019, Payroll Advance was active in 3 out of 10 existing payroll accounts.

In February 2019, we launched **Mobile Payroll**, a 100 % digital experience targeted at employees of companies that have payroll payment agreements with us. It enables a five-minute approval of a loan application for up to 80 million pesos and instant disbursement, subject to the employer's prior authorization. We disbursed 308 billion pesos in 25,000 Mobile Payroll loans in 2019. This figure accounts for a quarter of unsecured payroll loans' total disbursements.

We launched the
Mobile Payroll,
a 100 % digital
experience, through
which we disbursed
25 thousand credits.



Our digital transformation efforts have benefited millions of customers through our wide range of products. Furthermore, it has increased the efficiency of our operations. For instance, the cost of digital processing has been reduced by nearly 90 % when compared to traditional methods, proving that mobile products continue to leverage our bank's growth.

As part of our environmental commitment, we promote the "Eco-Vehicle" loan to finance electric and hybrid private vehicles. The closing balance for this segment was \$ 15 billion pesos.

By the end of the year, the consumer portfolio for our international subsidiaries closed at USD 1,111 million, with a 7 % growth relative to the previous year; El Salvador and Honduras accounted for the most part to this growth, mainly through credit card and payroll segments.

We had an annual growth rate of 18 % in credit cards, with a closing balance of USD 329 million, above the overall market growth. Digital sales in this segment have gained momentum, reaching 20 % of total approvals.



HOME MORTGAGE SEGMENT

We continue being leaders in mortgage financing in Colombia: our portfolio balance reached COP 18.8 trillion by the end of 2019, 11.4 % higher than 2018. We are helping more than 38,000 households to grow their equity by holding a 24.9 %¹⁰ of market share.

We are leaders in mortgage financing in Colombia, with a 24.9 % market share.

In our international subsidiaries, the mortgage portfolio closed with a USD 1,276 million balance, and an 7.9 % growth; El Salvador and Panama showed the greatest contribution to this growth.

Social Housing (VIS)¹¹



This portfolio was worth COP 5.7 trillion by the end of 2019, growing by 6.9 % over the year. We have played a significant role in social housing programs throughout the year, helping nearly 18,000 households in the VIS category to have their own property, disbursing COP 966 billion.

Furthermore, we have maintained our leadership role in **“Mi casa ya - cobertura”** (My home now - coverage), a government program that enables vulnerable populations to become homeowners by partially undertaking payable interests (FRECH II¹²), with 29 % share; and we obtained a significant share of 22 % in the program **“Mi Casa Ya - Cuota Inicial”** (My home now - down payment).

Residential leasing

The residential leasing segment, which offers an alternative to finance housing purchasing, exhibited an annual growth of 16.0 %, reaching a balance of 10.1 trillion pesos. Our disbursements during the year for 2.8 trillion pesos benefited nearly 12,700 households in meeting their home owning goals.

Residential Housing (>VIS)

Balance reached 3.2 trillion pesos at the end of 2019. Compared to the previous year, which closed at 3.0 trillion pesos, we achieved a 5.4 % growth. During the year, we disbursed approximately 1.4 trillion pesos, helping even more people to own their homes.



10. Market share as of December 2019, includes securitized loans. Source: Finance Superintendence of Colombia.

11. 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 111,795,660 in 2019).

12. Frech: Reserve Fund for the Stabilization of Mortgage Loans: a Government aid program managed by the Central Bank to facilitate new social housing financing in urban areas, covering part of the interest rate agreed for a home-purchase loan.



DAVIPLATA



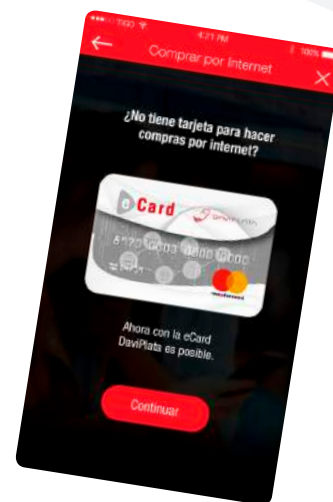
DaviPlata enabled everyone to access financial services in Colombia through their phones. In 2019, DaviPlata continued to be the largest and most innovative e-wallet in the country, connecting more than 6.1 million Colombians with a value offer available from any mobile phone, free of charge.

With DaviPlata, we are able to connect to different ecosystems, enhancing our strategies and those of our allies. In May 2019, we announced our RappiPay Davivienda alliance, which integrates delivery, e-commerce and money management solutions in one single platform.

This alliance is an innovative model that strengthens business, commerce and entrepreneurs' growth by promoting digital payments in Colombia, reducing transaction costs, access costs and cash use. In this way, we continue to work on consolidating QR code payments, which during 2019 significantly exceeded transactions made through DaviPlata (in quantity and value) during 2018. We are committed to delivering simple, friendly and reliable experiences to our clients, simplifying their lives so that they can make better use of their time.



We joined Rappi to integrate **delivery, e-commerce and money management solutions in one platform.**



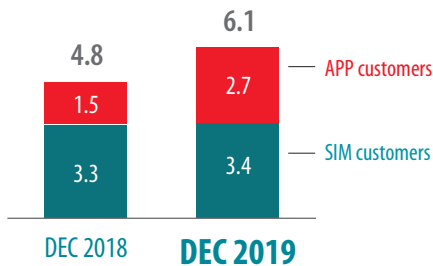
DaviPlata is the biggest and most innovative e-wallet in the country, connecting over **6.1 million Colombians.**

Seeking to improve Colombians' access to digital payment methods, DaviPlata launched the first free virtual card in the country in 2019. This card allows access to national and international electronic commerce. This initiative has already benefited over 400,000 customers, of which nearly half did not have a means of payment to make such purchases.

We continue to complement our financial services offer with savings and insurance features in DaviPlata. In 2019, we developed the **Bolsillos (Pocket)** function, which allows our clients to formally save towards their goals. DaviPlata now also has a micro-insurance offer to purchase life, pet and bicycle insurances at low cost, without additional document or insurability requirements.



DAVIPLATA CUSTOMERS



Thanks to these inclusive initiatives, the adoption of our application increased by 94 % compared to 2018: at the end of the year, about 2.8 million customers were using DaviPlata through this channel.

We continue to work in alliance with companies and the Government of Colombia. Through DaviPlata, we made over 488,000 subsidy payments in 2019 to nearly 203,000 beneficiaries of the program *Jóvenes en Acción* (Youth in action) and supported over 15,000 companies in payroll payment to nearly 630,000 employees.

We continue our consolidation as a **tool for financial inclusion** in Colombian through the development of **Davivienda Ecosystems**, with which we seek to financially empower communities by promoting digital means of payment other than cash, in establishments and shops. This allows businesses to reach new markets and increase sales. An example of this is the Davivienda Ecosystem in Usiacurí (Atlántico), where we supported their certification process as a Sustainable Tourist District granted by the Ministry of Commerce, Industry and Tourism; making that 4 out of 5 businesses accepted digital payment methods.



Davivienda Ecosystems have been replicated in entertainment centers, educational institutions, production cycles and housing projects of Constructora Bolívar, reaching 11 departments of Colombia and exchanging over COP 86 billion in means other than cash.



DaviPlata El Salvador

We strive to identify best practices in the countries where we operate, and to transfer this knowledge to all of our businesses. This is how we facilitate access to financial services easily, quickly and safely through DaviPlata El Salvador. Since 2018, the innovation of the DaviPlata App brought about the first 100 % digital account, cardless withdrawals and free browsing, allowing our clients to carry out financial transactions without consuming data.

During 2019, DaviPlata provided financial services to over 31,000 people, including beneficiaries of family remittances, youngsters, university and other students, private sector employees, among others, who effected about 160,000 transactions for over USD 14.6 million.



Commercial banking

...means that SMEs are able to reach growth opportunities through our Green Lines, as Amazonas, which renewed the public lighting system of Florencia (Caquetá).



...means funding more projects that contribute to municipalities' progress, as the one Corpocaldas is leading by developing infrastructure to mitigate environmental risk in the Manizales region.



To be a main player in Commercial Banking

by joining business of all scales in each of their development stages



...means to support more LEED certified housing projects, as Avatar, which generates less environmental impact and more savings to their owners.



...means that more farming families have easier access to working capital, as the Rojas, who were able to harvest their rice crop.



We help our Commercial Banking customers to finance projects with **environmental impact, climate change mitigation and adaptation.**

We support the countries where we operate by providing financing for their companies and projects. Commercial banking consolidated portfolio closed with a 45.4 trillion pesos balance and an annual growth of 1.8 %, accounting for 47 % of our total gross loans.

In Colombia, Commercial Banking¹³ closed with a 33.6 trillion pesos balance and a 0.3 % annual growth. As of December 2019, our market share was 12.7 %. In our international subsidiaries¹⁴, commercial banking outstanding balance was USD 3,675 million, with an annual growth of 3 %.

In Colombia, we continue to work together with the Government in initiatives that contribute to the quality of life through the improvement of sewerage infrastructure, wastewater treatment, road maintenance and construction, environmental risk management programs, renewable energy generation projects and modernization of energy transmission systems, among other initiatives.

At the end of 2019, the loan balance of projects with environmental benefits and mitigation/adaptation to climate change amounted to COP 1.35 trillion, of which 32 % correspond to placement of Green Bond resources (issued in 2017 for 433 billion, 10-year term).

CORPORATE AND WHOLESALE SEGMENT

Our corporate and wholesale portfolio in Colombia closed 2019 with a balance of COP 21.1 trillion, decreasing 3.1 % compared to 2018. In our international operation, this segment grew by 8.7 %, with good dynamics in El Salvador and Panama.

Infrastructure

We also support the development of the countries where we operate, financing large infrastructure projects. In Colombia, we participated in relevant projects for the energy sector (such as conventional energy generation and transmission initiatives), and road construction, particularly 4G projects and public-private alliances.

In the coming years, we will also focus on non-conventional renewable energy projects.

13. Individual figures of Colombia operation

14. Figures under local homologated accounting.



CONSTRUCTION SEGMENT

In 2019, we continued to lead the Construction segment in Colombia. In portfolio balances, we closed with COP 4.6 trillion, with a 6 % decrease compared to the previous year. Disbursements reached nearly COP 3.2 trillion, of which one third were aimed to social housing projects.

Likewise, we ratified our commitment to finance sustainable projects (which we started with the Green Bond issuance), promoting projects with construction certifications such as LEED¹⁵ and EDGE¹⁶ among our builders. Financing in this area amounted to COP 476 billion.

In 2019, our first financed project along with IFC was EDGE certified. Through this project we will be able to provide green homes to more Colombian families, by optimizing natural resources, thus minimizing environmental impact.

We continue to make efforts and strengthen policies, procedures, and capabilities to identify business opportunities and continue offering banking and financial products for sustainable construction.



Projects funded by Davivienda in Colombia, 2019 Housing and other buildings

Cielos / Social Housing
Constructora Bolívar Cali S.A.
CALI

Caoba Parques de Bogotá / Social Housing
Constructora Bolívar S.A.
BOGOTÁ



A third of our disbursements for construction were aimed to **social housing projects**

15. LEED® (Leadership in Energy & Environmental Design) is an environmentally sustainable construction certificate created by the US Green Building Council.

16. EDGE® (Excellence in Design for Greater Efficiencies) is an international software application, standard and certification system for green construction, created by the International Finance Corporation (IFC), a body of the World Bank.





Granate / Social Housing
Constructora Meléndez S.A.
CALI



Santa María de los Cerros / Residential Housing
Escalar Gerencia Inmobiliaria S.A.S
BOGOTÁ

Avatar / Residential Housing
Promotora Apotema S.A.
BOGOTÁ





Duville / Residential Housing
Arquitectura y Concreto S.A.
MEDELLÍN



Tenerife Alejandría / Residential Housing
Constructora Bolívar S.A.
BOGOTÁ

Zima 26 / Residential Housing
Constructora Zima S.A.S.
BOGOTÁ



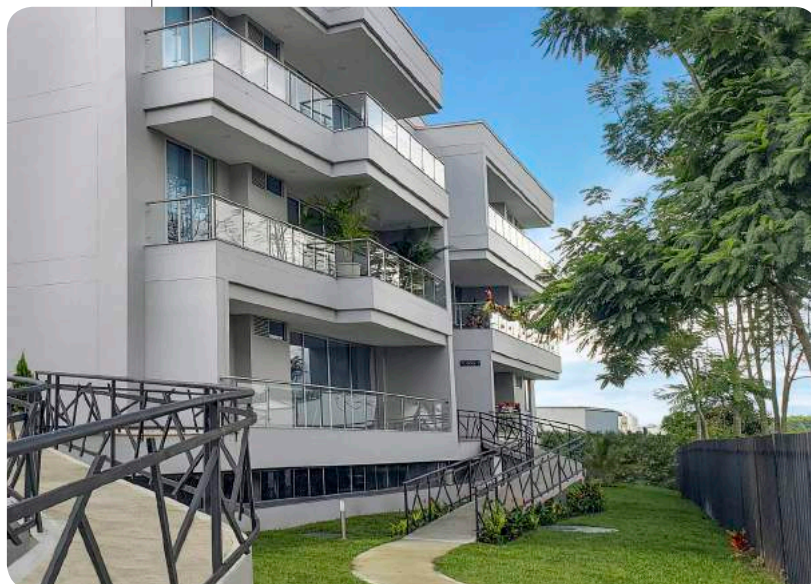
Our first financed project
along with IFC was **EDGE**
certified in 2019.



We continue leading
the construction segment
in Colombia, closing with
a COP 4.6 trillion loan
balance.



Los Corales Apartasuites / Other buildings
Construinvertir S.A.S.
ARMENIA



Torre Sigma / Office building
IC Constructora S.A.S. y
Construcciones Lambda S.A. / BOGOTÁ



SMEs SEGMENT

We ended the year with a portfolio of COP 7.9 trillion and a growth of 15.6 %. In line with our commitment to national entrepreneurship and the development of SMEs, we served more than 70,000 small and medium-sized companies.

We want to accompany entrepreneurs of all scales in each stage of their companies' life cycle. For this reason, in 2019 we continued to design customized financing programs, alliances, services and products for them.

With **ePayco**, a gateway that accepts different allied payment methods, we support SMEs that need to sell or collect online. We hence guarantee the effective transfer of online resources quickly, safely and without complications, while promoting business growth, increased sales and greater benefits.

This year, we held the first **Davivienda SMEs Exhibition**, designed for our customers to access products with exclusive benefits and attractive complementary services. Additionally, we launched **PYMAS**, a content portal offering free tools so that our clients can use the benefits of digital transformation in favor of their businesses.

15,6 %, SMEs loan growth in Colombia.



Agribusiness



We continue to promote growth of the agricultural sector in Colombia. As a result, the portfolio grew 11.6 %.

In 2019, we participated in the *Agroexpo* and *Expo Especiales* exhibitions, attending the credit needs of the agricultural and agro-industrial sectors, disbursing around COP 57 billion.

Likewise, we supported the Ministry of Agriculture and Rural Development with nearly COP 2.1 billion in the initiative *Coseche y venda a la fija*, to promote trade of agricultural products nationwide.

During 2019, we consolidated **Productive Value Chains**, jointly with USAID's¹⁷ rural finance initiative. Through this program, we established national alliances with coffee growers' cooperatives and supply vendors to encourage digital tools in the agricultural sector. As a result, we reached over a thousand new clients through our Agricultural and Coffee cards, offering them about COP 16 billion in credit lines and promoting reduction of cash in rural areas.

17. USAID: Agencia de los Estados Unidos para el Desarrollo Internacional.



Wealth Management

...means that more people, as Roberto, increase their wealth by saving in our Voluntary Pension Fund, Dafuturo.



...by making that more women, as Mariana, manage their savings and investments through digital channels.



To be a benchmark in Wealth Management

by committing to achieve that more families invest for their well-being and build their equity.

...means that more families, as the Palacio, reach their goals by investing in reliable and safe funds.



We gained over 80 basis points in our Mutual Funds' market share.

This was an excellent year for our wealth management clients, as evidenced by the growth in assets managed by our subsidiaries Davivienda Corredores and Fiduciaria Davivienda, which increased by 15.7 % compared to 2018. This allowed us to close the year with over 300,000 clients and COP 61.7 trillion managed through different investment products and fiduciary businesses.

Mutual Funds continued to be one of the investment vehicles most favored by Colombians. With our wide offer, we have responded to our clients with the best products, in accordance with their risk profile and investment horizon.

We earned 83 basis points of market share, going from 11.8 % in 2018 to 12.6 % in 2019. Our **Interest** and **Superior** funds grew by more than COP 990 billion, and we created the Long Term Fixed Interest Fund, which reached COP 408 billion. Additionally, the **Real Estate Fund** managed by Davivienda Corredores reached COP 643 billion in its third market launch, occupying the third place by volume in this type of funds in Colombia.

It is very significant for us to accompany Colombians in **increasing their equity** and preparing for their retirement with profitable and sustainable products over time. Our **Dafuturo Voluntary Pension Fund** excels: it reached a record level of growth in 25 years, reaching a market share of 7.8 %: 36 basis points higher than the previous year. Dafuturo's diversified multi-portfolios gained from the performance of local and international stocks, fixed rate instruments and the US dollar.

At Davivienda, we are also committed to getting **more people to invest in their well-being and prosperity**. This is why we launched the opening 100 % virtual of Superior Fund and Dafuturo through the Davivienda App. Thanks to this function, we granted our clients access to these products under a self-management approach. Acceptance was immediate, in such a way that by the end of 2019, 40 % of monthly openings were made through the App.

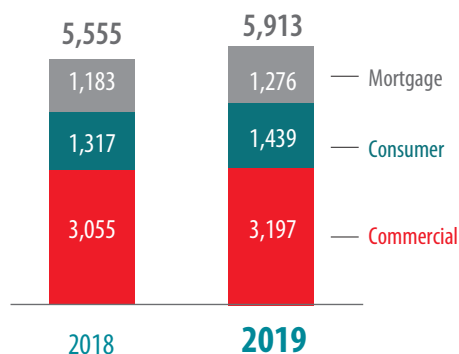
Looking ahead, we want to continue bringing more customers closer to saving and responsible investing. On the other hand, we remain committed to ensure that our customers enjoy the benefits of digitization through our mobile products and services.



International banking

In our Central American operation, results were also positive. Today, the international portfolio accounts for 20 % of the consolidated loans. This has allowed us to diversify operations and become a regional Bank capable of meeting the needs of our clients.

Assets registered an annual growth of 8.7 %, while gross loans increased by 6.4 %. This result was mainly due to the performance of our commercial portfolio, which increased by 4.7 % annually, with El Salvador and Panama showing the highest growth, given dynamics in the corporate segment in both countries.



ANNUAL VARIATION	
	%
Mortgage	7.9
Consumer	9.3
Commercial	4.7
GROSS LOANS	6.4

Our International Operation reached a **USD 73.4 million** profit by the end of 2019.

In the consumer portfolio, El Salvador and Honduras exhibited greater dynamism, mainly in credit cards and payroll loans. As a result, this segment increased by 9.3 % compared to the previous year.

Regarding the mortgage portfolio, growth stood at 7.9 % in dollar terms, led by Panama and El Salvador.

Our international operation had an accumulated profit of USD 73.4¹⁸ million at the end of 2019.

Our commitment to finance sustainable projects transcends borders. In Central America, we offer sustainable financing lines and financial products and services which provide our clients with access to specific resources that promote compliance of UN's Sustainable Development Goals.

We placed USD 70 million in certified sustainable construction projects (EDGE or LEED) for Costa Rican companies with recognized sustainability certificates or seals. Likewise, we acquired a USD 60 million loan with IFC to finance sustainable projects.

In El Salvador, we granted USD 30.7 million for wind and solar energy projects.

In line with our strategic goals, our regional management is making an effort to act as a single bank, identifying best practices and adapting to the conditions of each market in the countries where we operate. In this sense, we have made progress in aligning policies, processes, controls and platforms on different fronts, such as risk management, human resources, auditing, compliance and

18. Includes homogenizations and eliminations.



customer service. To do so, we have adopted the best practices of the parent company and its subsidiaries, building a comprehensive management model capable of adapting to the operation of each country.

Our regional management had important achievements in 2019:

- **Compliance:** We integrated an asset laundering management model with corporate policies and guidelines, based on a technological platform that allows centralized management and the implementation of best practices.
- **Operational risk:** We unified the operating models to measure and calibrate the levels of tolerance to operational losses in each country. We sought to unify mechanisms for effective regional management.
- **Human resources:** We unified policies, guidelines and training/communication processes, leveraged on a regional technological platform.
- **Auditing:** We structured a centralized government for the planning and monitoring of review and audit processes, with a system that allows the regional monitoring of identified findings and commitments.
- **Technology:** We unified our App at the regional level and achieved migration of Costa Rica and Panama thereto, standardizing the best practices in digital processes' structuring, and customer experience through different channels.



El Salvador and Panama reached the highest growths in **commercial and mortgage loans**. In the **consumer segment**, El Salvador and Honduras showed the highest increases.



Sustainable management



...means that more enterprises such as Alumetales, participate in Empeñe País and strengthen their skills as entrepreneurs, for their progress.

...achieving that people like Jorge and Ana María, reach their goals, through financial education.



Strengthen our sustainable management

Committed to encourage and develop business models that solve social and environmental problems

...is to encourage more employees, like Felix, to use "Davivienda on bike" to move from their home to office and back, reducing the environmental impact and promoting sustainable mobility.



... is to ensure that more women in our organization, like Margarita and Adriana, are examples and promote female leadership from their management positions.



In 2019, we were included in the Dow Jones Sustainability Index - for the sixth consecutive year - and we were included in the RobecoSAM Sustainability Yearbook among 15 % of the companies with best sustainability practices in the world.

We continued to work from shared value to develop business models addressing environmental and social issues in our banks, we broadened the scope of financial product and service inclusion, and we strengthened financial education strategies. Additionally, we integrated these concepts into the creation of new programs and products in our banks, in synergy with other companies of Grupo Bolívar.

On the other hand, we continued our commitment to assess environmental and social risks in project financing in the Corporate, Entrepreneurial and Construction banks.

Our employees and suppliers are an active part in programs focused on reducing environmental impact. They participate in training, communication and other events. We permanently evaluate the use of resources in the operation in all the countries where we operate.

Our comprehensive talent management is not only based on training and development for our employees, but also extends to working together with their families, whom we involve in projects with a social and environmental focus. We materialize this through our own projects and actions, in synergy with the Bolívar Davivienda Foundation.

In 2019, **we connected 100 % of the prioritized SDG goals** in Colombia and Costa Rica with the results of our business in existing products and programs.

Our comprehensive talent management extends to **working together with our employees and their families.**

Our commitment to the Sustainable Development Goals - SDGs

In 2019, we connected 100 % of the prioritized SDG goals in Colombia and Costa Rica with the results of our business in existing products and programs. Today, we integrate the contribution to the SDGs of new projects from their beginning, and we monitor progress on a quarterly basis. This allows us to make decisions and evaluate best practices. In 2020, we will align all the goals of our regional management.



ECONOMIC MANAGEMENT

Finding the way to **create value from the business for people and the environment** is the exercise we materialize through Personal, Commercial and Wealth banking, and in our regional management. We believe that an important part of value creation is making innovation, digital transformation, financial inclusion and welfare transversal axes to bring customers closer to our products.

We highlight some complementary topics that are relevant from the economic aspect:

Financial inclusion

Our commitment to providing **access to more people to the financial system** is a fundamental part of our corporate strategy and of our social contribution to the countries where we operate, acting from different lines of business, such as DaviPlata, Agro y VIS (Households of Social Housing), with financial education support. This is how we will expand the scope of our contribution to reach more territories where banking activities have traditionally not been present.

Financial welfare

Collection management

Our goal goes beyond collecting money; we are committed to people's financial welfare. We are there to offer solutions and help them meet their obligations, safeguarding our relationship, their capital and reputation, even when financial hardships strike.

This is how we build differential experiences in 3 fronts:



WE TAILOR SOLUTIONS BASED ON THEIR NEEDS

During 2019 we attained approximately **150 thousand solutions**, creating products tailored to the circumstance of our customers:

- We offer up to six months to people who have lost their jobs. We bear with them as they find a new job.
- We offer quota transfers or intermediate extensions to those who have suffered calamities or temporary contingencies.
- We understand time is valuable for everybody and for this reason we offer virtual services and services at home.



WE CREATE SPECIAL SERVICES

In difficult times, people are worried; therefore, we have created services to build trust and proximity.

Customized Solutions

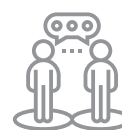
Every month, we identify 400 customers that show the biggest balances and are undergoing financial difficulties. We then design an offer tailored to their circumstances. COP 792 billion have benefited families through accompaniment of our financial advisors, who offer specific contributions to improve financial conditions.

Davivienda in the Communities

427 families with balances amounting to COP 17 billion received alternatives solution and advice, reaching them directly in their neighborhoods and condominiums to "break the ice" between the customer and the bank.

Virtual Collection Unit

Artificial Intelligence has allowed us to predict the payment behavior of our customers and to identify 120 thousand of them with balances amounting to COP 4,3 trillion. Since their likelihood to pay has been diminished, we offer alternatives supported by virtual communication and interaction from any part of the world.



WE TRANSFORM OUR WAY OF COMMUNICATING

¡The content is not all that matters! Our customers demand a closer relationship, where conversations and interactions create value.

We maintain active communications with customers, taking into consideration significant factors such as the timing, the channel, the type of message and, obviously, the solution. Our messages include action buttons so that customers can act upon acquiring information.



Special services to help our customers in financial difficulties



Supported on our financial education programs, we are working in contextualized education programs addressed to our credit customers, generating information in real time to provide them timely orientation to tackle potential financial problems. This commitment has allowed us to find solutions for 212,000 families for COP 10 trillion of improved balances.

Financial Education



We provide individuals with tools for confident and smart money management.

As part our commitment to deliver financial welfare to people, in 2019, we optimized our virtual and on-site tools through contents focused on different goals and lifestyles and we involved the state-of-the-art technology that facilitates learning in the countries where we operate.

The access to more people to the financial system is a fundamental part of our corporate strategy and of **our social contribution to the countries where we operate.**



Mis Finanzas
| para mi negocio |



Mis Finanzas
| para invertir |



Facebook

MisFinanzasenCasa



Twitter

MFinanzasenCasa



Instagram

MisFinanzasenCasa



LinkedIn

MisFinanzasenCasa



93 thousand
beneficiaries



through social media



on-site conferences

My finances
at home
35 more than
thousand
online courses in
El Salvador, Honduras
y Costa Rica

54 More than
thousand
courses
and On-site conferences



On-site and
virtual
conferences
800
companies
to more than

Around
1.7 million
customers
have benefited from this accompaniment



We continue making contributions to communities through the creation and strengthening of ecosystems with DaviPlata; likewise, our tools are serving children who attend Cultivarte learning centers.

IMPACT OF OUR FINANCIAL EDUCATION PROGRAMS IN COLOMBIA

	2017	2018	2019	ACCUMULATED
Customers	64,265	50,554	1,776,850	1,891,669
Enterprises	876	637	782	2,295
Interactions	447,138	450,004	4,812,646	5,709,788
People	87,748	80,641	70,036	238,425
Sessions	49,363	33,928	18,212	101,503
Views	2,129,215	2,682,870	4,007,490	8,819,575

IMPACT OF OUR FINANCIAL EDUCATION PROGRAMS IN CENTRAL AMERICA 2019

	COSTA RICA	EL SALVADOR	HONDURAS	TOTAL
Enterprises			25	25
Interactions			25,629	25,629
People	5,346	14,715	3,330	23,391
Sessions	8,264	27,672		35,936
Views	11,656	34,957		46,613
TOTAL	25,266	77,344	28,984	131,594



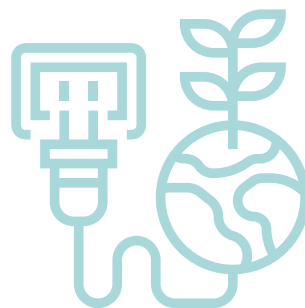
ENVIRONMENTAL MANAGEMENT

An environmentally sustainable business is made possible through the identification and mitigation of the direct and indirect environmental impacts of our business activities.

In accordance with our environmental policy, external commitments and points of reference, we developed our strategy, including climate change management, through the following lines of action:

- Social and Environmental Risk Management System (SARAS).
- Eco-efficiency.
- Environmental products and programs, considering cross-section training and sharing of information.

The SARAS methodology is aligned with IFC's standards and performance guidelines.



Social and Environmental Risk Management System



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

The Social and Environmental Risk Management System (SARAS) is part of our risk management framework; it includes policies and procedures applied when granting loans in the corporate, construction, entrepreneurial, and leasing segments, as well as in the evaluation of investment decisions and in the management of strategic providers.

The SARAS methodology establishes policies regarding amounts and terms, sensitive activities and local regulations. It is aligned with the standards, performance guidelines, and the IFC exclusion list, and includes climate change and human rights as transversal aspects. Based on the structure of certain financed projects, the evaluation includes the "Equator Principles" standard.

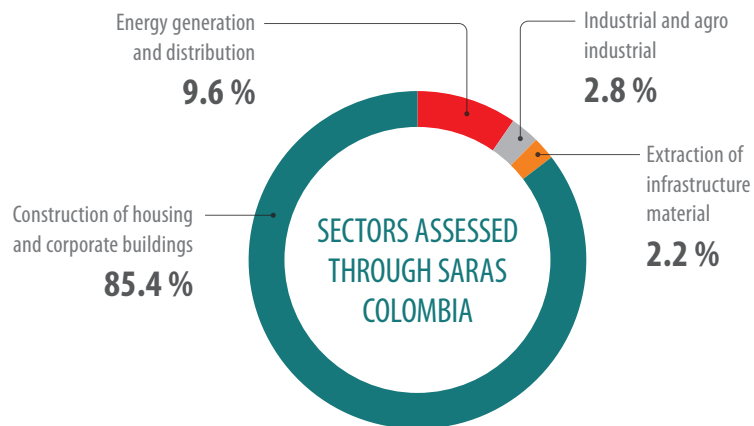
Within the SARAS framework, the identification of climate change risks takes into consideration records of climate situations, vulnerability and flooding threats, mass removal, draughts, rainfall increase or gradual changes in climate parameters. We have incorporated geographic consultation tools for such analyses.

Learn more about assessment procedures and monitoring at www.davivienda.com





Colombia



SARAS CATEGORY	QUANTITY	REQUESTED AMOUNT	NO. OF MONITORINGS
Category A	41	1,756	233
Corporate Loans	14	1,135	87
Construction Loans	20	399	134
Business Loans	7	220	12
Leasing Loans	0	0	0
Category B	137	2,900	277
Corporate Loans	7	511	45
Construction Loans	127	2,377	208
Business Loans	1	7	24
Leasing Loans	2	4	0
Category C	0	0	0
TOTAL	178	4,656*	510

* Equivalent to USD 1,421 million. Market Representative Exchange Rate (TRM) as of December 31, 2019 = COP 3,277.14

A total of 178 loan requests were evaluated within the SARAS framework amounting to COP 4.6 trillion, equivalent to USD 1,421 million.

NEW SARAS ASSESSMENTS APPLIED TO 2019 LOAN REQUESTS

(COP Billion)

We promote the importance of measuring and reporting the carbon footprint among our suppliers.



SARAS CATEGORY	2018		2019	
	QUANTITY	AMOUNT	QUANTITY	AMOUNT
A	41	1,443	41	1,756
B	190	4,125	137	2,900
C	-	-	-	-
TOTAL	231	5,568	178	4,656

SARAS - Suppliers

The application of this system has allowed us to promote among our suppliers the importance of measuring and reporting the carbon footprint and to identify actions allowing its mitigation, as well as adaptation to climate change. In 2019 we categorized 66 suppliers as critical: 53 former and 13 new suppliers, which correspond to 80 % and 20 %, respectively.

This year we involved our suppliers through training in the collective initiative led by Andi (National Business Association of Colombia), which promotes bottling and packaging waste management to implement recycling actions, waste reduction and reutilization of resources, in addition to promoting eco-design practices.



SARAS ACCUMULATED ASSESSMENTS COLOMBIA

(COP Billion)

We evaluated 127 local and international issuers of the real sector, in which we invest through ordinary bonds.

Sustainable investment

Based on the SARAS methodology, we reviewed ESG criteria (environmental, social and governance) in the assessment and allocation of issuers' investment caps in the financial and real sectors, both local and international. The Model was developed in conjunction with the Investment Risk Vice-Presidency of Grupo Bolívar.

In 2019 we followed up and evaluated 132 issuers of the local and international financial sector, increasing by 63 % the number of evaluated issuers, compared the preceding year, expanding the scope. As a result, 65 % of the financial sector entities with whom we have defined investment caps are catalogued in "Outstanding" and "Acceptable" by implementation levels of sustainability criteria.

Furthermore, we evaluated 127 issuers of the local and international real sector where we have invested in the form of ordinary bonds, increasing the number of assessed enterprises by 67 %; we found that 85 % of them are in "Outstanding" and "Acceptable" sustainability levels. In 2020 we shall continue evaluating issuers that are approved for portfolios to be commercialized to customers; likewise, heat maps will be developed to visualize the state of the portfolio, according to defined criteria.

Learn more at www.davivienda.com



TOPIC	EMPLOYEES
Virtual Trainings: Davivienda environmental strategy and SARAS	10,788
On-Site Trainings: reinforcement of SARAS policies, green lines, use of plastic materials	47
Training program on green energy capabilities and financing	8
TOTAL COLOMBIA	10,843

Training and sharing of information

6 Senior Management executives participated on behalf of our Central American subsidiaries in the Green Banking (Renac) – Training program on green energy capabilities and climate financing.

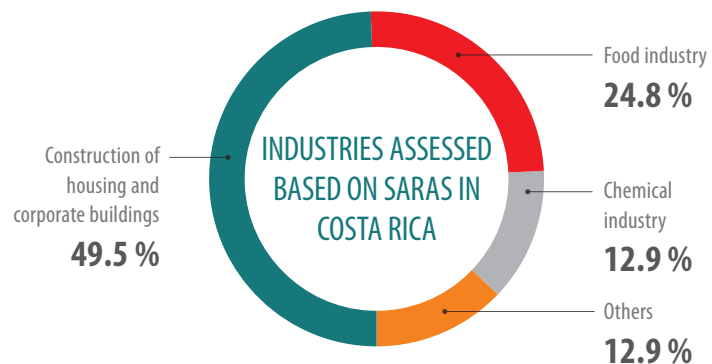
- **El Salvador:** The environmental and social training plan reached 177 employees of the commercial, loan, operative and support departments.
- **Costa Rica:** Employees of the risk areas participated in the training program offered by the General Superintendence of Financial Entities on topics related to climate change and green financing records.

Central America



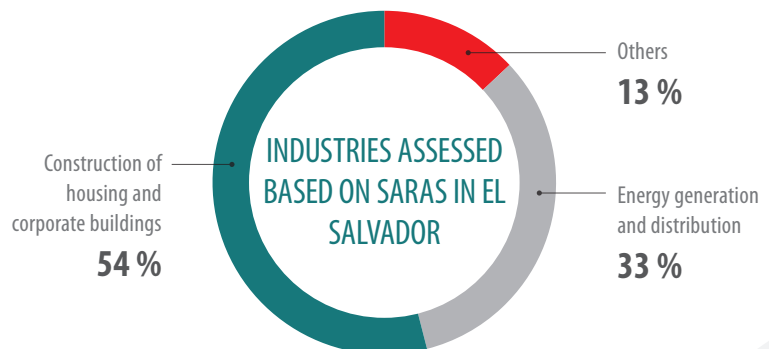
Costa Rica

In 2019 we made 8 new SARAS assessments for USD 58 million and 92 periodical monitoring to loans assessed in previous years.



El Salvador

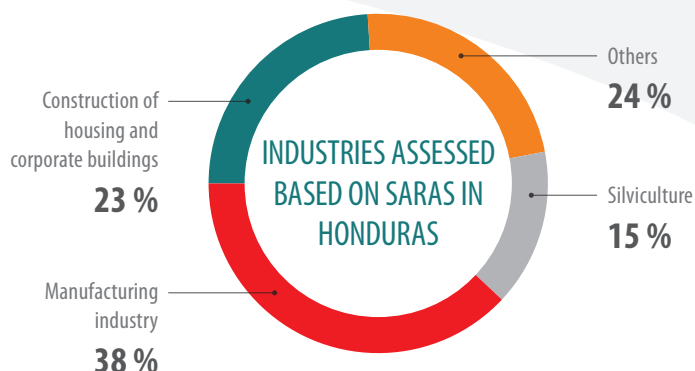
We assessed 24 new loans operations amounting to USD 187 million. In 6 operations involving USD 109 million, we made the assessments applying Equator Principles, considering the amount of the investment. We made 75 visits to customers to learn about their environmental and social performance and conducted 70 monitoring activities to follow-up on transactions formerly assessed under SARAS.





Honduras

In 2019 we conducted 13 new SARAS assessments amounting to USD 32.7 million and periodically monitored 31 loans assessed in previous years.



Panamá

In 2019 we applied the assessment to a loan application for USD 1.7 million and we monitored the operations formerly assessed.



ASSESSMENTS BASED ON SARAS IN CENTRAL AMERICA, ACCUMULATED

(USD million)

SARAS CATEGORY	COSTA RICA				EL SALVADOR				HONDURAS				PANAMÁ			
	2018		2019		2018		2019		2018		2019		2018		2019	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
A	5	18	2	7	-	-	-	-	2	6	1	2	-	-	1	2
B	17	85	6	51	12	98	13	125	12	32	12	31	1	6	-	-
C	-	-	-	-	13	67	11	62	-	-	-	-	-	-	-	-
TOTAL	22	103	8	58	25	165	24	187	14	38	13	33	1	6	1	2

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



Adhesions in Central America 2019

- **Costa Rica:** We signed a Green Protocol between the Chamber of Banks and several financial institutions of the country to support sustainable development, climate change mitigation and the preservation of the environment.
- **El Salvador:** We signed the Sustainability Protocol with 12 member banks of the Salvadorian Banking Association (ABANSA), to join efforts and offer institutional capabilities for the sustainable development of the country by all members of the Association.
- **Honduras:** With the support of the Honduran Banking Association (AHIBA) we participated in the last stage of revision of the Environmental and Social Regulations draft, in order for all banks to have an Environmental and Social Risk Management System, regulated by the National Banking and Insurance Commission (CNBS).

Our goal:

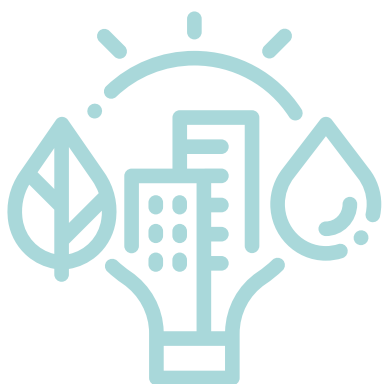
To apply the SARAS evaluation to 100 % of the loans applications meeting the criteria.

Operational eco-efficiency



We are committed to prevent, mitigate, and redress the environmental impacts we generate. We constantly search for increasingly novel technical and technological solutions to enable greater efficiency in our operations, taking steps forward to attain our environmental strategic goals.

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.



Colombia

2019 Milestones

- We invested COP 13.5 billion in technologies to achieve greater efficiency and to obtain energy and hydric savings.
- We generated 150 MWh of clean energy generated by photovoltaic systems.
- Thanks to our comprehensive waste management strategy, we handled 378 tons of waste.



Carbon footprint measurement

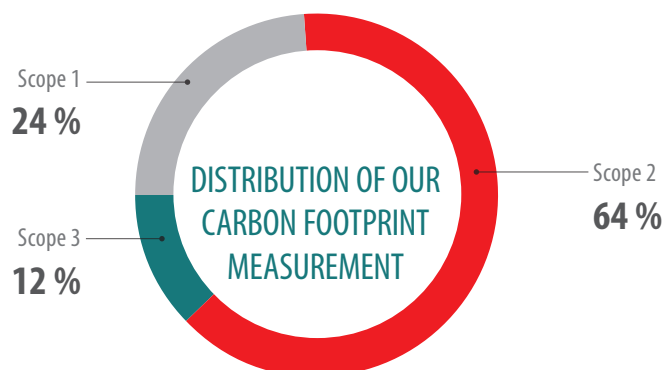


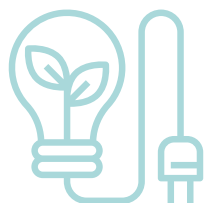
We measured and reported the carbon print in our operation in Colombia.

CARBON FOOTPRINT RATIOS FOR OUR OPERATION IN COLOMBIA

INDICATOR	2016	2017	2018	2019	ACTIONS
Scope 1 Emissions due to consumption of cooling gases for air conditioners and fuels of electric plants (Ton CO ₂ eq)	3,366	2,857	2,090	2,639	Considering the higher average temperatures in Colombia during 2019, which generated greater demand of air conditioning and, thus, greater consumption of cooling gases*, we increased by 26 % our emissions in this scope as compared to the previous year; notwithstanding, there was a 52 % reduction compared to the base year 2014.
Ton CO ₂ eq/FTE	0.33	0.28	0.20	0.26	
Ton CO ₂ eq/m ²	0.01	0.01	0.01	0.01	
Scope 2 Emissions due energy consumption (Ton CO ₂ eq)	7,251	6,994	6,822	6,940	The Scope 2 emissions corresponding to energy consumption in the organization increased by 1.73 %, mainly due to the increase of average temperature in the country. .
Ton CO ₂ eq/FTE	0.71	0.67	0.66	0.68	
Ton CO ₂ eq/m ²	0.02	0.02	0.03	0.02	
Scope 3 Emissions due consumption of reams of paper and air travel by employees (Ton CO ₂ eq)	1,357	1,355	1,061	1,278	Air travels increased by 25 %, mainly due to training sessions held abroad, while paper consumption emissions were reduced in 3 %. In general, emissions in this scope increased by 20.4 %.
Ton CO ₂ eq/FTE	0.13	0.13	0.10	0.13	
Total carbon footprint	11,974	11,206	9,973	10,857	In 2019 our carbon footprint increased by 9% compared to the preceding year; notwithstanding, performance compared to the base year 2014 underwent a 30% reduction. Likewise, we prevented the emission of 4,714 Tons of CO ₂ eq, relative to the baseline.
Carbon footprint (Ton CO ₂ eq/FTE)	1.17	1.08	0.97	1.07	
Carbon footprint (TonCO ₂ /m ²)	0.04	0.04	0.04	0.04	

* The cooling agent R410 was primarily used. These agent does not deplete the ozone layer (according to the Montreal Protocol); however, it has a greater emission factor.





Carbon footprint Offset

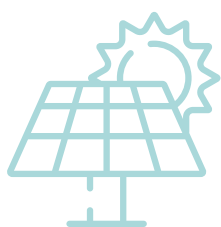
As part of the “Plant to Harvest” event, we planted 6 thousand native trees in the Márquez village, municipality of La Calera (Cundinamarca), with the accompaniment of 120 employees. Thanks to these efforts, we captured 1,680 Tons of CO₂eq and 15.5 % of our total carbon footprint was offset. Furthermore, we offset our carbon footprint during the event (4 tons of CO₂eq), this being the first neutral carbon event held by Davivienda.

Energy efficiency

We measured our energy consumption and implemented actions geared towards efficiency.

ENERGY CONSUMPTION

	2016	2017	2018	2019	ACTIONS
MWh	36,393	35,146	34,477	34,874	In 2019 we invested:
MWh/FTE	3.6	3.4	3.3	3.4	<ul style="list-style-type: none"> COP 9,800 million in the renewal of air conditioning equipment for a more efficient energy consumption that does not deplete the ozone layer. COP 3,240 million for shifting to the led lighting system. We expect to achieve savings of 6,757 MWh in energy consumption, which is translated into a reduction of 1,345 Tons of CO₂ footprint.
MWh/m ²	0.1	0.1	0.1	0.1	



Net energy consumption increased by 1.15 %, mainly due to the average temperature increase in Colombia, given that around 53 % of the Bank's energy demand corresponds to air conditioning equipment. However, consumption in 2019 dropped 26 % relative to the baseline year (2014).

USE OF NON-CONVENTIONAL TYPES OF RENEWABLE ENERGY: SOLAR ENERGY

GENERATION OF SOLAR ENERGY IN 2019

	INSTALLED POWER KWP	GENERATION	ACTIONS
Photovoltaic systems on the roof at 7 of our offices.	65	59	Generation of 118 MWh.
7 Davivienda Flowers* installed in different cities of the country, available for charging mobile devices owned by the community.	17	32	We installed 3 new Davivienda Flowers, with an investment of COP 230 million

*We initially rolled out the Smart Flower initiative in Colombia in 2017. We installed 12 solar panels that automatically open at dawn and follow the trajectory of the sun throughout the day, turning radiation into clean and efficient energy.



WIND ENERGY

We have an innovating renewable energy generation system in our branch in San Andres island that consists of a 2 kWp power, tulip type, 2-axes vertical wind turbine. Furthermore, the office has a 11.9 kWp solar panels system; these clean energies have reduced conventional energy consumption by 19 %, avoiding the emission of 6 Tons of CO₂eq.

In 2019 we entered into an agreement to increase the quantity of solar energy generation photovoltaic systems at the Bank's facilities (240 kWp, which will be installed in the first half of 2020). Likewise, we will install more Davivienda Flowers in different cities of the country, benefiting the community with clean energy free of charge.



Water efficiency

We measured our water consumption and implemented actions geared towards efficiency.

The implementation of clean energies, in our office based on San Andres Island, have reduced conventional energy consumption by 19 %.

WATER CONSUMPTION



INDICATOR	2016	2017	2018	2019	ACTIONS
m ³	88,295	105,603	117,069	111,869	<ul style="list-style-type: none"> We installed 1,300 water saving devices in toilets, reducing water consumption by 4 % nationwide. In 2020 we will install 1,360 additional devices, with an investment amounting to COP 64.7 million. In 2019, we conducted a specialized management pilot project for public utilities in order to reduce water and energy consumption, achieving savings of more than COP 4 million / month. With the expansion of this nationwide project, we are projecting savings of COP 4,720 million, reducing rates for energy and water consumption.
m ³ / FTE	10.7	10.2	11.4	11	
m ³ / m ²	0.3	0.4	0.5	0.4	



Comprehensive waste management system

PAPERLESS BANK

In 2019 we reduced printing by 13 % relative to the previous year, exceeding the 10 % goal. We are promoting efficient use of paper, following up on file printing indicators, broken down by branch nationwide, implementing good printing practices, using more efficient printers, as well as processes digitization. Our future goals are aimed at reducing printings by 15 % in 2020 and by 20 % in 2021.



USE OF PAPER AND STATIONERY

- We use paper 100 % manufactured with fiber obtained from sugar cane bagasse, certified with the Colombian Environmental Seal.
- We eliminated 7 types of plastic bags from the stationery catalogue, saving COP 48 million and reducing 5.7 thousand bags.

PAPER CONSUMPTION

INDICATOR	2016	2017	2018	2019	ACTIONS
Paper (Tons)	197	188	187	180	Last year, we reduced paper reams consumption in 3.4 %, saving 6 tons of this input, due to efficiencies and to process digitization.
kg/FTE	19.2	18.2	18.1	17.8	

SPECIAL, HAZARDOUS AND REUSABLE WASTE

INDICATOR	2016	2017	2018	2019	ACTIONS
Hazardous and Special Waste (Tons)	72.2	44.6	3.0	91.7	<ul style="list-style-type: none"> • 179.6 kg of bio sanitary waste generated in our medical centers. • 91.6 tons of electronic and electric devices waste of post consumption waste resulting from batteries, lighting fixtures, toners and residues of electronic and electric devices (RAEE). • Adequate disposal of 1,026 toner cartridges applying the Lexmark Cartridge Collection Program (zero landfills and zero incineration policy).
kg/FTE	7.1	4.3	0.3	9.0	
Reusable Waste (Tons)	201.6	324.2	187.3	286.6	<p>We managed 286.6 tons, as follows:</p> <ul style="list-style-type: none"> • 212.4 tons of recycled paper; 33.0 tons of recycling and organic waste (files, carton, newspaper, plastic, glass, scrap, coffee grinds); and 41.3 tons of waste resulting from taking RAEE and furniture pieces apart for reutilization. • We reutilized 6.8 tons of coffee grinds from coffee machines to produce organic fertilizer. • Management of inactive archives generated income amounting to COP 88.5 million.
kg/FTE	19.7	31.3	18.2	28.3	



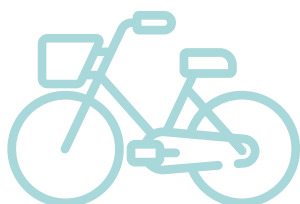
We awarded prizes to 3 branches for the best performance in consumption of resources and administrative expenditure in 2019¹⁹. The winners and their main achievements were:

- **Atlántico:** Reduced 13 % of water consumption.
- **Risaralda:** Reduced 21 % of carbon footprint from air travels.
- **Nariño:** Obtained savings for COP 150 million.

Sustainable construction

We obtained LEED certification for the Domo innovation building, thanks to the implementation of sustainable construction strategies, such as a green roof, reutilization of rain water, efficient water, sanitary and energy equipment, a station for **Davivienda on bike**, to promote sustainable traffic, and the implementation of green cleaning manuals.

In 2019, a group of employees responsible for physical adaptations of the Bank's facilities took a 20-hour course on sustainable construction. The course provided architectural and technical concepts to develop sustainable projects and provided participants with updated information regarding the regulatory framework.



Sustainable mobility

The program includes the initiative: **Davivienda on bike**. As part of the program, we provide spaces equipped with showers, changing rooms, and lockers for employees who commute riding bicycle. Furthermore, we have a fleet of hybrid (electrical) bicycles available for employees to share during office hours and after office hours.

The program has had a significant impact in wellness indicators, contributing to the environmental goals of the organization. By the end of 2019, 664 employees used our ecosystem, completing 19.3 thousand trips, cutting emissions by 23.8 tons of CO₂. Likewise, we created new ecosystems in Pereira and Bucaramanga.

We plan on including up to 3 cities in 2020 to expand our sustainable mobility initiatives.

Quantitative eco-efficiency goals

QUANTITATIVE GOALS

(Percentages)

	2020	2021	2022
1. Energy efficiency (reduction in consumption)	1	2	1
2. Generation of clean energy (increase in kWh/year)	25	50	25
3. Water efficiency (reduction in consumption)	1	2	1
4. Carbon footprint Scope 1 (reduction)	1	2	1
5. Carbon footprint Scope 2 (reduction)	1	2	1
6. Carbon footprint Scope 3 (reduction)	2	1	1
7. Carbon footprint offset	20	25	30
8. Reduction of paper use	3	5	7
9. Waste management (increase in reusable waste/ total waste)	5	7	10

19. The green indicator measures the reduction of energy and water consumption, carbon footprint of air travel and administrative costs of branches at the national level. Administrative expenditure includes stationery, cafeteria, air travel, petty cash, business card and utilities.



Central America

Eco-efficiency Costa Rica

ECO-EFFICIENCY RATIOS - COSTA RICA

(CO₂ emissions tons equivalencies)

INDICATOR	2016	2017	2018	2019	ACTIONS
Scope 1 (Ton CO ₂ eq)	—	377	239	103	Preventive maintenance on air conditioners.
Scope 2 (Ton CO ₂ eq)	142	204	266	255	
Scope 3 (Ton CO ₂ eq)	—	55	55	59	
Total carbon footprint (Ton CO ₂ eq)	142	636	560	416.8	Our carbon footprint was reduced by 26 % compared to the previous year. Offset: We planted 700 trees in Juan Castro Blanco National Park, an important site for aquifer replenishment.
Energy (MW)	3,722	3,663	3,525	3,378	
Energy (MW/FTE)	3.9	3.8	3.7	3.3	Energy consumption was reduced by 4 % due to the implementation of LED lighting and raising awareness among staff to turn off office equipment when not in use.
Energy (MW/m ²)	0.2	0.2	0.2	0.2	
Water m ³	23,765	19,458	9,406	19,582	
Water (m ³ /FTE)	46.3	28.3	9.8	21.1	We sent out communications to raise awareness among our employees and implemented cost-saving devices in the bathrooms of all facilities.
Water (m ³ /m ²)	2.5	1.6	0.5	0.6	
Use of paper (Ton)	21	23	22	20	Paper consumption was reduced by 9 % compared to 2018, due to the establishment of restrictions on the use of reams and the implementation of digital documents. We carried out the "Paperless" initiative to raise awareness and call for action to change processes, save paper and remove printers.
Use of paper (Kg/FTE)	22.6	24.0	22.8	20.7	
Recycling (Ton)	8.9	3.8	5.1	5.3	
Recycling (Kg/FTE)	9.4	3.9	5.3	5.4	We support the culture of waste separation at the source.

SUSTAINABLE MOBILITY

We continued with our policy of having one day of remote working per week. In 2019, 8.3 % of the population took advantage of this benefit, enabling us to slash CO₂ emissions by 14.8 tons. Furthermore, we rolled out a carpooling program (Work-Ride) which allowed us to save 44.17 kg/CO₂, after 14.4 thousand-kilometers of commute were completed as part of this initiative. Furthermore, we kept offering free shuttles for 100 employees to commute towards our main headquarters, avoiding the use of private vehicles.



Eco-efficiency El Salvador

ECO-EFFICIENCY RATIOS - EL SALVADOR

(CO₂ emissions tons equivalencies)

INDICATOR	2016	2017	2018	2019	ACTIONS
Scope 1 (Ton CO ₂ eq)	–	1,737	1,409	1,286	
Scope 2 (Ton CO ₂ eq)	5,441	5,275	5,222	5,109	
Scope 3 (Ton CO ₂ eq)	–	74	119	76	
Total carbon footprint (Ton CO ₂ eq)	5,441	7,086	6,750	6,471	We succeeded in cutting overall emissions by 4 % in 2019 by properly renovating and maintaining equipment and making processes more efficient.
Energy (MW)	8,003	7,759	7,682	7,515	
Energy (MW/FTE)	4.5	4.4	4.4	4.2	We reduced energy consumption by 2.2 % by installing more efficient equipment, using LED lights and controlling on/off times.
Energy (MW/m ²)	0.3	0.3	0.3	0.3	
Water m ³	55,536	50,327	48,100	53,091	• We continued our efforts to save water in offices, rewarding those with the greatest savings.
Water (m ³ /FTE)	31.1	28.4	27.4	29.9	• We installed water-saving taps.
Water (m ³ /m ²)	1.9	1.7	1.6	4	• We run a program to inspect and fix water leaks in restrooms.
Use of paper (Ton)	42	82	74	69	
Use of paper (Kg/FTE)	23.5	46.1	42.4	38.7	The "Paperless Bank " Initiative led to an 8 % reduction in consumption compared to 2018. During "Paperless Day" we gathered obsolete files and started the campaign to reduce printing by shifting to digital methods.
Recycling (Ton)	5.0	7.2	8.2	52.0	
Recycling (Kg/FTE)	2.8	4.1	4.7	29.3	We increased the amount of recyclable waste by over 100 % over the year, following initiatives to separate and collect obsolete files as promoted under the Paperless campaign.

USE OF NON-CONVENTIONAL RENEWABLE ENERGIES

We obtained approval to install solar panels in 3 locations in 2019, with a 162.5 kw capacity, investing USD 185,000. This is expected to be in operation by 2020.



SUSTAINABLE CONSTRUCTION

In 2019 we started the construction of our Zona Rosa and Miralvalle locations; both projects are in the process of obtaining LEED certification and we expect to have them completed by 2020, following an investment amounting to USD 1.83 million. Our goal in eco-efficiency practices is to promote a culture of conservation among our employees and to become a leading example of sustainable operations for offices.



Eco-efficiency Honduras

ECO-EFFICIENCY RATIOS - HONDURAS

(CO₂ emissions tons equivalencies)

INDICATOR	2016	2017	2018	2019	ACTIONS
Scope 1 (Ton CO ₂ eq)	—	1,517	443	287	
Scope 2 (Ton CO ₂ eq)	2,018	3,149	3,166	3,168	
Scope 3 (Ton CO ₂ eq)	—	68	82	82	
Total carbon footprint (Ton CO ₂ eq)	2,018	4,734	3,690	3,537	We achieved an overall reduction of 4 % in emissions produced in 2019 relative to 2018.
Energy (MW)	5,500	5,075	5,102	5,106	
Energy (MW/FTE)	4.3	3.9	4.0	4.2	Energy consumption stayed flat compared to 2018.
Energy (MW/m ²)	0.0	0.1	0.1	0.1	
Water m ³	—	—	—	162,186	
Water (m ³ /FTE)	—	—	—	131.8	We installed water meters, getting data from July to December indicating 162,193 m ³ of water consumption.
Water (m ³ /m ²)	—	—	—	4	
Use of paper (Ton)	46.0	45.3	43.7	37.3	
Use of paper (Kg/FTE)	36	35	34	30	As part of the "Paperless Bank" initiative, we launched "More Digital - Paper = Awareness". On the "Paperless Day" we collected paper and office supplies and donated them to a local school. Other significant actions included the appointment of eco-leaders, the removal of printers and the optimization of processes and digitalization to avoid the use of 1.9 million pieces of paper. Overall, we managed to cut paper consumption by 14.6 % over the year.
Recycling (Ton)	3.3	6.6	7.6	8.7	
Recycling (Kg/FTE)	2.6	5.1	5.9	7.1	We handled 8.7 tons of recyclable waste, raising this figure by 14 % over the year, by separating waste at source with the collaboration of our employees.



Eco-efficiency Panama

ECO-EFFICIENCY RATIOS - PANAMA

(CO₂ emissions tons equivalencies)

INDICATOR	2017	2018	2019	ACTIONS
Scope 1 (Ton CO ₂ eq)	-	-	94.9	
Scope 2 (Ton CO ₂ eq)	217.2	232.8	211.7	
Scope 3 (Ton CO ₂ eq)	-	-	1.6	
Total carbon footprint (Ton CO ₂ eq)	217.2	232.8	308.2	We improved the scope of the carbon footprint measurement of our operations.
Energy (MW)	784.0	840.4	764.2	Technical implementations to reduce energy consumption in our branches and the relocation to new headquarters and administrative offices helped us to control energy consumption in 2019, reducing it by 9 % over the year.
Energy (MW/FTE)	4.8	5.2	6.0	
Energy (MW/m ²)	2.9	1.7	0.1	
Use of paper (Ton)	-	-	1.7	
Use of paper (Kg/FTE)	-	-	10.7	The "Paperless Bank" initiative: The campaign resulted in a 45.2 % reduction in ream consumption. We held the "Paperless Day" to remove 370 items of stationery, printers and 172 kilos of paper.

Environmental programs and products

We create environmental value for our customers and the community by providing products and services designed to support environmental protection and conservation. Moreover, we are taking action to adapt to climate change and to prevent, manage and mitigate environmental hazards.



Colombia

New project: Research to reduce the use of plastic. In 2019, we started to analyze our use of plastic and to search for alternatives to substitute it with biodegradable materials. In collaboration with Innovation Strategies and the involvement of university students, we carried out an activity to explore material substitution alternatives.

In 2019, we continued our active participation, along with Grupo Bolivar, in the **Packaging Pilot Project** established by the National Business Association of Colombia (ANDI) to develop a new model to manage packaging and paper materials, cardboard, plastic, glass, and metal, under a circular economy approach



We fund energy efficiency, renewable energy, cleaner production and sustainable infrastructure and construction projects **with LEED and EDGE certificate.**

Green lines



During 2019, placements in the Commercial banking segment (corporate, business and SMEs) through green credit lines were made with our own resources and with funds from development banks.

- **Own resources:** We fund energy efficiency, renewable energy, cleaner production and sustainable infrastructure projects, with portfolio balances totaling COP 174 billion in these lines. Additionally, we fund construction projects with LEED or EDGE certification, with portfolio balances amounting to COP 113.6 billion.
- **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. Findeter launched the "Reactiva Colombia" program, which covers social infrastructure, water, basic sanitation, energy efficiency and renewable energy projects. This launch was followed by an outreach to employees of the commercial force of the Commercial banking sector. Bancóldex kept active its special line of Sustainable Development and Energy Efficiency with rate and term benefits for our customers. The portfolio balances in these lines totaled COP 597 billion.

The portfolio balances of these items grew by 35 % relative to the previous year. Our goal is to increase portfolio balances to 20 % year-on-year by 2021.

Green leasing

We support our clients through the Energy Efficiency and Renewable Energy Strategy, aimed at financing photovoltaic solar energy, boilers and the replacement of transformers. We mainly target the SME segment, providing financing options with terms of up to 10 years and grace periods. Likewise, with the support of specialists, we help entrepreneurs in the financial structuring of these projects. Through these lines we disbursed COP 24.4 billion in 2019, exceeding expectations and surpassing the proposed goal for the year by 400 %. Portfolio balances totaled COP 27.7 billion.

Our goal is to promote the development of sustainable projects using leasing as the main tool for clients and suppliers, and to increase the disbursements in this line to COP 50 billion by 2020.

In addition, we have a line of credit for productive electric vehicles: we financed COP 8.1 billion for electric taxis in Medellín and electric buses for businesses, and we hope to continue supporting fleet renewal.

We promote partnerships with strategic suppliers for photovoltaic systems and the acquisition of electric vehicles, sharing information, insights into companies, efficiencies and greater coverage in the promotion and implementation of sustainable projects.





We promote eco-vehicle loans in our Personal banking to finance electric and hybrid private vehicles.

Green bond²⁰



By the end of 2019, the Green Bond (2017 issue) had financed and refinanced 15 housing, health, hotel, shopping center, and office projects in Bogotá, Barranquilla and Cartagena, belonging to our Construction and Corporate banking clients. These projects had obtained or were in the process of obtaining LEED or EDGE Sustainable Building Certification.

These are some of the main highlights:

- Reduction of energy consumption between 16 % and 46 % with respect to traditional buildings.
- Emissions reduced by approximately 5,478 Ton CO₂eq, each year.

Overall, by the end of 2019, green finance in the form of financing projects that benefit the environment and mitigate and adapt to climate change amounted to COP 1.35 trillion in portfolio balances. This includes COP 433 billion (32 %) from the placement of the Green Bond.

Eco-vehicle

We promote this type of loan in our personal banking business to finance electric and hybrid private vehicles. In 2019 we disbursed COP 16,960 million to finance 195 units, resulting in a total balance of COP 15.5 billion at the end of the year. We also established a partnership with Enel to finance chargers and electric points in Bogotá and Cundinamarca, which we can do as part of the financing of Eco-vehicles.

Urban gardens

We carry out both theoretical and hands-on environmental programs by setting up and caring for urban gardens with the aim of increasing awareness and training employees, retirees and their families.

20. The Green Bond issued by Davivienda in 2017 for COP 433 billion with a term of 10 years and purchased in its entirety by the IFC completed the external verification process conducted by Ernst & Young in 2018, complying with the parameters of the International Capital Market Association (ICMA). Further details are available in the entity's public information site.



Central America

Green lines



In 2019, we contemplated 4 funds for financing the Green Lines. One of them, through resources from the Inter-American Development Bank (IDB); during 2019, we placed USD 23 million for certified sustainable building projects (EDGE or LEED), resulting in savings in resource consumption estimated at least 20 % and/or a reduction in emissions of equal significance, investments in eco-efficient technology, generation of clean renewable energy and cleaner means of transportation. In addition, we received a USD 60 million loan from the IFC to finance projects in certified sustainable buildings, energy efficiency, renewable energy, and climate-smart agriculture.

Continuing our support of sustainable businesses, we have placed USD 14 million in Eco Business, an initiative aimed at companies that have a recognized certificate or seal of sustainability, considering environmental and social issues such as Fair Trade. Additionally, we financed with our own resources 3 sustainable construction projects, one with LEED Silver certification and the others in the process of obtaining EDGE certification, making a total disbursement of USD 32.7 million.



During 2019 we approved USD 30.7 million out of which we disbursed USD 8 million for projects with environmental benefit, emphasizing renewable energy from photovoltaic and wind systems.

Environmental programs



Green Marchamos: "Marchamo" is the name given to the permit that all motor vehicles in Costa Rica must have. In 2019 we launched the "Green Marchamo" initiative to help offset the first 10,000 kilometers run by each vehicle. In total, we contribute to the first 15 thousand vehicles up to 2,000 c.c., equivalent to 150 million kilometers offset and an approximate 20 thousand tons of carbon emissions offset.



**We received a
USD 60 million loan
from the IFC to finance
projects in certified
sustainable buildings,
energy efficiency,
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climate-smart agriculture.**





EL SALVADOR

Dabuenavida Green Life Insurance - Sea Turtle Conservation Program. This program is tied to the Green Savings Accounts, which allow clients to participate in the conservation of this species through the opening of a savings account and scheduled monthly increases, as well as to attend sea turtle hatchling release days, in partnership with The Zoological Foundation of El Salvador; more than 114 thousand hatchlings were released in 10 days, with the participation of more than 600 university students.



Green Life Insurance - Reforestation Sessions. We carried out reforestation campaigns in Zanjón El Chino in San Francisco Menéndez (Ahuachapán); in the Walter Thilo Deininger Park in La Libertad; in the Espino Ecopark in San Salvador; and, now in the Mangrove Restoration Project in Barra of Santiago (Ahuachapán). These activities were conducted in partnership with Limpiemos El Salvador (Lets Clean El Salvador), Fundemas' environmental program. These are some of the main results:

- 23,000 seeds transferred to a mangrove restoration project.
- 663 planted trees.
- 175 volunteers.

Integral Solid Waste Management Program with communities

The purpose is to strengthen social ties in the communities of Los Cóbanos (Sonsonate) and Barra of Santiago (Ahuachapán). We held workshops with the participation of 174 members of the community to create environmental self-identity in both towns and to provide training on solid waste management. After 10 days of cleaning, we recovered 2 tons of waste.

Sustainable Club Event. It is a business network for sharing ideas, knowledge and experiences about environmentally sound and financially feasible practices. During 2019, two events were held in partnership with the Global Climate Partnership Fund (GCPF) and the Salvadoran Business Council for Sustainable Development (Cedes). One in April called "Water management and its benefits", attended by 84 people, and another one in November called "Garbage is a design error", offering an approach based on the new trends of circular economy economic models, attended by 56 people.





HONDURAS

Reforestation of La Tigra National Park. The park suffered from forest fires and the loss of 8 hectares of forest in 2019. Since this park is pivotal for the cycle of water and wildlife biodiversity, we invested USD 1.5 million to plant 1,500 trees, which is equivalent to the reforestation of one hectare of forest.

Olive Ridley Sea Turtle Conservation Program. We continue to support the conservation of this endangered species. In 2019, the Conservation Committee of the El Venado community succeeded in collecting and protecting 101 nests, preventing the commercialization of the species. 8,520 turtles were released.

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. We support high impact programs, helping to solve challenges faced by communities and reaching out to them through the implementation of our own projects and working in synergy with the Bolívar Davivienda Foundation.

Strategic Philanthropy

At Davivienda we promote the development and prosperity of people by supporting different institutions, programs and our own and external initiatives

	AMOUNT
Bolívar Davivienda Foundation	14,240
Hogar Infantil Bolívar Foundation	2,369
Education, universities	1,050
Dividend for Colombia	251
Other (assets)	699
TOTAL DONATIONS	18,609
Cultivarte	8,652
TOTAL DONATIONS + CULTIVARTE	27,261*

*Equivalent to \$8.32 million. MRT at 31 December 2019 = COP 3,277.14

We support high impact programs, helping to solve challenges faced by communities.



STRATEGIC PHILANTHROPY 2019

(COP million)



DONATIONS (BY COUNTRY)

COUNTRY	AMOUNT OF THE DONATION	COMMENTS
Costa Rica	USD 66,810	In addition, we delivered 360 school kits to educational centers serving vulnerable populations.
El Salvador	USD 207,154	Through solidarity funds, we contribute to Aldeas Infantiles, and other entities, with a contribution of USD 10,000 to support their programs.
Honduras	USD 104,027	Contributions in education through the graduate program of Fundación Hondufuturo, and to Fundación Fondo Unido in early childhood programs.

Sponsorships and donations

As one of the most renowned companies in the country, we permanently use our own resources, goods, and services, or the sponsorship catalogue, to advance events or activities that promote sports, culture, art, education, innovation, foundations, regional festivities, forums, conferences, social initiatives, and other activities, in exchange for advertising, seeking to reinforce our social value and strategic goals. Sponsorship enables us to establish and strengthen business relationships.

SOURCE	AMOUNT	CONTRIBUTION
Marketing	COP 9 billion	23 sponsorships in 2019; 29 % to support local town halls and State governments, and 20 % invested in culture and sports.
Business lines	COP 225.3 million	School kits, education programs, health, inclusion and economic development.

Bolívar Davivienda Foundation



Fundación
Bolívar
Davivienda

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.

To learn more about the work of our Foundation, see the 2019 Sustainable Report, by accessing: <https://www.fundacionbolivar-davivienda.org/sostenibilidad/>



Voluntariado Familia Bolívar

UN PROGRAMA DE:
**Fundación
Bolívar
Davivienda**

Volunteer work by the Bolívar Family

We believe that society needs conscious and engaged citizens who contribute to the development of their region and country. That is the reason why we promote solidarity, innovation, and the participation of our employees, families, and retirees in social projects to accomplish sustainable development goals, hand in hand with social organizations, private companies, and governments. Learn more about this program here: <https://www.fundacionbolivardavivienda.org/programas/voluntariado-familia-bolivar/>

CORPORATE VOLUNTEERING - 2019*

	VOLUNTEERS	CONTRIBUTION IN HOURS
Colombia	5,668	43,173
Costa Rica	548	7,274
El Salvador	327	2,618
Honduras	420	4,140
Panama	73	1,194
TOTAL	7,036	58,399

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

HOURS DEVOTED - 2019 (BY ACTIVITY)

Environmental issues	22,200
Peace and community life	7,100
Education	13,702
Social and economic inclusion	26,376
TOTAL	69,378



Main achievements in 2019:

- We innovated our volunteer offering by engaging in new projects and working with new allies, in addition to the use of scheduling tools.
- Volunteer participation rise by 47 % relative to the previous years, as the overall hours devoted to volunteer rose by 15 % year-on-year.





Costa Rica

Main achievements in 2019:

- 410 employees, 43 % of our staff, joined by 162 family members and friends participated in our activities.
- We planted 700 trees in the Juan Castro Blanco National Park.
- We collected 1.8 tons of waste in the San Lucas island and in Bajamar beach in Puntarenas.
- We collected 2.4 tons of plastic caps and sent them to the accessible beaches program led by Pro Parques foundation.
- -We enhanced the infrastructure of 4 protected areas.
- We positively impacted over 300 children with financial education activities through our Cultivarte program.



El Salvador

We earned two distinctions in 2019:

- Huella RSE in the environmental category.
- The Association of the Conservation of Sea turtles in San Diego beach (Acotomsad) recognized our efforts to protect these species. We have released over 1.12 million turtles over the span of 10 years.

Main achievements in 2019:

- 10 thousand seeds planted to restore mangroves in the country.
- 1.92 tons of solid waste collected with the participation of students from 6 universities.
- 7 Best Buddies sessions during the second year of this program.



Honduras

Main achievements in 2019:

- We planted 1,500 trees, investing USD 1.5 million, towards the reforestation of La Tigra national park, which was severely impacted by fires.
- The collection of 101 sea turtle nests, to prevent them from being sold.
- The release of 8,520 turtles during the closed season, with the participation of 90 volunteers.





Cultivarte

Foundation to Cultivate the Art and Culture. This program provides spaces furnished to unleash the potential of children and youngsters from vulnerable populations through learning and cultural and artistic activities during their free time.



In 2019, 224 thousand children and youngsters benefited from Cultivarte. By the end of 2019, we had 87 locations and impacted 21 municipalities in Colombia and the other 4 countries in where we operate.

Main achievements in 2019

- We opened 10 Cultivarte locations, including the first location in Panama.
- 5 new effective contents to be applied at all locations.
- We conducted a mentorship program to improve the performance of our coordinators.



IN COLOMBIA

- We held the first Cultivarte storytelling contest. Children from across 72 municipalities submitted 457 stories.
- We opened the first **Cultivarte Family** center to facilitate adequate learning spaces for children (between the ages of 5 and 12) and youngsters (between the ages of 13 – 17), widening our offer to adult based on strategic goals such as employment, entrepreneurship, financial education, and technical skills for the 21st century. Cultivarte Family was rolled out in Villagorgona, Municipality of Candelaria in Valle del Cauca. We have established partnerships that have enabled the participation of 6 thousand children, youngsters, and adults from the entire community, who benefited from 850 hours of free training and nearly 20 programs.

Under the shared value approach, Cultivarte Family was launched through our synergy with Constructor Bolívar, particularly the Social Capital team. Our contribution was to provide a wide range of opportunities to families who benefited from the social housing program (VIS) conducted by Constructora Bolívar, strengthening the communities inhabiting those housing projects.

IN COSTA RICA

- 225 institutional partners who support us with activities, talks, process support, and improvement of contents.

IN EL SALVADOR

- We held the first course on Cultivarte vacations, organizing 6 activities, each with 15 volunteers, benefiting 60 children.

IN HONDURAS

- Over 150 employees shared their professional knowledge and spent time with children in every day activities creating a positive impact to transform their lives.

Inversión Social

UN PROGRAMA DE

Fundación Bolívar Davivienda

Social Investment

Thanks to our Social Investment program, the Bolívar Davivienda Foundation jointly finances social projects that have identified problems and proposed solutions. We build capacities and empower communities that participate in our processes to promote the sustainability of our actions. More information about this program in:

www.fundacionbolivardavivienda.org/inversion-social/org/inversion-social/

	2018	2019
Beneficiaries	8,956	17,033
Regions reached	12	16
Supported projects	17	25

During 2019, the Foundation continued to support economic development processes in rural areas in remote areas of Colombia, with the aim of generating opportunities to improve the living conditions of its inhabitants, including income generation, habitat improvements and the strengthening of soft skills.



Aflora

UN PROGRAMA DE
Fundación Bolívar Davivienda



Aflora

This is a program led by the Bolívar Davivienda Foundation that seeks to assist social organizations to consolidate by equipping them with capabilities to enable them to be sustainable and produce a greater impact where they operate. We deliver value to the social sector through information and knowledge management and our challenge is to promote high impact social organizations based on 3 pillars: effectiveness, sustainability and replicability. Learn more about Aflora at: <https://www.fundacionbolivardavivienda.org/aflora/>

AFLORA / GENERAL RATIOS 2019

Organizations enrolled in Aflora	2,562
Organizations that stepped up one level	28
Hours of instruction provided	4,675

Main achievements in 2019:

- In 2019 we completed 19 thousand hours and certified 158 people during training cycles.
- We established a partnership with the Chamber of Commerce to organize 5 forums throughout the year to have conversation about the management of social organizations.

Emprende País

The Bolívar Davivienda foundation conceives dynamic entrepreneurship with good prospects to grow as an effective tool to promote social and economic development. Thanks to our entrepreneurship program, we equipped entrepreneurs with capabilities, backed by the experience and knowledge of experts and senior executives of Grupo Bolívar, as well as a network of successful business leaders at a national level who participated as mentors. Learn more about this program in the following link: <https://www.fundacionbolivardavivienda.org/programas/emprende-pais/>

Emprende País

UN PROGRAMA DE
Fundación Bolívar Davivienda



COUNTRY ENTREPRENEURSHIP 2019

	BOGOTÁ	BUCARAMANGA	CALI
Number of businesses participating	22	15	15
Hours of mentorship	100	100	N/A

Main achievements in 2019:

- 55 on-site workshops and 230 hours of training.
- We supported Social Skin, Oxelerator, and the professional practices of the Thunderbird MBA through participant mentorships.
- 5 % of companies reported that the workshops were essential to support good decision making, and 100 % of the companies recommend the program.

Colombian Youth Philharmonic

This initiative is a social project that has encouraged over 450 young performers between the ages of 16 and 24 from all regions of the country. Our musicians have developed their talent in large-scale orchestral performances, achieving an artistic excellence that has earned them the recognition of critics, the specialized press and the public in the United States and Europe, as one of the best youth orchestras in South America. Learn more information about this program in: <https://www.fundacionbolivardavivienda.org/programas/emprende-pais/>



UN PROYECTO DE

**Fundación
Bolívar
Davivienda**



Colombian Youth Philharmonic: Over 450 young performers of one of the best youth orchestras in South America.



COLOMBIAN YOUTH PHILHARMONIC - 2019

Performances	13
Cities	10
Talent development and practice hours	14,772
Musicians trained in education, entrepreneurship or cultural management	24

Main achievements:

- Over 650 beneficiaries.
- First Colombian orchestra to be a guest in the most emblematic theatres in Europe, such as the Musikverein in Vienna, becoming a prominent symbol of the national musical culture abroad.
- Igor Stravinsky's Ballet of the Rite of Spring, played and danced by the musicians and artists of the orchestra.
- We were accepted into the European Federation of National Youth Orchestras (EFNYO), becoming the first Latin American orchestra to join this organization.

Simón Bolívar National Journalism Award

For 44 years this award has awarded the best journalistic content in the country. Its mission has been to become a benchmark of excellence in journalism practice and a stimulus for this discipline, which is fundamental to the strengthening of democracy.

In 2019, 1,243 journalistic works from all over the country were nominated and 65 works were registered for the Journalistic Book Award, which is held every 2 years.

- Life and Work of a Journalist Award: Gerardo Reyes Copello.
- Journalist of the Year Award: Foundation for Freedom of the Press (FLIP).





3

■ OUR
ENABLERS

OUR ENABLERS

Human Talent

Enriching life with integrity is the higher purpose that drives and guides each of our actions and decisions. This promise is delivered every day thanks to our employees.

People are the driving force behind our strategy; they enable us to deliver joyful experiences to our customers. That is why we believe in stimulating the professional and personal growth of our employees within an environment that fosters innovation, well-being, and commitment.

Creating high quality jobs

We believe that we can greatly contribute to society by creating high-quality jobs, offering the opportunity to grow personally and professionally. We provide a wide range of well-being, health, and safety programs to improve the quality of life of our employees and their families.

More than
17 thousand people
from 6 countries, make up the
DNA of our company



We invested
COP 7,584 million
in training programs



62%
of our staff are
women



89% 
of our employees reported to be satisfied
with the **working environment**

GENDER DIVERSITY

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA	MIAMI	TOTAL
Women	63 %	56 %	61 %	58 %	54 %	64 %	62 %
Men	37 %	44 %	39 %	42 %	46 %	36 %	38 %



EMPLOYEES BY CONTRACT

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA	MIAMI
Temporary contract	1,670	0	0	0	0	1
Permanent contract	12,157	981	1,727	1,233	161	44

NEW EMPLOYEES AND TURNOVER RATE

	COLOMBIA	COSTA RICA	EL SALVADOR	HONDURAS	PANAMA	MIAMI
New employees	469	127	210	131	25	13
Rate of new employees	4 %	13 %	12 %	9 %	15 %	28 %
Voluntary turnover rate	6 %	9 %	12 %	5 %	9 %	12 %
Turnover	7 %	13 %	19 %	17 %	24 %	16 %

We are an important source of employment in the countries where we operate, maintaining our strength to leverage knowledge management, and reflecting the satisfaction felt by people working in the organization. At the same time, we are aware that employees turnover is a tool to widen our perspective and constantly equip our organization with renewed skills to lead the transformation of our business, as we observe the demands and context of each country.

We create high-quality jobs by providing development to our employees and **offering the opportunity to grow professionally.**

AGE DIVERSITY

Under 25 years	2,063	15 %
Between 25 and 34 years	5,558	40 %
Between 35 and 45 years	3,526	26 %
Over 45 years	2,680	19 %
TOTAL	13,827	100 %

A team spanning across generations allows us to broaden our outlook as we develop diverse work methodologies supported by experience and new work and business dynamics. We build solutions out of different points of view to understand the different perspectives of our customers.

We are relentless in providing an excellent work environment for our employees

We understand the commitment of our employees is the driving force behind business results and for that reason we believe it is essential we provide them with a positive organizational environment, fueled by motivation and empowerment enabling them to reach their full potential and excellence in their work.

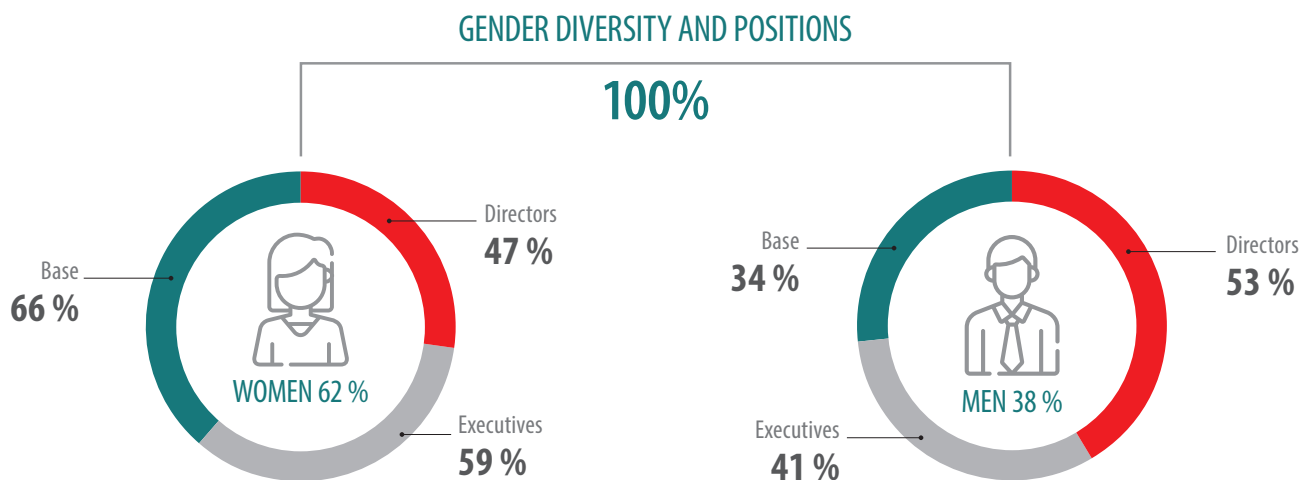


91 % of our employees participated in the latest survey on organizational commitment, which included national and international subsidiaries. The survey showed that 89 % of our employees feel satisfied at their work, based on the answers they gave to the question: How satisfied do you feel with the organization as a workplace? These results show the appreciation felt by our employees for the quality of the jobs they hold.

An organization where women predominate

We are primarily comprised of women. It is a space where they can excel and grow, both in administrative and commercial roles. Moreover, we are proud of the fact that a high percentage of our leadership positions are occupied by female executives who greatly contribute to the pursuit and accomplishment of business results.

We are proud:
5 out of 10 people
who hold management
positions at Davivienda
are women.



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

Since our inception, helping families to buy their own home and build equity has been at the core of our organization. Our employees enjoy housing loans with special, below market interest rates; currently, 3,623 of our employees are taking advantage of this benefit, amounting to COP 184.8 billion.



We are aware that improving the quality of life of our employees goes beyond offering support to build equity for them and for their families. As a result, our efforts encompass a wide range of activities and programs aimed at offering psychological help, support in legal and tax matters, and availability of spaces to share with their families. 5,409 employees have used the services offered through our Family Guidance Center (COF) to share their experiences and receive support in personal development, daily challenges, family and couples therapy, services for teenagers, advice on parenthood, psychological counseling, as well as legal and tax consulting.

Health care coverage for our employees and their families



In 2019 we benefited our employees and their families through various activities:

- Collective life and health insurance policy
- Preventive health services. Women's health month and men's health month.
- Medical centers and dentistry. Vaccination campaigns.
- Blood donation events.
- Medical attention to spouses and attention at medical centers
- Breastfeeding rooms

In addition to the programs offered by the Bank, we actively involve our employees in occupational health and safety committees.

We provide safe workspaces for our team to work under safety standards, while raising awareness about the prevention and treatment of occupational diseases.



We bring our employees and their families closer together through activities, programs and benefits that add value to their lives, such as sports, cultural and recreational events, institutional gatherings, and activities like the holiday party (Familia Bolivar), the talent festival (Familia Bolivar), and well-being plans.

3,623 of our employees are taking advantage of the benefit of housing loans with special interest rates.

ATTENDANCE TO OUR HEALTH AND WELLNESS PROGRAM



OCCUPATIONAL HEALTH AND SAFETY INDICATORS

	RATE
Work-related accidents rate	3.05
Rate of occupational disease	0.04
Severity rate	3.66
Absenteeism	2.57
Fatalities due to occupational accidents or diseases	0

INVESTMENT IN BENEFIT PROGRAMS

(USD billion)

BENEFICIOS	AMOUNT
Colombia	46,000
Costa Rica	300.8
El Salvador	291.9
Honduras	138.2
Panama	551.6
TOTAL	47,282.5



Rojotu, a lifestyle

Rojotu is a lifestyle. Three concepts were developed under the scope of this lifestyle:

- 1. Image:** We offer a wide range of apparel collections for individuals to choose from, according to their style, making us look like a community, respecting the uniqueness of each of our employees.
- 2. Active lifestyle:** initiatives focused on inspiring people to exercise and improve their health.
- 3. Healthy diet:** We promote healthy eating both at home and in our restaurants, where we offer healthy food.

We work towards the professional development of our employees



In 2019 we invested COP 7,584 million in training processes aimed at promoting the development of our team. We established specific training programs to leverage the core and the strategies set forth by business and support vice-presidencies, geared towards boosting innovation, specialization, and the accomplishment of goals, as well as to add value through product and service offerings to our customers.

We believe that fostering leadership is key for the growth of our employees. Therefore, in 2019 the **Leadership Center of Grupo Bolivar** invested more than COP 391 million in 367 employees to enhance their performance and strengthen their communication skills, and to provide them with tailored support for their specific needs.

The School of Analytics served 6,324 employees in 2019 and played a key role in our digital strategy. 3,162 hours were devoted to strengthening the technical skills of our staff, particularly when it comes to the use of analytics in decision making processes. Compared to 2018, we improved the level of knowledge by mobilizing 45 % of the population from the low level to the intermediate and advanced levels.



2,889 employees, accounting for 97 % of the target population, participated in the “Avanza” program. This program is designed to improve business results through knowledge and skills. Additionally, we strengthened our internal control management, reaching 86 % compliance. Furthermore, we had a positive impact on the organization’s culture of sustainability thanks to two strategic programs: “World without Barriers” and “With our feet on the ground”; more than 12,000 front- and back-office employees participated in this training.

COP 7,584 million
investing in training
processes for our
employees.

EMPLOYEES TRAINED

	ON-SITE		ONLINE	
	EMPLOYEES	TRAINING HOURS PER PARTICIPANT	EMPLOYEES	TRAINING HOURS PER PARTICIPANT
2017	7,380	23	15,483	3.5
2018	5,896	46	13,476	26
2019	6,087	27	15,654	16.8

PARTICIPANTS IN TRAINING PROGRAMS

(Average hours and headcount)

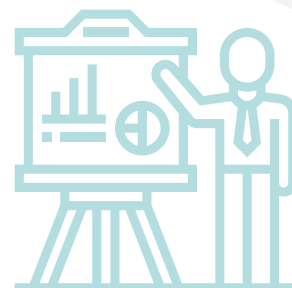
		ON-SITE		ONLINE	
		WOMEN	MEN	WOMEN	MEN
Area Directors, Managers & Higher Positions	Hours	72	48	48	24
	Employees	58	71	88	111
Supervisors, coordinators and leaders	Hours	29	30	16	16
	Employees	419	361	1,579	1,200
Professionals I, II, III and specialists	Hours	32	37	21	22
	Employees	992	578	1,772	1,146
Base Positions	Hours	22	21	15	15
	Employees	2,484	1,122	6,429	3,318



ATTENDANCE TO ON-SITE TRAINING OR ONLINE SESSIONS

(Employees)

Colombia	21,741
Costa Rica	6,262
El Salvador	13,999
Honduras	5,429
Panama	1,384
TOTAL	27,074



The training and development plans promote professional growth of our employees, providing them with educational subsidies suited to their needs.

AMOUNT INVESTED IN SUBSIDIES FOR UNDERGRADUATE, GRADUATE AND SPECIALIZATION STUDIES IN COLOMBIA

(COP million)

	Employees	Amount
First-semester loan	105	247
Educational aid	1,265	6,716
Graduate studies	11	134
TOTAL	1,381	7,097

We also focus on the sustainability of the business by ensuring we are equipped with the talent needed to lead the organization in the short and medium term through our development and succession plans, while guaranteeing our employees are always well prepared, thereby opening up multiple opportunities for professional growth:

Development plans

We understand people are at the core of our competitive edge. Therefore, all our employees follow development plans that they can build together with their team leaders in order to maximize their holistic growth. This contributes to their individual well-being and their families. In addition, every year we review our top executives in terms of talent.

We manage our employees' talent with a culture of development and succession plan that promotes self-management driven by results and the growth of our team's capabilities, in line with the business strategy. We identify potential successors in Colombia and in our national and international subsidiaries for executive level positions and critical positions in the organization. Currently, 75 % of the positions under analysis have at least one identified internal successor.

We support the sustainability of the business by ensuring that **we have the talent** to lead the organization.





We seek the continuous growth of our employees at all levels, through the **Development Assessment process**.

Performance evaluations

Assessment for Development is the name of the tool that we use to encourage all our employees at all levels to continuously grow. 12,107 (98.59 %) employees out of 12,280 (100 %; our target in Colombia and national subsidiaries) enrolled. 87 % of those enrolled completed the full process; 1.4 % only completed the introspection component; 3.2 % completed the introspection and employee-boss relationship components; 0.4 % only completed the employee-boss relationship component; 4.8 % completed the introspection and boss-employee relationship components; and the remaining 3.3 % did not participate in the process.

We know, for our employees the opportunity of development, is key to grow within the organization. 1,233 employees were promoted in 2019, that implies a positive impact on their working conditions.

EMPLOYEES RECEIVING ASSESSMENT FOR DEVELOPMENT

LEVELS	WOMEN	MEN
Directors - Area Directors and Managers, and higher positions	1.23 %	1.29 %
Employees with leadership responsibilities, coordinators and leaders	11.31 %	7.52 %
Professionals I, II, III and specialists	12.27 %	9.06 %
Base positions	38.09 %	19.23 %

Corporate risk management

Corporate risk management is at the heart of our strategy. Based on a governance structure, it is designed to achieve strategic goals managing and controlling risks to support business growth and seize opportunities. Our management efforts focus on this strategy and control compliance which work within our "Risk Appetite Framework" establishing the risks that we are willing to take and endure in order to achieve our strategic goals.



The core criteria of our risk management is reflected in actions and behaviors that contribute to a cautious, yet proactive operation in terms of the exposure to various risks sources tied to our business, in an effort to ensure that results meet expectations.

Risk management is not based on a serial process whereby each element only impacts the following item; instead, it is a continuous, multidirectional, and iterative process whereby all factors can affect or influence others.

Our corporate risk model is constantly evolving, in line with our policies and founded on certain aspects of business risk management as defined in the “Enterprise Risk Management” publication released in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission – COSO, as well as subsequent documents such as “Enterprise Risk Management - Integrating with Strategy and Performance” published in 2017 and the “COSO Internal Control - Integrated Framework” of 2014.

The Bank’s comprehensive risk management practices are consistent with the comprehensive risk management practices of Grupo Empresarial Bolívar. They involve the analysis of current and projected exposures, as well as setting limits. Similarly, they require an assessment of the implications of all risks and decisions to modify the limits if they are not compatible with the overarching risk philosophy.

Risk management is a logical and systematic method that, based on the context, allows the identification, analysis, evaluation, control, monitoring, and communication of risks associated with any activity or task, finding ways to improve processes, as well as preventing and mitigating losses.

The “stages of the risk cycle” are identified for each risk and are used as an input for subsequent follow-up and management. The process is as follows: identification of risks, analysis of such risk, set up of controls, monitoring, communication, and reporting.

Each business line entails specific risks based on the nature of the businesses they conduct. There are shared risks, regardless of their origin, arising from these processes, which need to be managed through different risk management risk management systems; defined by Davivienda as follows:

Our corporate risk model
constantly evolves
within a changing
business world.



We are constantly reviewing risk mitigation within our business lines, guaranteeing the Bank's performance in the long run.



- Strategic risks
- Credit risks
- Market risks
- Liquidity risks
- 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
- Business continuity
- Internal control system

The risk management systems are described in detail in the Notes to the Financial Statements, Chapter 10, "Corporate Risk Management" as of December 31, 2019.

Risk management systems must acquire a deep understanding of the governance structure and the operational, accounting, technological, information, and compliance characteristics of each of the operations for which they are responsible. Also, these systems ought to analyze in detail each process, the data managed therein, the performance of the applications involved, and the understanding of the regulatory framework.

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.

For this reason, 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.



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. The Board thoroughly 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 the risk management model as well as the internal control system of the Bank. It issues opinions and recommendations about the performance of the different risk committees.

We analyze our business challenges holistically, managing risk through our Corporate Government 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 the types of risk. Their purpose is to evaluate risk policies, mechanisms and procedures already implemented.





Comprehensive Accounting and Taxation Regulation and Disclosure Committee

This is the committee that 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.

Increasingly, the organization is moving towards better decision making to find the optimal combination of assets, liabilities and equity, while delivering the most attractive risk/return ratio for all stakeholders.

Corporate risk management is therefore one of the central components of our 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.

We are permanently monitoring our business environment, adapting our decision making processes to accomplish our goals.

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

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





International Political Risk

It refers to changes in political decisions potentially affecting trade negotiations, the supply chain, the oil industry, immigration policies, capital controls, tax policies or monetary policy in developed countries, potentially affecting the economic stability of emerging countries, impacting Colombia in terms of exchange rates, international interest rates, unemployment, higher fiscal costs, lower oil prices and lower foreign trade revenues and remittances. Additionally, the Bank would be affected by a decline in the capacity of its customers to meet financial obligations, save, and invest.

Most of the current uncertainty in international politics stems from the trade war between the United States and China, which escalated in 2019. However, it also derives from the failure to solve economic and political tensions on many fronts: low productivity growth, a slowdown of the Chinese economy, high levels of debt in developed countries and a migration crisis in Europe, among others.

In recent years, Colombia has experienced a significant influx of migrants from Venezuela, putting pressure on the job market and creating the need to provide basic services to this population, helping them to integrate into our society. This situation implies a considerable public expenditure. Furthermore, immigration policies of neighboring countries who have imposed visa requirements could aggravate the situation in Colombia.

The Economic Research Department periodically analyzes international economic policy and briefs Senior Management and the Board of Directors on major developments in the financial markets and in the local and international macroeconomic outlook to manage potential risks. Likewise, the risk committees continue to monitor the savings and payment behaviors of our customers in order to act when required.



Risk of changing consumer behavior in the banking industry

This risk is tied to consumer transformation in digital and automated environments, which has been fertile soil for the arrival of disruptive competitors who efficiently provide financial services with new business models. These fintech innovations deliver benefits to consumers as services arrive in real-time, on mobile platforms, and at low costs. Even though Davivienda considers the companies that offer these new services to be strategic allies rather than competitors, the potential for losing customers, revenues, and market share exists, as well as the need to adjust the functionality of channels at a higher cost.

Identifying and prioritizing this risk has allowed us to transform this threat into an opportunity, which explains why innovation and digital transformation are now essential pillars of our business model.

We established a partnership with Rappi to connect us to different ecosystems, integrating product delivery, e-commerce, and money management solutions into



one platform. Additionally, DaviPlata launched the first free virtual card in the country, which offers access to national and international e-commerce, promoting digital payment methods other than cash.

Along this journey, we have created a wide range of digital solutions. In addition to DaviPlata, we rolled out a Mobile Account, Mobile Loans, Mobile Payroll, Virtual CD, Payroll Advance, and other tailored services. We are continually redesigning our processes to enhance customer experience, accomplish greater efficiencies, and improve our services through simplification, standardization, digitalization, and automation.



Risk of using new technologies in digital ecosystems

It refers to the use of new technologies and technological infrastructure connectivity schemes in the deployment of digital ecosystems that the Bank builds with third parties and partners, which in turn raise new threats and risk vectors that could affect the integrity, confidentiality and availability of the Bank's information or applications, as well as the privacy of customer data.

We have implemented actions to manage this risk, strengthening governance and architecture for ecosystems and digital microservices (APIs). We have also set policies and guidelines to control these risks and to update the processes and procedures to secure exposed microservices.



Cyber-conflict risk

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

Therefore, in 2019, we made significant efforts to manage this risk:

- We participated in sectoral working groups with government entities to mitigate risks.
- 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 strengthen the crisis response and management processes in light of events of this nature.



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: www.davivienda.com

- 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



Our Corporate Governance System promotes and preserves our business ethics.

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 accepted the recommendations of good corporate governance set forth in the Code of Best Practices 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 the companies of Grupo Bolívar. It seeks to increase the confidence of our employees, customers, shareholders and other stakeholders in the Bank, and allows us to



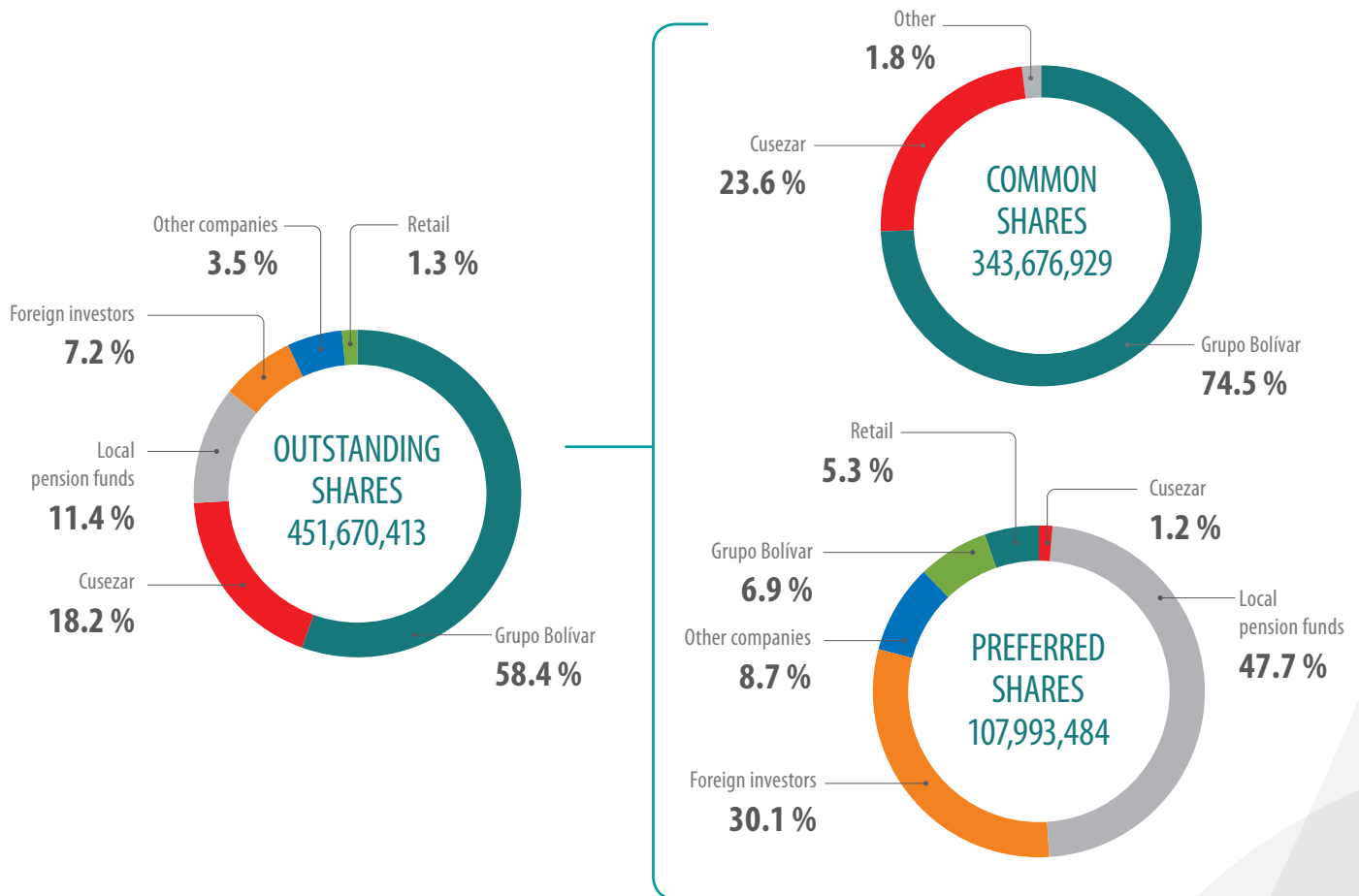
be recognized for our transparency. Our Code of Ethics contains the declaration of ethics, desirable behaviors, unacceptable behaviors, statement of responsibilities and commitments, and our letter of commitments.

Transparency Line






In 2019, 349 cases were reported through the Transparency Line (91 % via telephone), which were managed within the timeframes defined by the organization. Our stakeholders' service channels can be consulted in Grupo Bolívar's Code of Ethics.

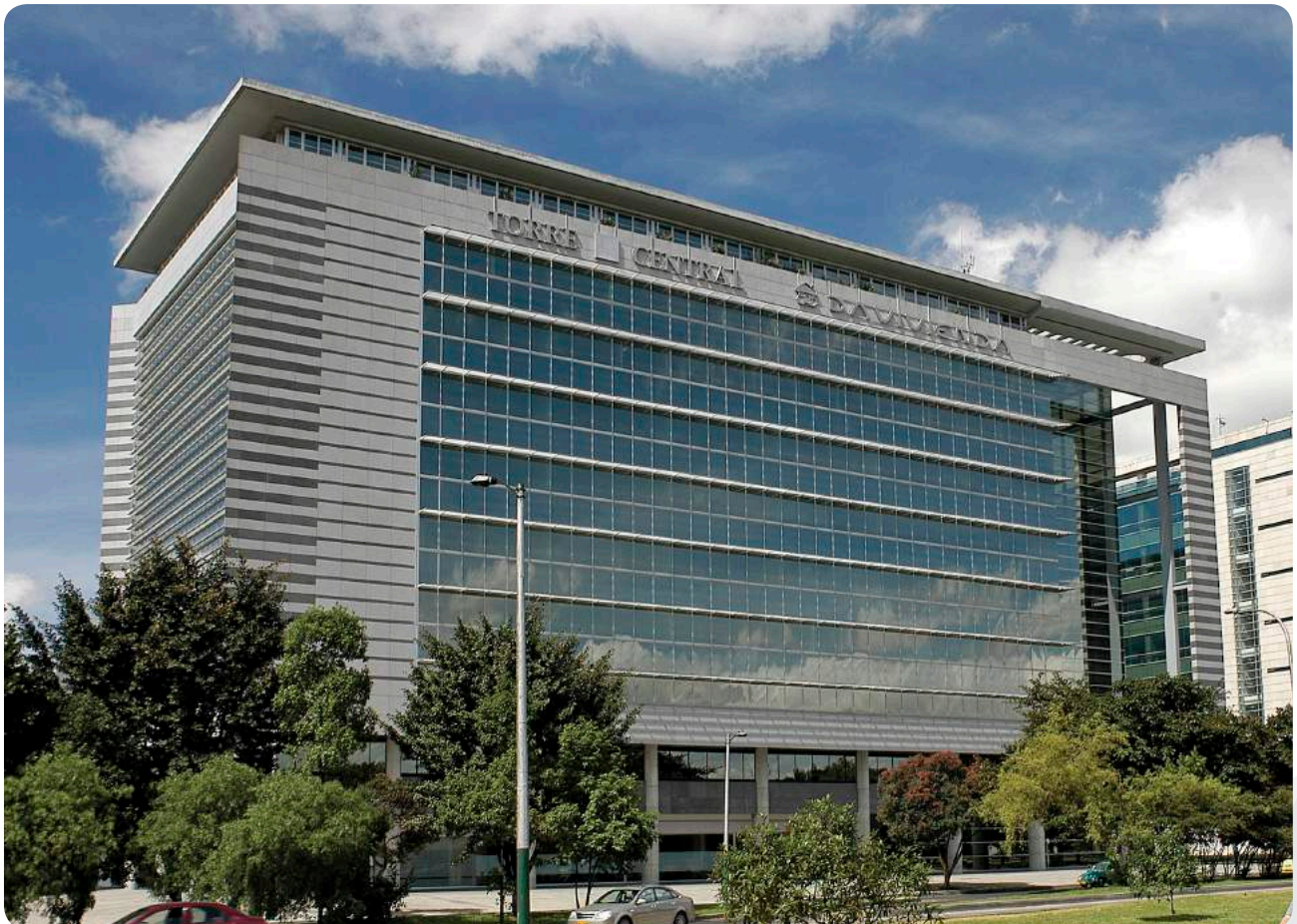
Our **Code of Ethics** is an integral part of the Good Corporate Governance System and seeks that our stakeholders increase their confidence in the bank.

Ownership structure

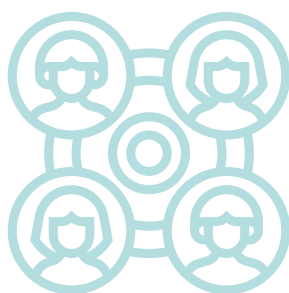


Corporate Structure

	 COLOMBIA	 COSTA RICA	 EL SALVADOR	 PANAMÁ	 HONDURAS
BANKS	●	●	●	●	●
INSURANCE		●	●		●
BROKERAGE	●	●	●	●	
TRUST	●				
LEASING	●	●			
MERCHANT BANK	●				



Banco Davivienda S.A. Governance Bodies



GOVERNING BODY	Annual General Meeting
	Board of Directors
MANAGEMENT BODY	President / Legal representative
	Vice presidents and managers, who by reason of their position act on behalf of the company
EXTERNAL CONTROL BODY	Tax auditor
	Financial Superintendence of Colombia
	Stock Market Self-regulator
INTERNAL CONTROL BODY	BOARD OF DIRECTORS SUPPORT COMMITTEES
	Audit Committee
	Corporate Governance Committee
	Corporate Risk Committee
	Compliance Committee
	Sustainability Committee
	SENIOR MANAGEMENT SUPPORTING BODIES
	Executive Committee
	Integrated Accounting & Tax Disclosure and Regulation Committee
	Risk Committees
	Internal Audit
	Compliance Officer
	Internal Control and Regulatory Compliance
CONFLICT RESOLUTION BODIES	Arbitration Court
CORPORATE GOVERNANCE DISCLOSURE AND COMPLIANCE BODIES	Board of Directors
	CEO – Legal Representative



Annual General Meeting

In 2019, the Annual General Meeting took place on:

Date	March 15th, 2019
Type of meeting	Ordinary
Minute No.	126
No. of represented shares	343,003,420
Quorum	99.804 %

The meeting was held in compliance with the applicable regulations. All information needed to inform the decisions of shareholders was provided.

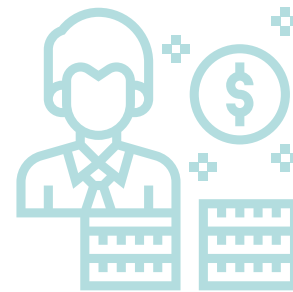
The Meeting call, the shareholders rights and obligations, the characteristics of the shares and of the AGM bylaws were published in due time to the shareholders and the market through the website www.davivienda.com.

The Meeting was broadcasted online to the Bank's shareholders, thus complying with the recommendations of the Code of Best Practices for Corporate Governance, the Código País best practices, which establishes that electronic media are of great assistance for the disclosure of information.

Our investors have exclusive service channels such as the contact line (571) 220-3495 and emails: atencionainversionistas@davivienda.com and ir@davivienda.com

Additionally, our shareholders can use the Deceval service line dialing (571) 307-7127 in Bogotá and the 01-8000 111-901 toll free from anywhere in Colombia. Deceval's shareholder service office is located on Calle 24A No. 59-42, Tower 3, 6th floor (Ciudad Empresarial Sarmiento Angulo), Bogotá.

Furthermore, in compliance with current regulations, the Bank's regulatory news were published in a timely manner on the website of the Financial Superintendence of Colombia.



Our investors have **dedicated attention channels** such as a contact line and email, additionally to Deceval's contact center services.



Dividend Distribution

During the AGM held on March 15th, 2019 the distribution of COP 840 per share was approved, equivalent to COP 379 billion allocated to over 18 thousand shareholders. This payment meant the allocation of 31.8 % of Colombian Operations profit generated by the Bank in 2018.



Board of Directors 2019-2021

The Board of Directors determines the Bank's strategy and orientation, oversees and monitors its execution. Both the Board of Directors and Senior Management are aware of the organization's risk positions; consequently, they actively intervene in its management, defining the measurement methodologies that identify the exposure by product, as well as the policies, profiles and limits. At the aforementioned Annual General Meeting, the following persons were elected as members of the Bank's Board of Directors for the period 2019-2021:

LINE	NAME	TYPE / POSITION
First line	Carlos Guillermo Arango Uribe* (Chairman)**	Principal member
	Roberto Holguín Fety	Substitute member
Second line	Javier José Suárez Esparragoza*	Principal member
	Olga Lucía Martínez Lema	Substitute member
Third line	Álvaro Peláez Arango***	Principal member
	Federico Salazar Mejía***	Substitute member
Fourth line	Andrés Flórez Villegas***	Principal member
	Daniel Cortés McAllister***	Substitute member
Fifth line	Diego Molano Vega***	Principal member
	Ana Milena López Rocha***	Substitute member

* Non-independent Member

** The Chairman of the Board of Directors does not hold any administrative position in the organization.

*** Independent Member



TAX AUDITOR
KPMG S.A.S.**FINANCIAL CONSUMER OMBUDSMAN**
Carlos Mario Serna Jaramillo,
Serna Consultores & Asociados**BANCO DAVIVIENDA COLOMBIA & SUBSIDIARIES::****Banco Davivienda**
2 women
8 men**Corredores Davivienda**
4 women
6 men**Fiduciaria Davivienda**
3 women
7 men**INTERNATIONAL OPERATIONS BOARDS****Costa Rica**
1 women
7 men**El Salvador**
3 women
7 men**Honduras**
4 women
5 men**Panamá**
2 women
5 men

None of its members belongs to ethnic minorities. The corporate governance bodies can be consulted in the Code of Good Corporate Governance of the Bolívar Business Group, available on our website.

The Senior Management payment and compensation policy is approved by the Board of Directors, and payment to the members of the Board of Directors is approved by the Annual General Meeting. The average tenure of the Board of Directors' principal members at the end of 2019 is 10.6 years.

	Date of first appointment as Director
Carlos Guillermo Arango Uribe (Chairman)	1997
Javier José Suárez Esparragoza	2004
Álvaro Peláez Arango	2008
Andrés Flórez Villegas	2016
Diego Molano Vega	2019
Average	10.6 years

BANCO DAVIVIENDA SA - BOARD OF DIRECTORS AVERAGE IN OFFICE YEARS



The Board
has appointed mandatory
and non-mandatory
committees to support its
management.

In 2019 the Board of Directors carried out its self-evaluation. Additionally, in compliance with international standards, the Board of Directors is also evaluated by an independent third party. In 2020, this independent third party will evaluate the management of 2019.

Committees supporting the board of directors

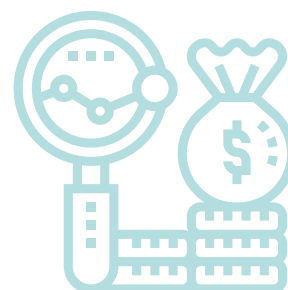
As part of our governance structure, the Board of Directors has created the legally required committees and other committees which, while not mandatory, support management processes and inform the Board about the processes, structure and risk management of each business line, allowing an adequate monitoring 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 Internal Control System implementation and monitoring management. It consists of 3 members of the Board of Directors, 2 of whom are independent.
- **Corporate Governance Committee.** Supports the Board of Directors in relation to the implementation of good corporate governance practices and compliance with associated policies. It consists of 3 members, one of them a member of the Board of Directors.
- **Corporate Risk Committee.** It supports the Board of Directors in defining risk management guidelines and keeps the Board and Senior Management informed about the corporate risks of the Bank and its subsidiaries. It consists of 3 members of the Board of Directors. To ensure an integral management, there are other risk committees specialized in issues such as credit, market and liquidity, operations and fraud, which supports our Senior Management.
- **Compliance Committee.** It is a management support and decision-making organ for the Board of Directors in terms of supervision and monitoring of the entity's compliance program. Its main responsibility is to support management regarding the implementation, supervision and monitoring of the anti-money



laundrying and terrorist financing control compliance program. It is formed by the Bank's CEO, 2 members of the Board of Directors and the Commercial Vice President, Executive Risk and Financial Control Vice President, Executive Personal Banking and Marketing Vice President, Executive Vice President of Media, Corporate Executive Vice President and the Vice President of Compliance.

- **Sustainability Committee.** Proposes and reviews current and future sustainability policies, guidelines and procedures to guarantee compliance under international standards and voluntary agreements, which it submits to the Board of Directors for approval. Likewise, it is responsible for monitoring the progress in this matter and its stakeholders. This committee is composed by our CEO, a Board member, the Risk Deputy Officer and the Sustainability and Public Affairs Director



Payment and compensation policy

Board of Directors

At its meeting held on March 15, 2019, the Annual General Meeting unanimously approved a payment to the members of the Board of Directors of COP 3.5 million for attending each meeting.

Consequently, the members of the Board of Directors received following payments during 2019:

Carlos Guillermo Arango Uribe	COP 63 million	Federico Salazar Mejía	COP 0
Roberto Holguín Fety	COP 7 million	Andrés Flórez Villegas	COP 59.5 million
Javier José Suárez Esparragoza	COP 56 million	Daniel Cortés Mcallister	COP 38.5 million
Olga Lucía Martínez Lema	COP 14 million	Diego Molano Vega	COP 35 million
Álvaro Peláez Arango	COP 63 million	Ana Milena López Rocha	COP 31.5 million
		TOTAL	COP 367.5 million



CEO and Senior Management

CEO Payment

Banco Davivienda CEO has the right to receive a fixed amount, approved by the Board of Directors, and a variable remuneration in accordance with the Bank's annual results determined mainly by following variables: economic outturn, compliance with service strategy, efficiency and quality

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 2019 was 4.18 %. In exceptional cases, Management may submit to the Board of Directors additional raises for merit.
- **Variable Remuneration.** Senior Management members are entitled to receive an additional variable remuneration, which can be up to 4 salaries per year.

Our international Corporate Government allows us to implement homogeneously good practices among our regional operations.



Regional Corporate Governance

Through our international corporate governance, we have an adequate control over the business and operational management that allows us to uniformly implement good practices at a regional level and ensure that these are administered within the parent company's parameters.

Governance Bodies

At regional level, adding up the countries where we operate, there are 2 areas:

- **Davivienda Colombia Regional Unit.** Led by the International Executive Vice President, it is an integral body of Davivienda Colombia and its primary goal is the business development coordination, management and control of each of the foreign subsidiaries within the parameters of government and risk appetite defined by the parent company, for which it creates a specialized structure.



- **Regional Steering Committee.** It constitutes the integral business management body for foreign subsidiaries, focusing on strategic, control and supervisory issues. It acts as a Regional Committee and reports to the Board of Directors of the parent company.

In each country we have 3 corporate government bodies:

- **Annual and Extraordinary General Meeting**
- **Board of Directors**
- **Bodies and committees supporting the Board of Directors and Senior Management**



4

■ *MACROECONOMIC
ENVIRONMENT AND
FINANCIAL SYSTEM*



■ MACROECONOMIC ENVIRONMENT AND FINANCIAL SYSTEM

Colombian macroeconomic environment and financial system²¹

In 2019, global GDP growth stood at 2.4 %, the lowest since the 2009 international financial crisis and below the 3.0 % obtained the previous year. The year was marked by the weaker performance of developed economies, as well as of the Latin American region, which grew 0.8 % after growing 1.7 % in 2018.

Among the reasons explaining such low global growth were the trade conflict between the US and China and the current US administration policy. In addition to this, the US economic slowdown, after the stimulus measures contemplated in President Trump's tax reform were depleted, also contributed to the lower investment dynamism. Lastly, uncertainty about Brexit affected the UK economy throughout the year.

In Latin America, some countries faced stress episodes, caused by the need to finance high fiscal deficits and by exchange rate pressures, associated with falling prices of basic export products, among other reasons.

Finally, global effects of structural issues in China's economy must be considered, including the accelerated aging of the population, excess debt growth and unproductive sectorial investments.

In a challenging international environment, Colombia's economy accelerated growing 3.3 % in 2019 compared to 2.6 % in 2018, mainly due to household consumption, which increased by 4.7 % in 2019 after increasing by 3.6 % in 2018, and investment, which rebounded from 3.0 % in 2018 to 4.8 % in 2019. Colombia recorded the highest economic growth in the region, after the Dominican Republic and Panama.

Related to global demand slowdown, WTI average oil price in 2019 decreased by 12.6 % (from USD 65.2 per barrel in 2018 to USD 56.9 in 2019). On the other hand, in 2019 Colombia recorded a negative net flow of foreign direct portfolio investment of USD 1,888 million, unseen since 2009, which contrasted with the rest of emerging countries that received higher capital flows. Such behavior can be

In a challenging international environment, the Colombian economy recorded a **positive growth: 3.3 %**

21. Document elaborated by the Executive Department of Economic Studies, with information available as of February 7th, 2020.



The COP/USD exchange rate reached an all-time high by the end of the year.

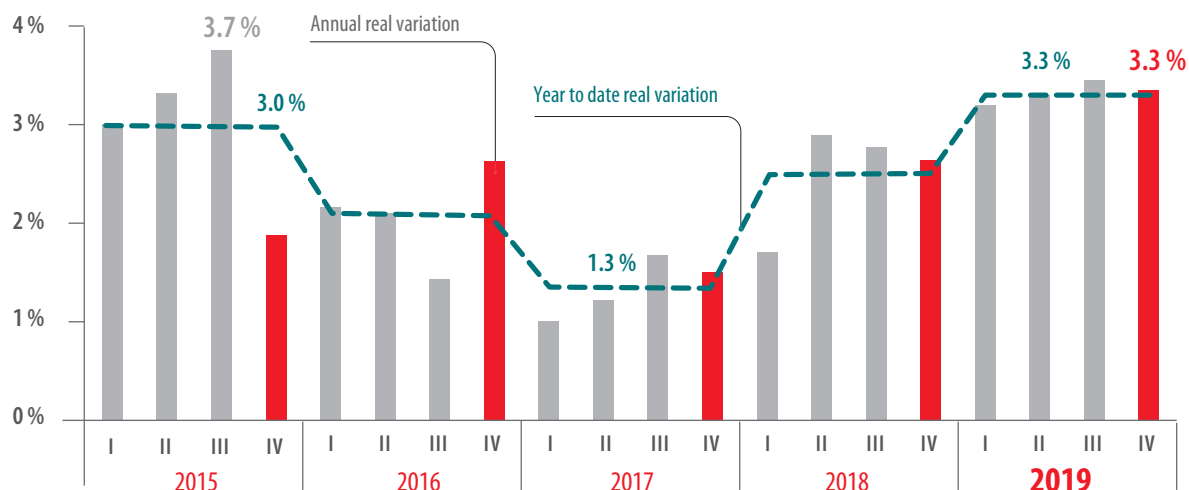
attributed to a more conservative portfolio management (trying to avoid excessive concentration in Colombian securities) or to investors' mistrust of the country's fiscal situation and measures that may contribute to widening the fiscal deficit.

As a result of lower income from traditional exports, the outflow of foreign capital and the public order issues arising from the strike on November 21st, the USD exchange rate reached an all-time high by the end of the year.

GROSS DOMESTIC PRODUCT

GDP GROWTH IN COLOMBIA

(Real growth relative to the same quarter in the previous year)



Source: DANE

According to Dane, GDP grew by 3.3 % in 2019, accelerating compared to 2018 when GDP grew 2.5 %. Internal conditions such as the household spending boost, interest rates stability and investment rebound were the main determinants in the economic activity recovery.

In 2019, the most dynamic productive branch was financial and insurance activities, with a 5.7 % growth, followed by public administration, health and defense (4.9 %), and lastly, commerce, transport and storage (4.9 %). All these sectors recorded growth rates above total GDP growth. On the other hand, the worst performing sector was construction (annual decrease of 1.3 %), caused by the sharp reduction of 7.7 % in the building subsector.

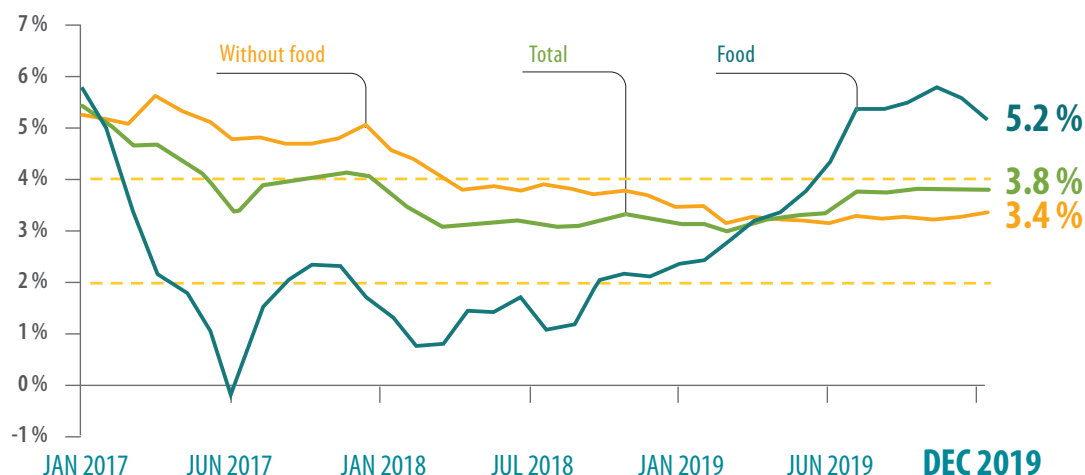


Final domestic demand grew by 4.5 % in real terms during 2019, above the 3.4 % figure recorded in 2018. By components, household consumption grew 4.6 % in real annual terms, government spending 4.3 % and investment 4.3 %. Compared to 2018, these same variations were 3.0 %, 7.0 % and 2.1 %, respectively, recording a marked acceleration primarily in the private spending component.

External sector variables also recorded positive real growths in 2019: exports grew by 3.1 % annually and imports by 9.2 %, the latter being more dynamic than the former. Given that exports in 2018 grew by just 0.9 % while imports grew by 5.8 %, it is evident that export dynamics show a relative stability and foreign purchases a significant acceleration.

INFLATION

ANNUAL INFLATION IN COLOMBIA



Source: DANE

Economic activities recording the highest growth rate in Colombia in 2019: Financial and insurance (5.7 %), public administration, health and defense (4.9 %), and commerce, transport and storage (4.7 %).

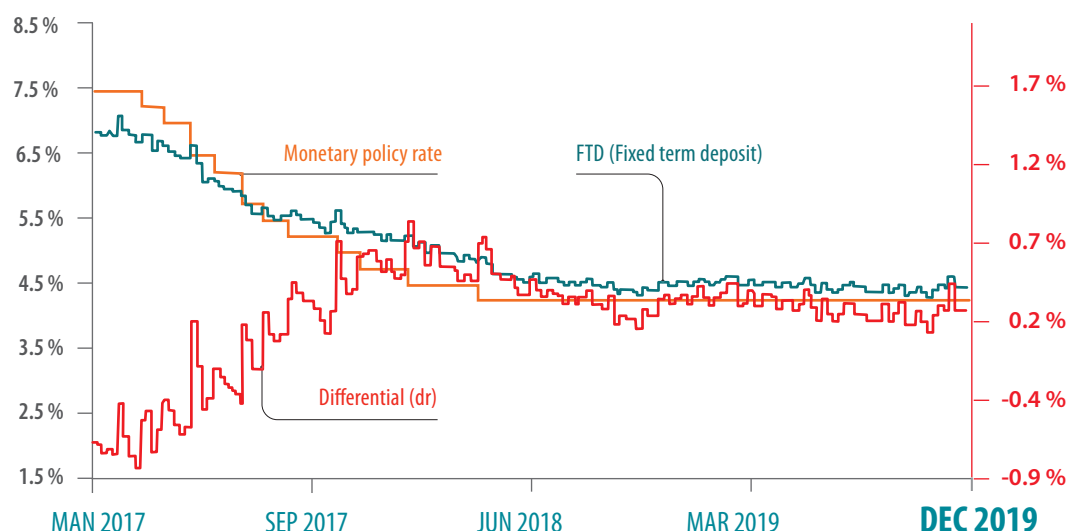


At the end of 2019, inflation stood at 3.8 %, close to the upper limit of the target range and above the closing value of the previous year (3.18 %). The increase in prices was due to the food component as a result of a rebound effect from 2017 and 2018 when these goods' prices recorded a declining trend. In second place, the exchange rate depreciation impacted not only imported food's price but also other types of goods. Given the annual inflation of 3.8 %, the minimum wage increase decreed at 6 % (to COP 877,803 per month) in 2020, stood 2.2 percentage points above inflation.

In Colombia, year-end inflation stood at 3.8 %.

MONETARY POLICY AND INTEREST RATES

INTEREST RATES IN COLOMBIA



Source: Banco de la República

In Colombia, the monetary policy rate remained stable at 4.25 % throughout the year, contrary to what happened in most countries, where interest rates were reduced to stimulate aggregate demand. This stability and lack of synchrony with global monetary policy was explained by the acceleration of Colombia's economy (compared to moderate growth in other regions), as well as the increase in inflation at the end of the year. Under these conditions, there was no room for reduction of interest rates by the monetary authority.

The monetary policy rate remained stable at 4.25 % throughout the year.



FISCAL POLICY

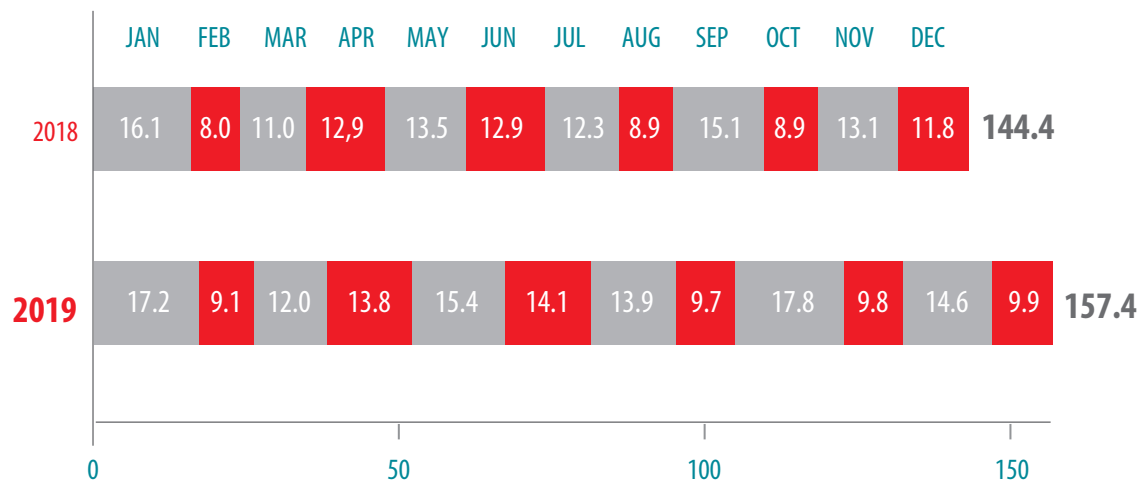
The fiscal deficit of the National Government amounted to 2.5 % of GDP in 2019, a modestly higher figure than the 2.4 % target established in the Mid-Term Fiscal Framework (MTFF), but less than the maximum 2.7 % of GDP deficit allowed for the fiscal year 2019 by the Fiscal Rule Advisory Committee. The higher deficit was explained, among other reasons, by the increase in spending as a result of the Venezuelan migration to the country.

Gross tax collection in the year reached COP 157.4 trillion, growing 9.0 % relative to 2018 and achieving 100.2 % compliance with the goal established for the year, thanks to the non-performing portfolio management and the monitoring of tax obligations fulfillment by the National Tax and Customs Administration.

Tax collection in Colombia amounted to **COP 157.4 trillion**, growing 9.0 % relative to 2018.

GROSS TAX COLLECTION IN COLOMBIA

(COP trillion)



In tax matters, the Constitutional Court declared in October 2019 the Financing Law unconstitutional due to procedural flaws. Given this situation, Duque's administration submitted to Congress the Growth Law²² approved in December, which includes measures such as the creation of a VAT compensation mechanism in favor of the most vulnerable population, the consumption tax elimination on real estate sales and the creation of a new period and fee for assets normalization²³.

22. Law 2010 of 2019.

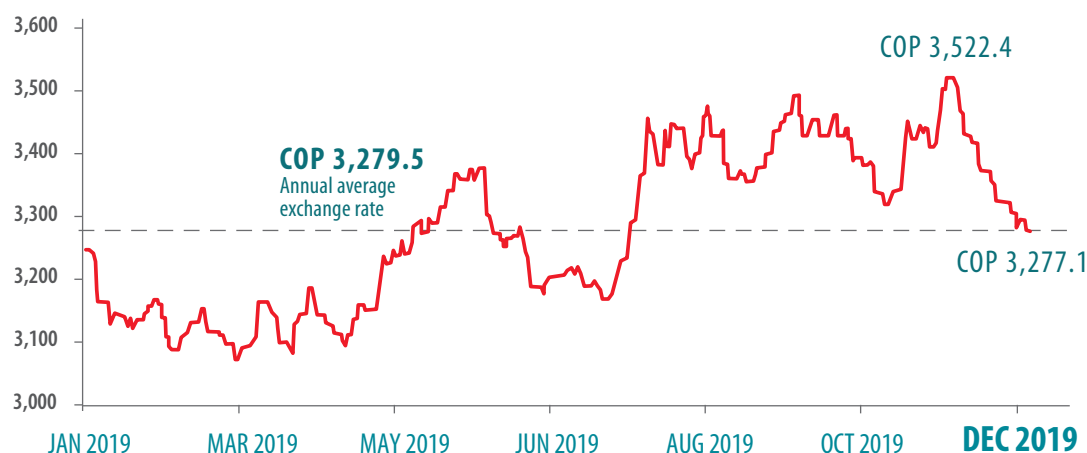
23. The possibility to normalize assets will be due up to the 25th September 2020 at a 15 % fee.



EXCHANGE RATE

EXCHANGE RATE IN COLOMBIA

(COP per USD)



Source: Financial Superintendence of Colombia

The average exchange rate in the year was COP 3,279.5, recording a 10.95 % devaluation compared to COP 2,955.8 in 2018. During the second half of the year, the exchange rate recorded the highest levels in history, particularly in November 30th when it reached an all-time high of COP 3,522.4 per USD. In the last days of the year, the trend was reversed due to the announcement of the US-China trade agreement, closing at COP 3,277.1, a devaluation of just 0.84 % compared to the end of 2018.

The main external factors affecting the exchange rate during the year included the strong appreciation of the USD due to the US-China trade war and the falling oil prices caused by slower global growth. On the other hand, internal factors included the outflow of portfolio capital after 10 years of positive flows, concerns about the country's fiscal sustainability and uncertainty about protests resulting from social unrest.

FOREIGN TRADE²⁴

In 2019, foreign trade activities continued to show mixed results. Between January and November 2019, exports amounted to USD 36.1 billion, decreasing by 6.2 % compared to the same period in 2018, given the 11.4 % reduction in external fuel sales, especially coal (-22,1 %).

Imports for the same period amounted to USD 48.6 billion, registering an increase of 3.4 %, which shows a slowdown compared to the growth of 10.9 % observed in the same period of 2018. Imported capital goods imports stand out at USD 15.1 billion, reaching a 4.8 % increase due to the 13.4 % increase in purchases of transportation equipment.

24. For the purposes of this document, exports are expressed in FOB terms, and imports in CIF terms.



As a result, Colombia's economy registered a trade deficit²⁵ of USD 10,345 million between January and November 2019, increasing by 60.1 % compared to the same period in 2018, and ending the downward trend observed over the past 2 years.

FINANCIAL SECTOR

Assets

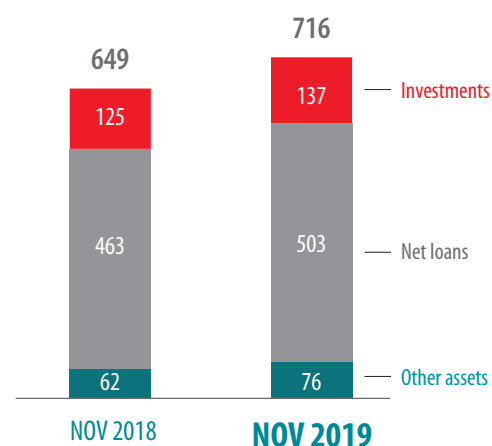
Annual asset growth stood at 10.3 %, driven by portfolio growth, which continues to have the highest representation within the assets (70 %).

Loan portfolio

In 2019, growth of both portfolio and collections recovered against the 2018 trend. However, growth of both indicators slowed moderately at the end of the year.

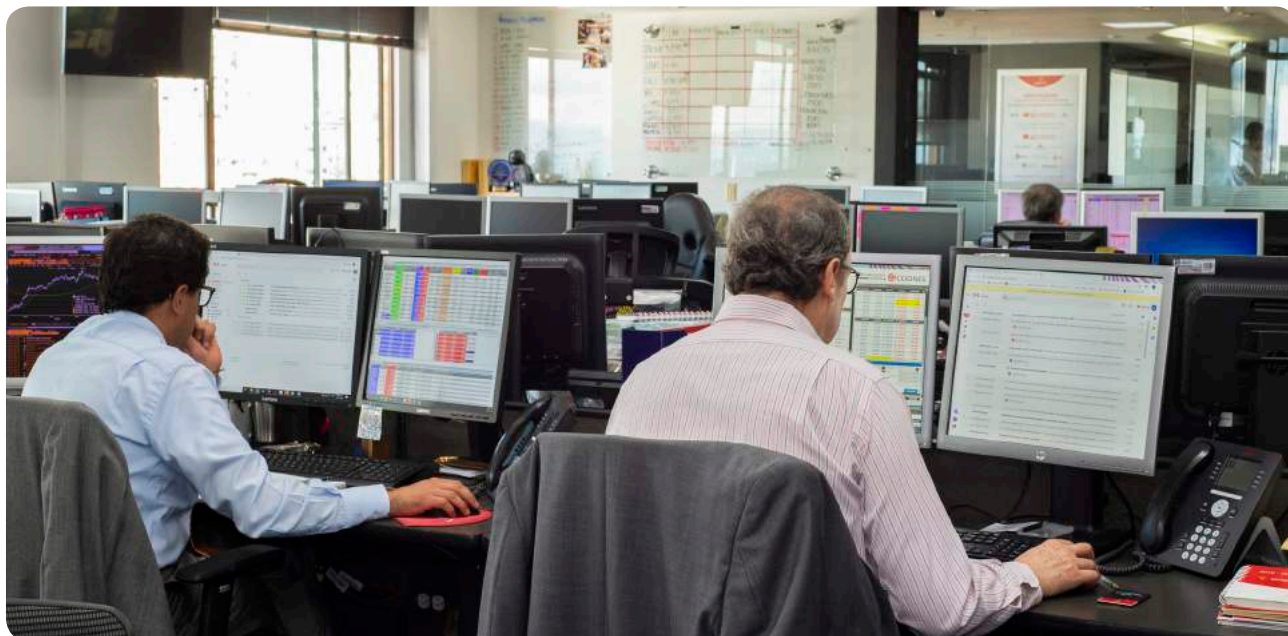
ASSET FIGURES

(COP trillion)

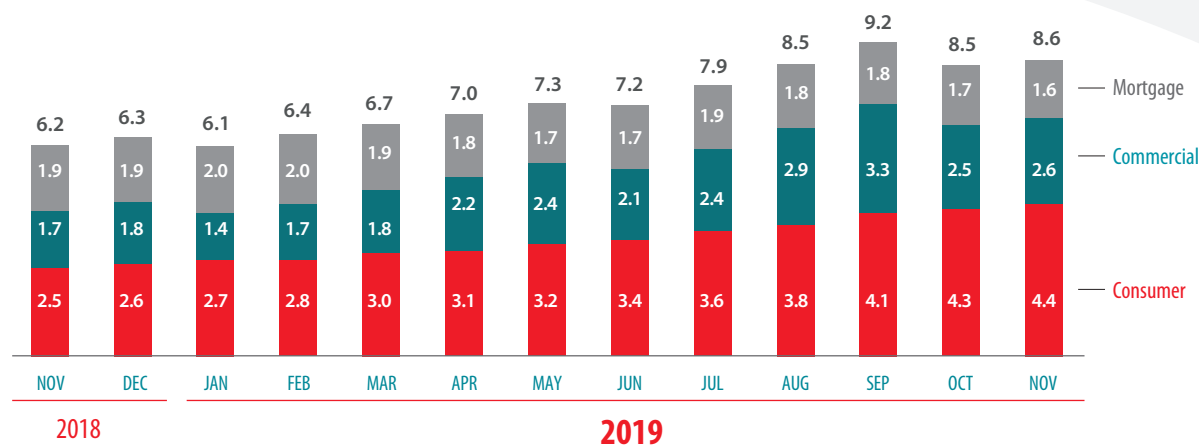


Source: Financial Superintendence of Colombia

25. Estimated as the difference between FOB exports and FOB imports.



CONTRIBUTION TO CREDIT PORTFOLIO GROWTH



Source : Financial Superintendence of Colombia S.A. Calculation: Davivienda

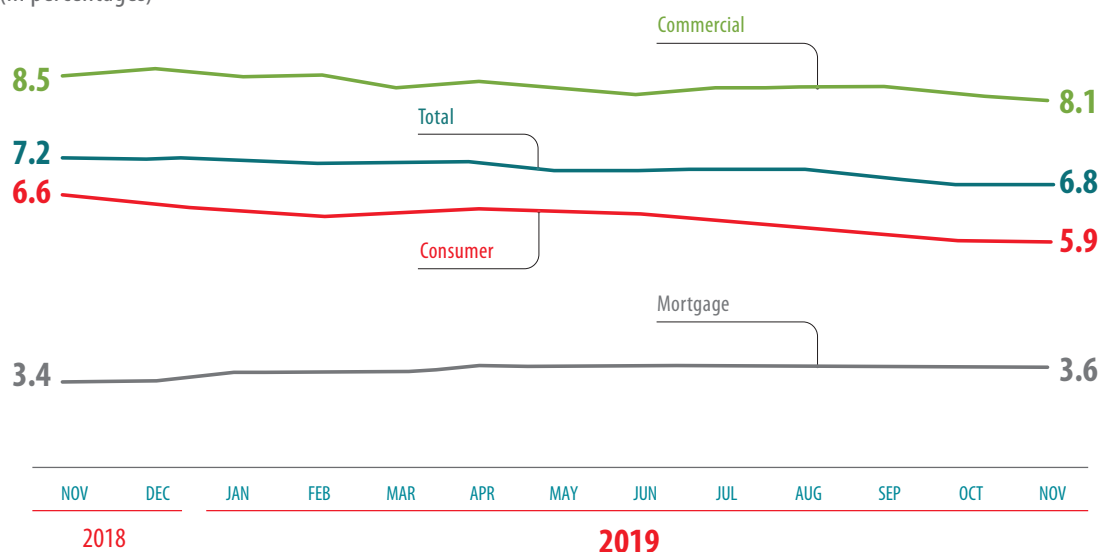
The consumption segment stood out in the credit portfolio recording the largest annual growth (15.2 %), as well as the commercial portfolio with a lower growth rate but a greater share of the total loan book. Lastly, in spite of the economic dynamism, the mortgage portfolio slowed slightly but steadily during the year.

Portfolio quality

The PDL ratio for the sector decreased 40 basis points compared to 2018, standing at 6.8 % at the end of November 2019. The main reduction was recorded in the consumption segment (70 basis points), followed by the commercial portfolio (40 basis points), while the mortgage segment had a slight increase of 20 basis points.

PORTFOLIO QUALITY BY RATING

(In percentages)



Source: Financial Superintendence of Colombia



Funding

Annual growth of deposits was 7.3 %, 290 basis points above the figure recorded in December 2018, as a result of the recovery in savings accounts and term deposits which grew 10.8 % and 5.41 % annually, respectively.

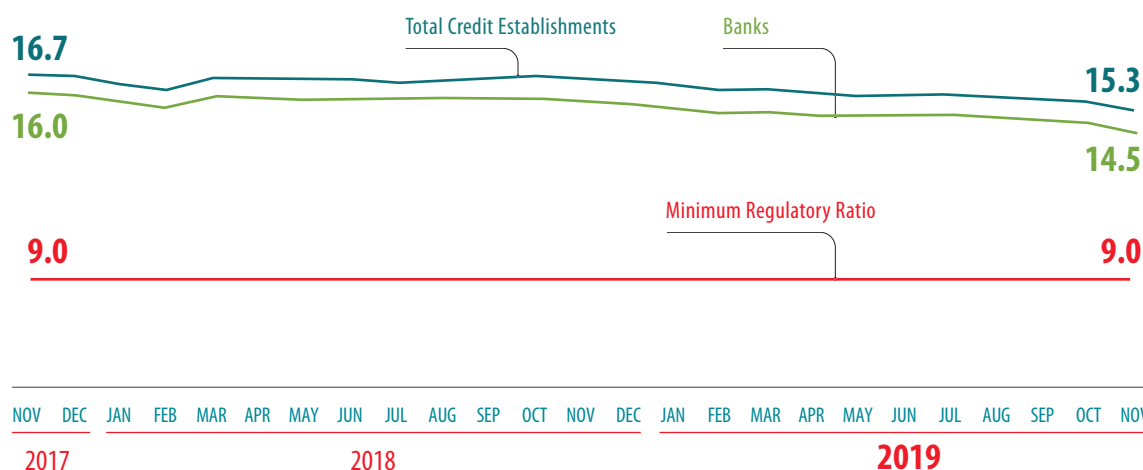
Equity and regulatory capital

The total capital adequacy ratio of entities decreased slightly compared to the previous year levels. However, it maintained a comfortable level compared to the regulator's requirements, standing 630 basis points above the minimum level (9 %).



TOTAL CAPITAL ADEQUACY RATIO

(In percentages)



Source: Financial Superintendence of Colombia

Profitability

Profitability of the financial system, measured by profitability of assets (ROA²⁶) and profitability of equity (ROE²⁷), had a significant recovery from the beginning of 2018 to August 2019. From that moment on, the trend reversed with decrease in both indicators, reaching 1.9 % and 13.6 % in November 2019, respectively.

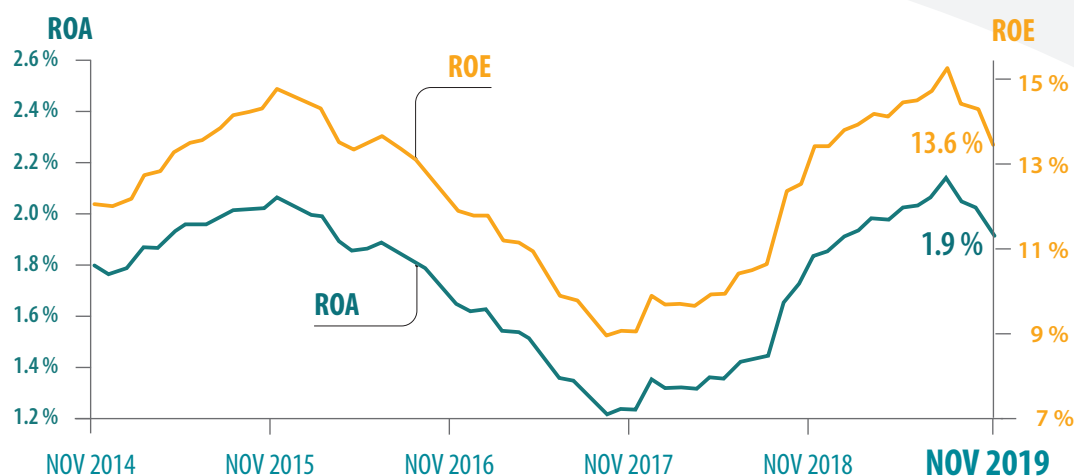


26. ROA = 12 months net profit / 12 months average assets

27. ROE = 12 months net profit / 12 months average equity



PROFITABILITY OF THE COLOMBIAN FINANCIAL SYSTEM



Includes: Banks, commercial finance companies and financial corporations.

ROA: left axis - ROE: right axis

Source: Financial Superintendence of Colombia.

Calculation: Davivienda's Executive Department of Economic Studies.

Macroeconomic environment and Central American financial system



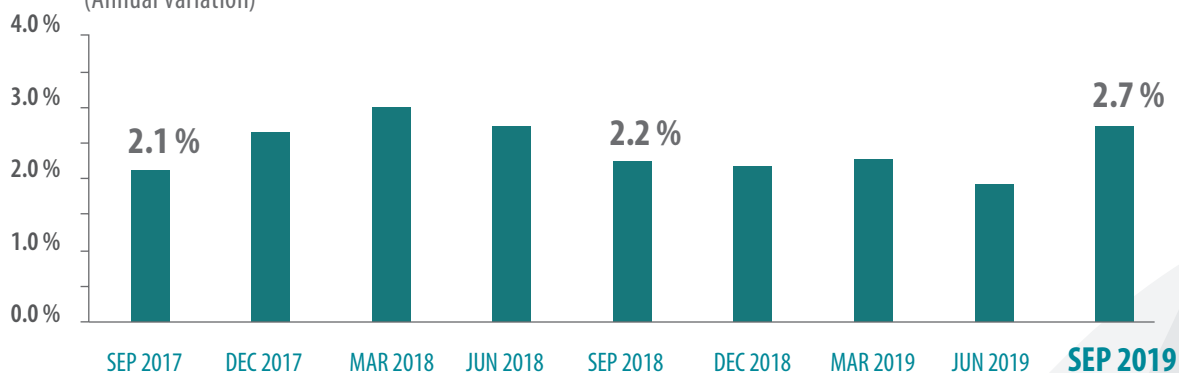
EL SALVADOR

Macro environment

Economic activity

GROSS DOMESTIC PRODUCT IN EL SALVADOR

(Annual variation)



Source: Central Reserve Bank. Calculation: Davivienda.



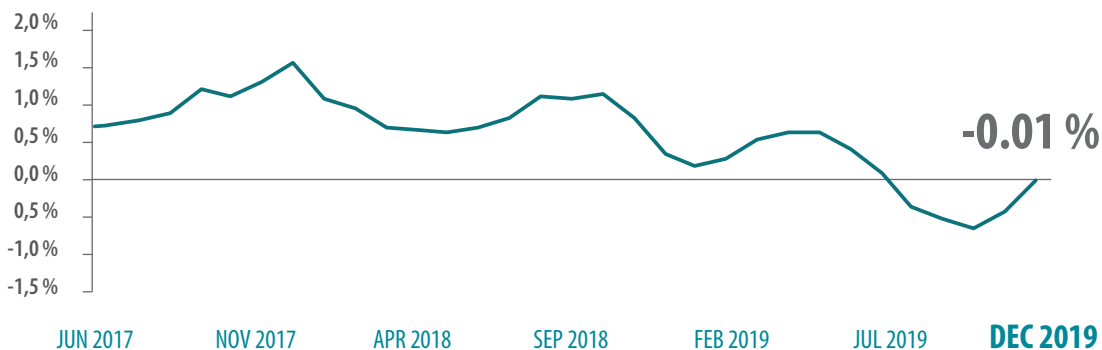
El Salvador recorded an economic slowdown in the first semester of 2019. Although there was an acceleration in the third semester with the GDP growing at 2.73 %, the year's balance was not as dynamic as in 2018.

The rebound in economic growth in the third semester is explained to a greater extent by the construction industry performance which expanded on all fronts: residential infrastructure as well as buildings for malls, offices and public works. Among the latter were the expansion of the international airport, the renovation of educational centers and road extensions. At the same time, the electricity, gas, steam and air conditioning sector contributed to growth, thanks to the increase in local supply via the generation of thermic, geothermic and solar energy. In the other hand, the manufacturing sector slowed down due to a reduced dynamic in maquila exports.

Inflation

INFLATION IN EL SALVADOR

(Annual variation)



Source: Central Reserve Bank. Calculation: Davivienda.

Year-end annual inflation in El Salvador was -0,01 %, primarily due to the contraction in the lodging, water, electricity, gas and other fuels line items, being the reduction in energy and propane gas fee rates the main cause of decline. In contrast, the largest increases were recorded in the food and non-alcoholic beverages segments.

Annual inflation in El Salvador stood at **-0,01 %**, at the end of 2019.



Fiscal policy and risk ratings

Regarding fiscal matters, in November 2019, total income from the non-financial public sector increased 1.3 % annually, showing a lower dynamism compared to 2018 (3.9 %). This result was due, to a great extent, to the tax amnesty implemented between 2017 and 2018 which provided nearly 144.7 million USD of additional income. On the other hand, total expenses increased by 4.7 %, which was a lower growth rate than in 2018 (8.9 %), due to the 1.3 % increase in gross investment compared to the 22.0 % increase in 2018.

The fiscal deficit amounted to 2.3 % of the GDP in the month of November, above the 1.7 % observed in the same period of the previous year. Meanwhile, public debt, which in December rose to 69.4 % of GDP, increased to 70.4 % in November of 2019.

Moody's, Standard & Poor's y Fitch risk assessment maintained their sovereign risk rating for El Salvador in B3, B- and B- respectively. The perspective on the assessment of the 3 entities remained stable.

Financial system

In November 2019, assets annual increase was 9.3 %. The gross loan portfolio, which accounted for 64.4 % of total assets, grew 5.0 %, while the investment portfolio with a 6.7 % share of total assets grew 24.3 %.

Liabilities grew by 10.7 %, driven by an increase in demand deposits. Savings accounts grew by 16.2 % and checking accounts by 15.8 %, while term deposits grew by 8.2 %.

MAIN FIGURES OF THE FINANCIAL SECTOR IN EL SALVADOR

(USD Million)

Source: Superintendence of El Salvador's
Financial System (SSF).

* Variation in terms of local currency.

** The loan portfolio segments are exclusive to commercial banks; therefore, the sum is not equivalent to the total loan portfolio of the system which includes other entities of the financial sector.

*** Other assets include available funds, temporary acquisition of documents, real estate assets and other assets.

	AMOUNT		VARIATION*
	NOV. 2018	NOV. 2019	2019 / 2018
Total Assets	20,086	21,951	9.3 %
Investments	1,191	1,481	24.3 %
Loan Portfolio	13,474	14,145	5.0 %
Commercial**	5,715	5,965	4.4 %
Consumer**	4,355	4,553	4.5 %
Mortgage**	2,462	2,529	2.8 %
Other assets***	5,420	6,325	16.7 %
Liabilities	17,488	19,362	10.7 %
Equity	2,598	2,590	-0.3 %





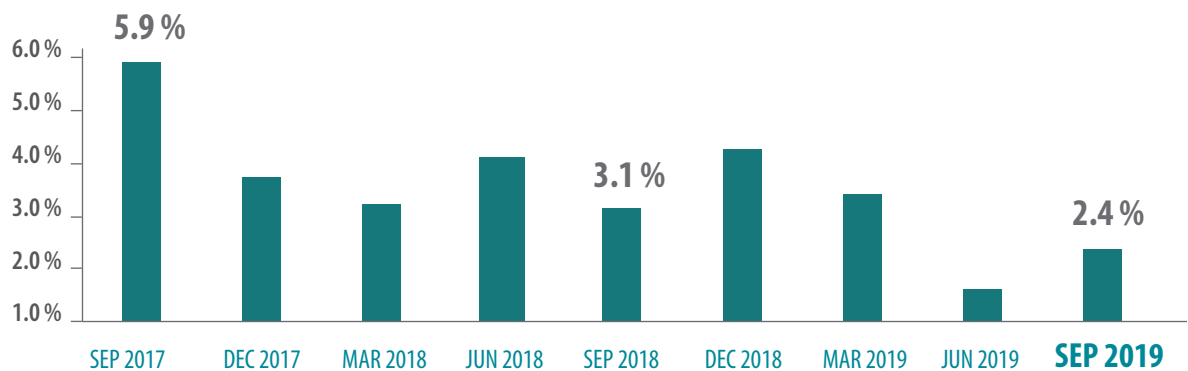
HONDURAS

Honduras

Economic activity

GROSS DOMESTIC PRODUCT IN HONDURAS

(Annual variation)



Source: Central Bank of Honduras. Calculation: Davivienda.

Growth in this country for the third quarter 2019 was higher than the second quarter and lower than the same period of the previous year. The annual increase in GDP as of the third quarter was 2.4 %, while the yearly balance (average of the first 3 quarters) was 2.5 %, under the potential GDP growth level.

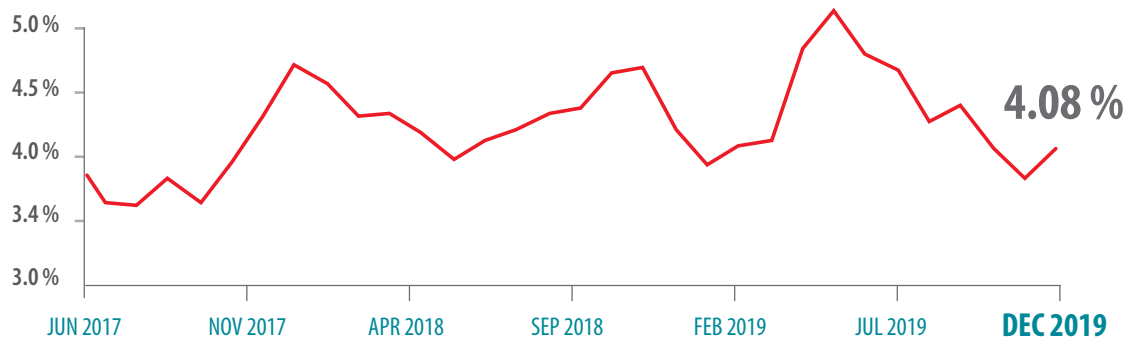
The sector that contributed the most to the acceleration was financial brokerage, particularly bank income, insurance activity and pension funds. The manufacturing industry was the second largest sector in its contribution to growth due to the increase in food and drink production, as well as of machinery and equipment manufacturing, primarily of harnesses. In contrast, the sector that had the greatest negative impact was agriculture, cattle farming, hunting, forestry and fishing, the latter being affected by climatic conditions. In general, this sector continues to be impacted by the low international prices for raw materials recorded in the past years.



Inflation

INFLATION IN HONDURAS

(Annual variation)



Source: Central Bank of Honduras. Calculation: Davivienda

Annual inflation for 2019 was 4.08 %, less than in 2018 (4.22 %) and in the mid-range for the inflation target range of Honduras's Central Bank: 4,0 % +/- 1,0 %.

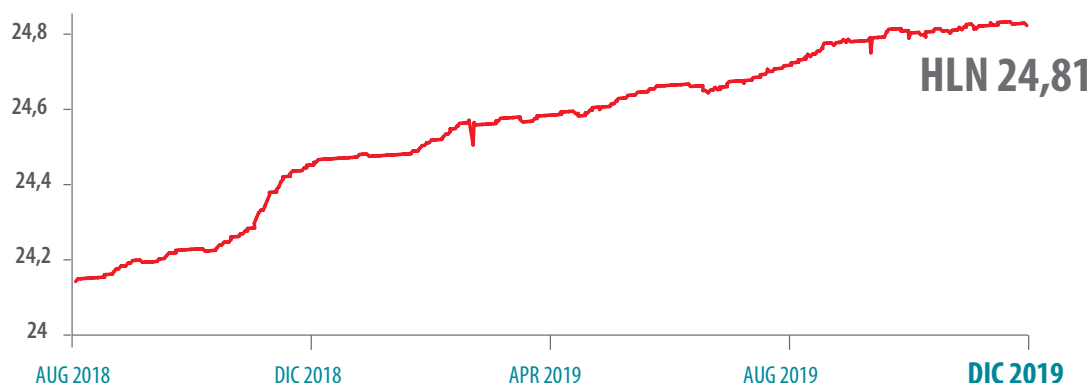
Annual inflation in Honduras was **4.08 %**.

The sector that contributed the most to the inflation reduction was transport, due to the drop in oil prices, and in second place, garments and shoes. In contrast, the sector with the greatest impact on the inflation increase was food and non-alcoholic beverages.

Exchange rate

NOMINAL EXCHANGE RATE IN HONDURAS

(Annual variation)



Source: Central Bank of Honduras.

The lempira²⁸ devaluated 1.2 % in 2019, closing the year at HNL 24.81 and reaching a maximum and minimum of HNL 24.83 y HNL 24.51, respectively.

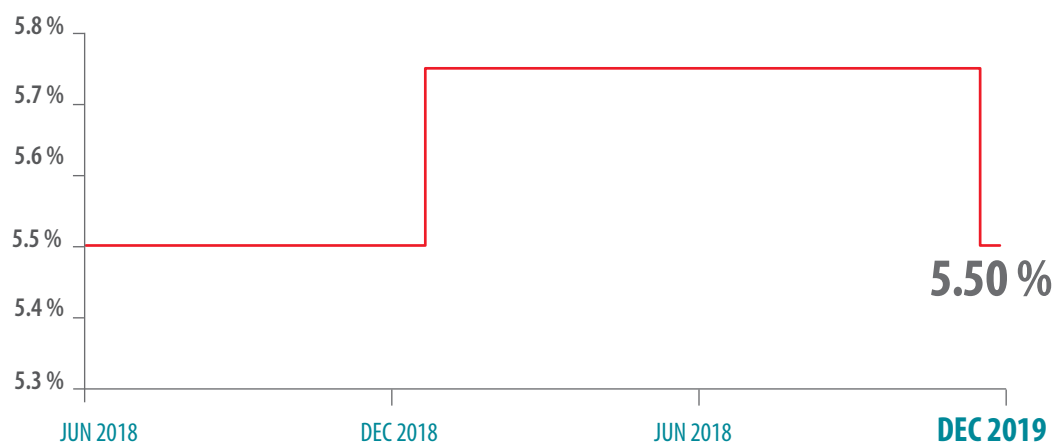
28. HNL: Lempira (L), Honduran currency.



Monetary and fiscal policy, and risk assessment

MONETARY POLICY RATE IN HONDURAS

(Annual variation)



Source: Central Bank of Honduras.

In December 2019, the Central Bank of Honduras (CBH) reduced the monetary policy rate from 5.75 % to 5.50 %. The rationale behind their decision was that in a context of slower economic growth than the previous year and with stable and low inflation and expectations, they would maintain a downward trajectory in their monetary rate policy (MRP).

Additionally, in August 2019, the fiscal deficit of the Central Administration of Honduras was -1.3 %, above the figure recorded in the same period of 2018 (-0.4 %), as a result of a 1.7 % reduction in total income parallel to an increase in total expenditures of 5.8 %.

In contrast, the fiscal surplus of the non-financial public sector (NFPS) was 0.5 % of GDP for the period between January and September 2019, lower relative to the same period of the previous year (0.9 %). To date, income growth (5.1 %) was below expenditures (5.7 % annual). For 2019, the CBH expects the fiscal deficit of the NFPS to be 0.9 %, under the 1.0 % stipulated in the Fiscal Responsibility Law.

Moody's and Standard & Poor's maintained their sovereign rating for Honduras at B1 and BB- respectively, while the outlook remained stable.

In December 2019, Honduras's Central Bank reduced the monetary policy rate from 5.75 % to 5.50 %.



MAIN FIGURES OF THE FINANCIAL SECTOR IN HONDURAS

(USD Million)



Financial system

Assets closed the year with a 9.2 % growth, the loan portfolio represented 57.3 % of the total assets and grew 9.7 % and, finally, investments and other assets declined by 11.4 % and 7.7 %, respectively.

Liabilities grew by 7.9 %. Term deposits accounted for 30.3 % of total liabilities and grew by 12.8 %, savings accounts represented 34.0 % with a 10.6 % growth and checking accounts reached a 13.4 % share of total liabilities growing at an annual rate of 11 %.

	AMOUNT		VARIATION*
	DEC. 2018	DEC. 2019	2019 / 2018
Total Assets	23,764	25,631	9.2 %
Investments	2,251	2,476	11.4 %
Loan portfolio**	13,549	14,682	9.7 %
Commercial	10,224	10,953	8.4 %
Consumer	2,483	2,734	11.4 %
Mortgage	1,788	1,973	11.7 %
Other Assets***	7,964	8,473	7.7 %
Liabilities	21,308	22,991	7.9 %
Equity	2,457	2,640	8.8 %

Source: National Commission of Banks and Insurance (NCBI).

* Variation in terms of local currency.

** 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.

Year-end exchange rates for December 2017, 2018 and 2019 were used.

*** Other assets include availability, contingent assets and other assets.





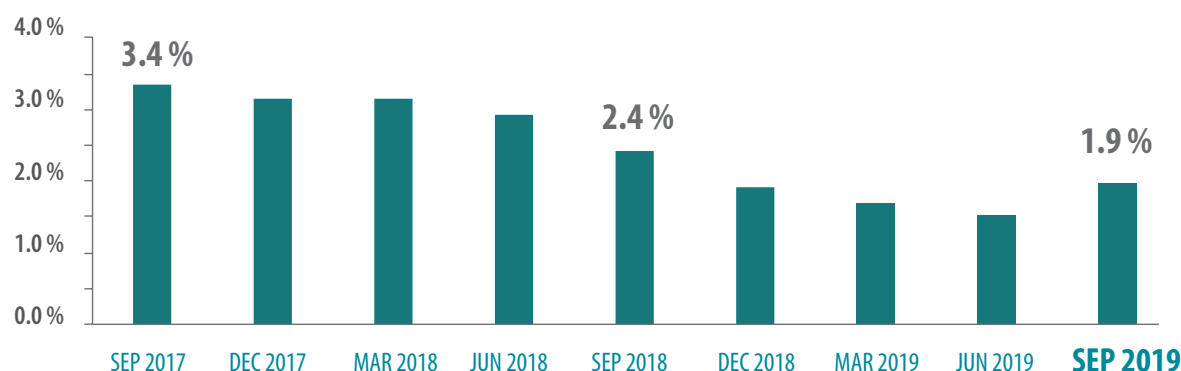
COSTA RICA

Macro environment

Economic activity

GROSS DOMESTIC PRODUCT IN COSTA RICA

(Annual variation)



Source: Costa Rica's Central Bank. Calculation: Davivienda.

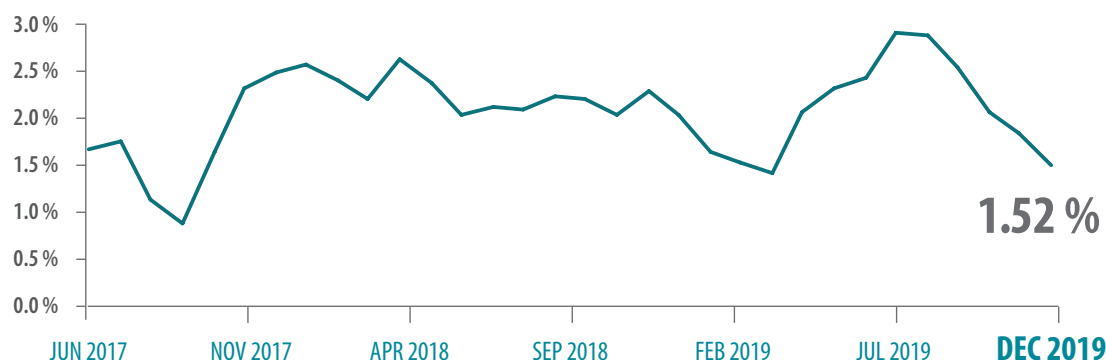
In the first semester 2019, Costa Rica faced a loss of economic dynamism from which it recovered in the third quarter of the year with an annual growth rate of 1.9 %. This rebound came from teaching, human health and social assistance activities, as well as from the agricultural sector, forestry and fishing, given the improved climatic conditions. In contrast, construction had the greatest decline due to the decrease in public works projects and the uncertainty that brought about the fiscal reform implementation.

Costa Rica's inflation rate 2019: **1.52 %**, below the Central Bank's target range.

Inflation

INFLATION IN COSTA RICA

(Annual variation)



Source: Costa Rica's Central Bank. Calculation: Davivienda.





Despite the fact that year-end inflation 2019 (1.52 %) was below the target range set by the Central Bank of Costa Rica (CBCR) between 2.0 % and 4 %, inflationary expectations were anchored within this range.

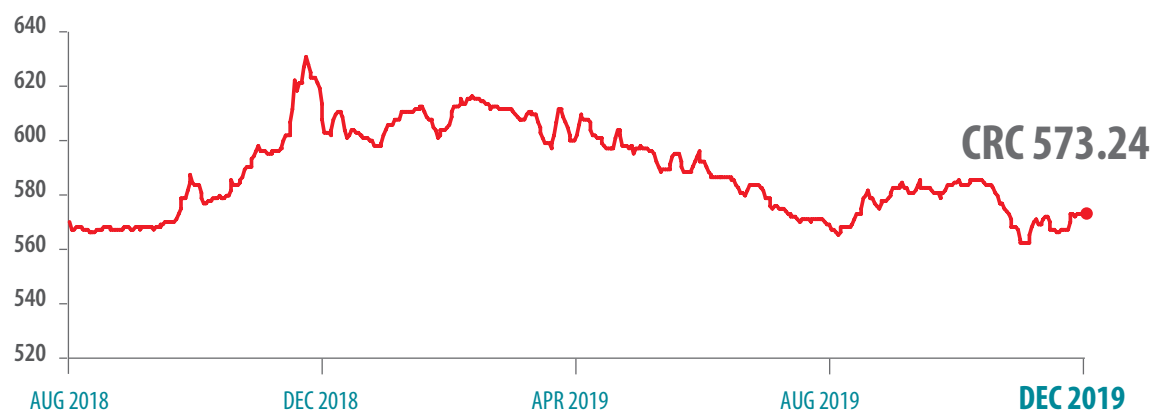
The line items that had the greatest negative impact on inflation were transport, alcoholic beverages and cigarettes. Besides, the deflationary pressures of the year kept economic growth below its potential level and made unemployment reach a higher average than in recent years.

While the 6 % annual exchange rate appreciation did not cause inflation to rise, the entry in effect of VAT tax in the second semester produced temporary inflationary pressures that vanished by the end of the year, according to Costa Rica's Central Bank.

Exchange rate

NOMINAL EXCHANGE RATE IN COSTA RICA

(Annual variation)



Source: Costa Rica's Central Bank.

The exchange rate closed out CRC²⁹ 573.24, reaching a maximum of CRC 614.31 and a minimum of CRC 565.52. During the year, the increased confidence among investors after the fiscal reform approval, as well as the expectation of a governmental debt increase denominated in dollars and a lower currency demand for imports, caused a 6.0 % appreciation which contrasted with the devaluation of 2018.

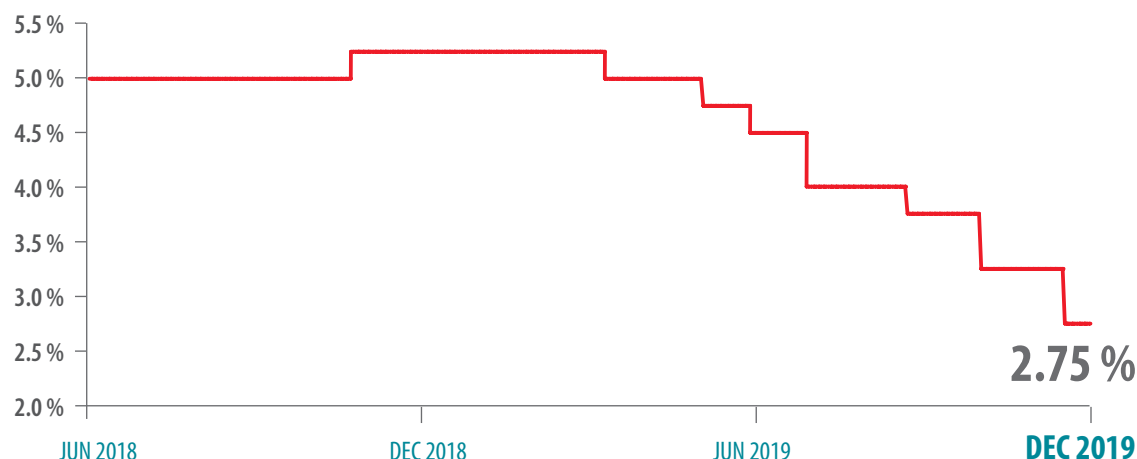
29. CRC: Costa Rican Colon (₡), national currency of this country



Fiscal and monetary policy and risk ratings

MONETARY RATE POLICY IN COSTA RICA

(Annual variation)



With a downward trend in inflation and a modest growth during the year, the CBCR implemented an expansionist monetary policy in 2019, reducing the monetary policy rate (MPR) from 5.25 % to 2.75 %, which improved economic activity indicators by year-end 2019.

In fiscal matters, the national deficit (Central Government) reached 7 % of GDP as of December 2019, above the figure reported in 2018 (5.8 %) and above the anticipated by the CBCR (6.3 %). Despite the 7.1 % increase in tax revenues (as a result of the sales tax enforcement and the income tax modification starting in June 2019), public debt and capital expenditures interest costs grew at a 23.5 % and 49.9 % rate, respectively. This caused the fiscal deficit to rise and the public debt as a share of GDP to increase from 51 % at year-end 2018 to 57.8 % in November 2019.

Lastly, the sovereign rating for Costa Rica remained at B+ and B1 by Standard & Poor's and Moody's, respectively, with negative outlook. The Fitch rating was revised to the downside in January 2019 from BB to B+ with negative outlook. According to Fitch, the reduction in the risk rating reflects persistently large fiscal deficits, short-term financing needs due to a strict amortization schedule and budgetary financing restrictions.



Financial system

Assets recorded an annual growth of 7.0 % at the end of 2019, when the loan portfolio represented 66.4 % of total assets and investments 17.8 %, presenting growth rates of 4.5 % and 24.1 %, respectively. Other assets increased by a 16 % annual rate.

Liabilities grew by 5.8 %. Term deposits which accounted for 43.2 % of total liabilities grew by 10.2 % and savings accounts represented 16.4 % and grew by 12.5 %. Meanwhile, checking accounts share of total liabilities was 18.6 % and increased by 20.8 % and, lastly, other liabilities represented 21.8 % and decreased by 13.9 %.

MAIN FIGURES OF THE FINANCIAL SECTOR IN COSTA RICA

(USD Million)

	AMOUNT		VARIATION*
	DEC. 2018	DEC. 2019	2019 / 2018
Total Assets	55,015	58,873	7.0 %
Investments	8,456	10,495	24.1 %
Loan Portfolio	37,422	39,096	4.5 %
Commercial**	13,807	13,958	1.1 %
Consumer**	11,561	12,469	7.8 %
Mortgage**	9,671	10,347	7.0 %
Other Assets***	9,137	9,282	1.6 %
Liabilities	47,372	50,121	5.8 %
Equity	7,643	8,752	14.5 %

* Variation in terms of local currency.

** The portfolio segments are extracted from the private sector; therefore, the sum of the segments is not equal to the total portfolio of the general balance of the financial sector. Portfolio figures as of November of each year.

*** Other assets include granted guarantees, immobilized unproductive assets and other unproductive assets (without credit portfolio).

Year-end exchange rates for December 2017, 2018 and 2019 were used.





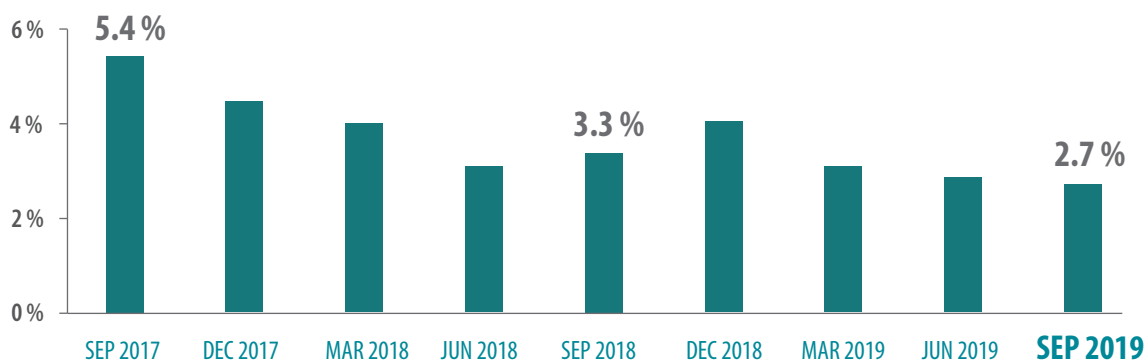
PANAMÁ

Economic environment

Economic activity

GROSS DOMESTIC PRODUCT IN PANAMÁ

(Annual variation)



Source: National Statistics and Censuses Institute. Calculation: Davivienda.

Panama's economic growth slowed down in 2019. In the third quarter the annual increase in GDP was 2.7 %, above the same period in the previous year (3.3 %) and below the average of the first semester 2019 (3 %). The average growth for the year as of the third quarter was 2.9 %, remaining below the potential growth rate for Panama.



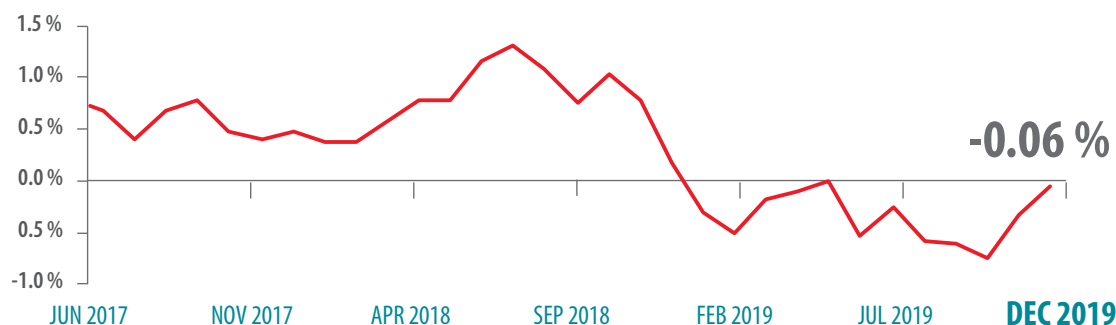
The sector that contributed the most to growth was the exploitation of mines and quarries, primarily because of the entry in operation of Minera Panamá in June, whose copper exports should reach their maximum capacity within 3 years. The second leading sector was transport, storage and communications, specifically stands out the acceleration in income from Panama Canal tolls compared to the first semester of the year. In contrast, the sector with the greatest negative contribution to growth was construction, due to the culmination of major infrastructure projects, public as well as private works.



Inflation

INFLATION IN PANAMÁ

(Annual variation)



Source: National Statistics and Censuses Institute. Calculation: Davivienda.

Inflation in Panama was -0,06 % in 2019, less than the figure recorded in 2018 (0,16 %). The price reduction was generated by declines in food and non-alcoholic beverages prices, and furniture and home products prices. During the year, inflation went down to -0,75 % because of lower gas prices. Additionally, in June 2019, the President of Panama scaled back the list of price-controlled products from 22 to 14.

Fiscal policy and risk ratings

Total central government income as of September 2019 decreased by 6.1 % as a result of tax revenue contraction. Total expenditures declined 2.8 % in the year, primarily due to lower capital expenditures.

The fiscal balance resulted in a 4.8 % fiscal deficit as a share of GDP, just under the 4.9 % recorded in 2018, while the public debt increased from 39.2 % of GDP in 2018 to 44.4 % in 2019.

The sovereign risk rating of Panama remained at BBB in 2019 by Fitch with a stable outlook. On the other hand, Moody's and Standard & Poor's revised their rating to the upside, from Baa2 to Baa1 and from BBB to BBB+, respectively. The outlooks remained stable and the improvement in the risk rating, made public in March and April, were due to the greater diversification of national income and the greater fiscal responsibility.

Panama's inflation rate in 2019 was **-0,06 %**, below the figure recorded in 2018.



Financial system

Assets grew by 3.7 %, total loan portfolio which represented 63.9 % of total assets, grew by 0.7 %, while investments, with a 18.0 % share of total assets, grew by 4.1 %, and other assets increased by 15.9 %.

Liabilities grew by 3.0 %. Among them, term deposits with a 42.9 % share, grew by 7.5 %, and savings accounts, which represented 13.4 % of liabilities, decreased by 5.4 %. At the same time, checking accounts, equivalent to 12.9 % of total liabilities declined, while other liabilities increased by 5.2 %.

MAIN FIGURES OF THE FINANCIAL SECTOR IN PANAMA

(USD Million)

	AMOUNT		VARIATION*
	NOV. 2018	NOV. 2019	2019 / 2018
Total Assets	103,407	107,269	3.7 %
Investments	18,592	19,354	4.1 %
Loan portfolio	68,115	68,560	0.7 %
Consumer	12,020	12,546	4.4 %
Mortgage	16,984	17,716	4.3 %
Remainder of total loan portfolio	24,589	24,304	-1.2 %
Foreign	14,522	13,994	-3.6 %
Other assets*	16,700	19,355	15.9 %
Liabilities	91,561	94,284	3.0 %
Equity	11,846	12,985	9.6 %

Source: Superintendence of Panama's Banks (SPB).

*Variations in terms of local currency.

*Other assets include liquid assets and others.



Sovereign debt ratings

QUALITY	MOODY'S	S&P	FITCH
Medium investment grade	A1 A2 A3	A+ A A-	A+ A A-
Low investment grade	Baa1 Panama (sta) 2 Baa2 Panamá Baa2 Colombia (neg) Baa3	BBB+Panama (sta) 3 BBB Panamá (pos) BBB- BBB- Colombia (sta)	BBB+ BBB Panama (neg)* BBB Colombia (neg) BBB-
No investment grade	Ba1 Ba2 Ba3	BB+ BB BB- BB- Honduras (sta)	BB+ BB Costa Rica (neg) BB-
Highly speculative	B1 Honduras (sta) B1 Costa Rica B2 Costa Rica (sta) 1 B3 El Salvador (sta) B3	B+ Costa Rica (neg) B+ B B- El Salvador (sta)	B+ Costa Rica (neg) B B- El Salvador (sta)
Default risk	Caa1 Caa2 Caa3	CCC+ CCC CCC-	CCC+ CCC CCC-
Near default	Ca	CC C	CC C
Default	C	D SD	D RD

* 1 Downward rating revision 10/02/2020

2 Upside rating revision 08/03/2019

3 Upside rating revision 29/04/2019

* Outlook revised from stable to negative 02/06/2020

Source: Bloomberg

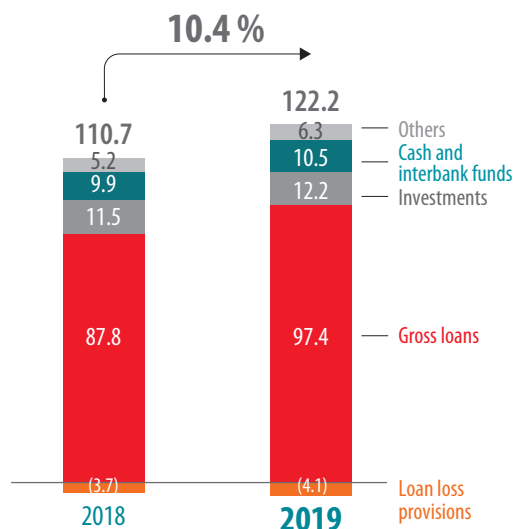


5 ■ FINANCIAL RESULTS



DAVIVIENDA / CONSOLIDATED ASSETS

(COP trillion)



CONSOLIDATED FINANCIAL REPORT

The following figures correspond to the consolidated results obtained in 2019 and are compared to the results from 2018. Both periods are under full IFRS.³⁰

Asset analysis and structure

At year-end 2019, total assets reached COP 122.2 trillion, increasing 10.4 % relative to 2018. This result is explained primarily by the gross loan portfolio, which increased COP 9.6 trillion (annual variation of 10.9 %), driven by the consumer portfolio whose growth during the same period was 29.1 %. The gross loan portfolio reached a share within the total assets of 79.7 % as of December 2019.

Cash and interbank funds increased by 5.3 % closing the year at COP 10.5 trillion, while the investment portfolio amounted to COP 12.2 trillion, growing at a 6.3 % rate, primarily in the international operation due to the increase in deposits.

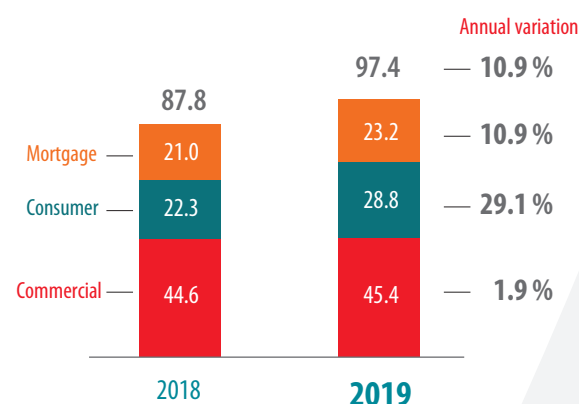
The consumer portfolio performance is explained by the success in the implementation of digital initiatives such as the Mobile Card released in May 2019 and strategies based on analytics. As a result, the outstanding amount of this portfolio increased at an annual rate of 29.1 %.

The 10.9 % growth rate in the consolidated mortgage portfolio is a result of the residential leasing and VIS housing performance in Colombia, whose outstanding amount increased 14.0 % and 10.1 %, respectively, thanks to the Bank's active participation in this segment.

Finally, in the commercial portfolio the consolidated growth rate was 1.9 %, explained partly by the SMEs segment dynamic in Colombia, whose annual increase was 14.2 %, and by the corporate and constructor declines of 2.5 % and 5.2 % in Colombia.

DAVIVIENDA / CONSOLIDATED GROSS LOANS

(COP trillion)



30. IFRS: International Financial Reporting Standard, common denominator of world-wide accounting activity.





90 days consolidated PDL ratio was 3.46 % as of December 2019, decreasing 47 basis points in the annual comparison as a result of the commercial and consumer portfolios performance.

The commercial portfolio PDL ratio decreased 58 basis points, closing at 4.04 %, primarily because of restructuring agreements with specific customers and the write offs made in Colombia in December. Regarding the consumer portfolio, the PDL ratio reduced 51 basis points during the year until it set at 2.04 %. This ratio was positively impacted by the operation in Colombia due to the growth of the outstanding amount in consumer loans and the improved performance of this portfolio. Finally, 90 and 120 days mortgage PDL ratios were 4.07 % and 3.20 % respectively, increasing 15 and 17 basis points compared to the fourth quarter 2018, basically because of the foreign subsidiaries, given that the macroeconomic impact continues to deteriorate the portfolio's performance in this region.

The coverage³¹ ratio closed 2019 at 151.4 %, above the 124.9 % recorded in December 2018.

DAVIVIENDA / CONSOLIDATED ASSET QUALITY AND COVERAGE RATIOS

(90 days PDL ratios)

	2018	2019
Consumer PDL	2.55 %	2.04 %
Commercial PDL	4.62 %	4.04 %
Mortgage PDL	3.92 %	4.07 %
Total PDL	3.93 %	3.46 %
Total coverage	124.9 %	151.4 %



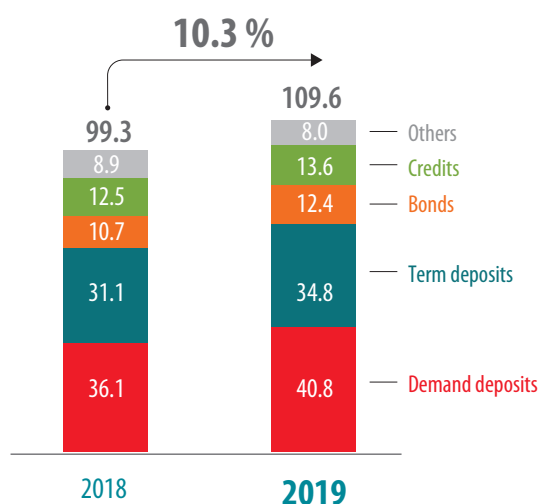
31. Coverage: (Loan loss reserves in Assets + Reserves in Equity)/ Portfolio over 90 days.



Asset structure and analysis

DAVIVIENDA / CONSOLIDATED LIABILITIES

(COP trillion)



Total liabilities grew 10.3 % compared to the previous year, reaching COP 109.6 trillion at year-end, primarily due to the 13.0 % increase of demand deposits, which totaled COP 40.8 trillion, and the 11.8 % increase in term deposits, closing at COP 34.8 trillion.

Loans to funding ratio stood at 95.9 %, reducing approximately 13 percentage points compared to the figure recorded in December 2018 (97.2 %).

From the total funding sources, savings accounts represented 29.9 %, checking accounts 10.2 % and term deposits 34.3 %. Lastly, 12.2 % and 13.4 % of funding sources corresponded to bonds and credits with entities, respectively.

DAVIVIENDA / CONSOLIDATED FUNDING SOURCES

(COP trillion, except percentages)

	2018		2019		VARIATION*	
	AMOUNT	SHARE	AMOUNT	SHARE	AMOUNT	PERCENTAGE
Savings accounts	26.6	29.5 %	30.4	29.9 %	3.8	14.2 %
Checking accounts	9.5	10.5 %	10.4	10.2 %	0.9	9.9 %
Term deposits	31.1	34.4 %	34.8	34.3 %	3.7	11.8 %
Bonds	10.7	11.8 %	12.4	12.2 %	1.7	16.0 %
Credits	12.5	13.8 %	13.6	13.4 %	1.1	8.6 %
Funding sources	90.4	100.0 %	101.6	100.0 %	11.2	12.4 %



Equity analysis and structure

At the end of 2019, consolidated equity reached COP 12.7 trillion, growing 10.9 % during the year due to the increase in reserves (on the occasion of the COP 782 billion capitalization approved by the Shareholders Meeting).

Likewise, total regulatory capital increased to COP 12.7 trillion, risk-weighted assets totaled COP 104 trillion and market risk closed at COP 477 billion.

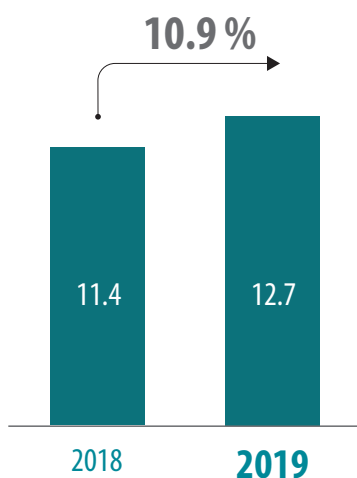
Therefore, the total capital adequacy ratio stood at 11.61 % (compared to the regulatory minimum of 9 %).

The tier I ratio closed at 7.99 % in 2019, higher than the regulatory minimum of 4.5 % and relatively stable compared to the year-end 2018 figure.

Year-end **consolidated equity: COP 12.7 trillion**, growing 10.9 %.

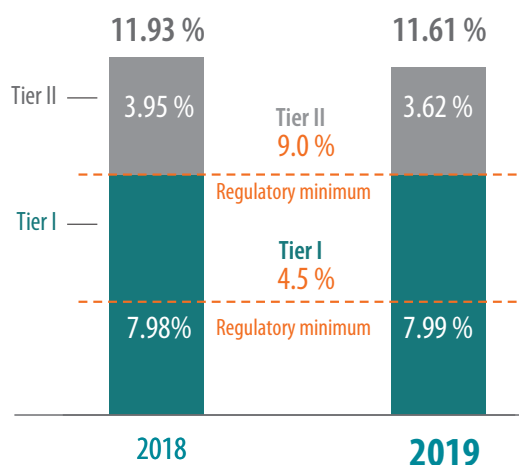
DAVIVIENDA/CONSOLIDATED EQUITY

(COP trillion)



TOTAL CAPITAL ADEQUACY RATIO

(In percentages)



2019 Net profit: COP 1.48 trillion, 6.1 % higher than the previous year.

Financial Income Statement

Net profit for the year 2019 totaled COP 1.48 trillion, 6.1 % higher than the previous year, primarily as a result of higher financial income associated with the retail and investment portfolios.

DAVIVIENDA / CONSOLIDATED RESULTS AS OF DECEMBER 2019

(COP billion, except percentages)

	DECEMBER 2018	DECEMBER 2019	GROWTH	
			AMOUNT	PERCENTAGE
Financial Income	9,510	10,725	1,216	12.8 %
Loan Income	8,862	9,795	933	10.5 %
Investment Income	547	812	265	48.3 %
Interbank Funds & Overnight	101	119	18	17.8 %
Financial Expenses	3,558	4,031	473	13.3 %
Gross Financial Margin	5,951	6,694	742	12.5 %
Provision Expenses	2,075	2,434	360	17.3 %
Net Financial Margin	3,877	4,259	383	9.9 %
Operating Income	1,254	1,331	77	6.1 %
Operating Expenses	3,414	3,730	316	9.3 %
Exchange and Derivatives, net	145	67	-79	-54.1 %
Other Income and Expenses, net	14	0	-14	-100 %
Income before taxes	1,876	1,927	51	2.7 %
Taxes	478	443	-34	-7.2 %
Net Profit	1,399	1,484	85	6.1 %





The 10.5 % growth rate in loan income is explained mainly by the consumer portfolio in Colombia, where the portfolio's interest income increased by 11.5 %, in line with the 33.6 % increase in the outstanding amount of consumer loans. The interest income from mortgage portfolio registered an annual increase of 13.1 % for a total of COP 2.4 trillion. Lastly, the commercial portfolio had the lowest consolidated growth rate on interest income (annual variation of 7.0 %), closing the year at COP 3.8 trillion.

Investment income rose by 48.3 % and totaled COP 812 billion at year-end, as a result of public debt instruments appreciation in Colombia and valuation adjustments of securitization instruments, which generated an extraordinary income in the first semester of 2019.

Financial expenses increased by 13.3 %, associated with larger deposits and credits, changes in funding composition and IFRS 16 implementation. Considering that the interest income increase compensated the higher interest expenses, the accumulated gross financial margin as of December 2019 expanded 12.5 %. 12-months NIM remained relatively stable, increasing 2 basis points compared to the previous year's report.

Loan income
growth rate: **10.5 %.**

Year-end **NIM: 6.52 %.**



Net provision expenses grew by COP 360 billion, equivalent to a 17.3 % annual increase. The higher provision expenditure is explained by the risk situations identified in the commercial portfolio throughout the year and the greater expenditure in the consumer segment given the portfolio's growth rate. Therefore, the net financial margin increased 9.9 % annually.

Operational income at a consolidated level increased by 2.7 % relative to the accumulated in the previous year, primarily due to higher commissions received in Colombia. Meanwhile, the operational expenses totaled COP 3.7 trillion, 9.3 % higher than the same period in 2018, due to higher personnel expenses, associated with greater loan volume commissions and employee bonuses, as well as to the increase in other expenses, given the reassignment of rental expenses in this category after IFRS 16 adoption.

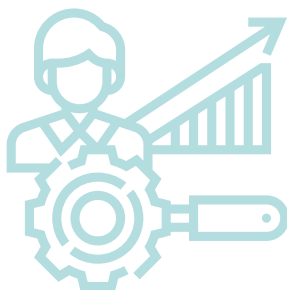
Income before taxes as of December 31, 2019 was COP 1.9 trillion, recording an increase of 2.7 % annually.

The accumulated income tax during the year rose to COP 443 billion, 7.2 % lower than in 2018, given the adjustment in the long-term income tax rate applied to the difference between the portfolio provisions calculated in the Separate Financial Statements and Consolidated Financial Statements specified under IFRS.

Year-end
efficiency ratio: 46.2 %,
improving 25 basis points
relative to 2018.

COP 443 billion
accumulated income
tax during the year.

RESULTS BY SEGMENT AND PERSPECTIVES



The bank determines the presentation of its operative business segments based on how the information is received and organized. These segments are bank components dedicated to banking and financial activities that generate both income and expenditures. They require a full optimal accounting in order to measure its results, assets and liabilities, which are evaluated and verified regularly by the Strategic Committee (highest authority in operative-decision making - MITDO, headed by the bank president), in order to assure the correct decision-making process, the assignment of resources and the performance evaluation. Taking into account this organization, the operative segments of the bank have been determined in consideration of:



- Activities of individuals and businesses that report separately at the level of assets, liabilities, income and expenditures.
- Results that are periodically examined by the MITDO.
- The relation with which differentiated financial information is made available.

The operational segments are components of the results matrix that include data from countries where Davivienda has operations. As such, the results are classified and presented in the segments that the bank has established:

Retail Banking

This segment contains all the products and services offered to individual customers. Davivienda offers a variety of products and services aiming to satisfy the needs of its customers, including savings, financing and investment 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.

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, and all forms of conversion, either by cash position or bank book. Therefore, the result of this segment not only reflects the result of a business line but the corporate decisions regarding the management of bank issuances and funding sources. As this segment administers liquidity resources of the bank, the process is followed by the management.



International Operations

This segment corresponds to the international operations of the bank, thus it includes the financial information of the subsidiaries in Panama, Costa Rica, El Salvador and Honduras. These obtain their income from a variety of products and services offered in each country, based on an effective and comprehensive value offer for their customers.



Results

RESULTS BY SEGMENT

January 1 to December 31, 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	(340,233)	(1,585,743)	(1,207,516)	(897,964)	(4,031,456)
Net FTP**	(1,260,478)	570,696	689,782	-	-
Loan loss provisions and net receivables	(1,380,554)	(777,305)	5,135	(281,690)	(2,434,414)
Net financial margin	2,105,231	1,076,675	165,776	911,706	4,259,388
Net fee, service and insurance income	549,987	180,325	254,824	314,155	1,299,291
Income from investments in associates, net	-	-	8,947	511	9,458
Dividends	-	-	20,530	1,980	22,510
Operating Expenses	(1,845,958)	(761,220)	(242,947)	(879,758)	(3,729,883)
Changes and derivatives, net	-	-	85,304	(18,491)	66,813
Other income and expenses, net	46,745	(1,376)	(45,486)	(280)	(397)
Operating margin	856,005	494,404	246,948	329,823	1,927,180
Income tax and supplementary	(104,643)	(129,156)	(120,608)	(88,918)	(443,325)
Net profit	751,362	365,248	126,340	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	15,663,035	39,449,577	27,973,439	26,485,073	109,571,124

* Management of assets and liabilities.

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

During 2019, the methodologies for calculating the FTP were modified based on best practices adjustments. In order to be comparable, the results of the methodologies were applied historically. This situation means differences in the figures presented in intermediate notes as of December 31, 2018. Additionally, each year the customer segmentation is reviewed and, if necessary, the customers are reclassified, leading to changes in the business lines.



RESULTS BY SEGMENT

January 1 to December 31, 2018

INCOME STATEMENT	RETAIL	COMMERCIAL	ALM - DIFFERENTIATED INFORMATION*	INTERNATIONAL	TOTAL CONSOLIDATED BANK
Interest income	4,558,045	2,772,136	473,876	1,705,585	9,509,642
Interest Expenses	(330,563)	(1,520,850)	(1,000,459)	(706,284)	(3,558,154)
Net FTP**	(1,105,483)	527,210	578,273	-	-
Loan loss provisions and net receivables	(1,191,979)	683,256	(3,800)	(195,707)	(2,074,742)
Net financial margin	1,930,020	1,095,240	47,890	803,594	3,876,744
Net fee, service and insurance income	554,603	182,251	202,427	288,278	1,227,559
Income from investments in associates, net	-	-	7,201	396	7,597
Dividends	-	-	17,070	1,905	18,975
Operating expenses	(1,657,274)	(722,675)	(258,998)	(774,942)	(3,413,889)
Changes and derivatives, net	-	-	95,399	50,039	145,438
Other income and expenses, net	43,236	(3,284)	(54,752)	28,648	13,848
Operating margin	870,585	551,532	56,237	397,918	1,876,272
Income tax and supplementary	(89,731)	(121,917)	(152,829)	(113,295)	(477,772)
Net profit	780,854	429,615	(96,592)	284,623	1,398,500

DECEMBER 31, 2018

ASSETS	35,164,737	33,031,831	15,369,180	27,158,190	110,723,938
LIABILITIES	14,108,055	35,111,018	26,033,799	24,061,170	99,314,042

* Management of assets and liabilities.

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

During 2019, the methodologies for calculating the FTP were modified based on best practices adjustments. In order to be comparable, the results of the methodologies were applied historically. This situation means differences in the figures presented in intermediate notes as of December 31, 2018. Additionally, each year the customer segmentation is reviewed and, if necessary, the customers are reclassified, leading to changes in the business lines.





INDIVIDUAL FINANCIAL REPORT

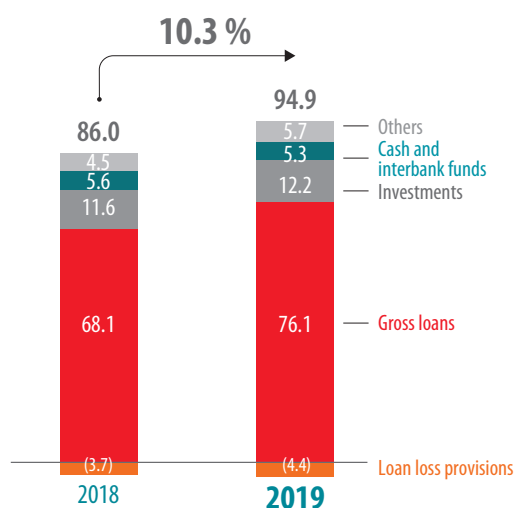
Assets Analysis and Structure

By the end of 2019, Davivienda's assets totaled COP 94.9 trillion, a 10.3 % increase over the previous year. This result is explained by the 11.8 % increase in gross loans, which meant an additional COP 8.1 trillion compared to 2018, mainly due to the increase in the consumer and mortgage portfolios. Net investments grew by 5.2 %, closing 2019 with COP 12.2 trillion. On the other hand, cash and interbank funds decreased by 4.9 % compared to the end of 2018, to COP 5.3 trillion.

During 2019, the gross loan portfolio was led mainly by retail banking, which grew by 23.0 % reaching an outstanding amount of COP 8 trillion loans. Meanwhile, the corporate banking portfolio remained stable relative to 2018 due to the prepayments done by certain specific clients.

DAVIVIENDA / ASSETS

(COP trillion)



Gross loans performance in 2019 led us to consolidate as the second largest bank in Colombia in terms of loan portfolio: our market share in the Colombian financial system stood around 15.6 % at year-end.

The consumer portfolio grew by 34.0 %, explained in part by the digital lending evolution mainly of unsecured personal loans and credit cards.



Davivienda:
Second largest bank
in Colombia in terms
 of loans.

The consumer
portfolio grew 34 %
 and the mortgage
 segment 11.4 %.

The mortgage portfolio grew by 11.4 % over the year. As of December 2019, we continued to be the leader in housing loans placement in Colombia, with a market share in the financial system around 24.9 %. Furthermore, we continued to actively participate in the subsidized housing programs that the Government grants to low- and middle-income families.

Finally, the commercial portfolio, whose outstanding amount totaled COP 33.6 trillion at the end of the year, remained relatively stable compared to the same period of the previous year (0.3 % growth). This result was impacted by the prepayments in the corporate portfolio and partially driven by the SMEs segment which grew by 15.6 %.

DAVIVIENDA / GROSS LOANS

(COP trillion, except percentages)

	2018	2019	VARIATION	
			AMOUNT	PERCENTAGE
Commercial Banking	33,467	33,557	91	0.3 %
Corporate	20,181	19,473	-709	-3.5 %
Construction	4,865	4,573	-293	-6.0 %
Wholesale	1,590	1,619	29	1.8 %
SMEs	6,830	7,893	1,063	15.6 %
Retail Banking	34,617	42,572	7,955	23.0 %
Consumer	17,716	23,741	6,025	34.0 %
Mortgage	16,901	18,831	1,930	11.4 %
Total Bank	68,084	76,130	8,046	11.8 %

As of December 2019, 90 days PDL ratio stood at 3.44 %, an improvement of 42 basis points compared to the previous year.

The consumer portfolio improved by 78 basis points compared to 2018. Thus, PDL ratio for this segment closed 2019 at 2.71 %.



The PDL ratio of the commercial portfolio also improved, standing at 4.25 % at the end of December 2019, 30 basis points lower than the figure reported at year-end 2018.

Finally, the mortgage segment was the only one that deteriorated in 2019. The PDL ratio for mortgage loans closed at 2.92 %, growing 8 basis points relative to the 2.84 % reported in December 2018.

The coverage ratio closed at 168 % by the end of the year, increasing relative to the figure reported last year (139 %).

DAVIVIENDA / PDL AND COVERAGE RATIOS*

(In percentages)

	2018	2019
Consumer PDL	3.49 %	2.71 %
Commercial PDL	4.58 %	4.25 %
Mortgage PDL	2.84 %	2.92 %
Total PDL	3.86 %	3.44 %
Total coverage	139 %	168 %

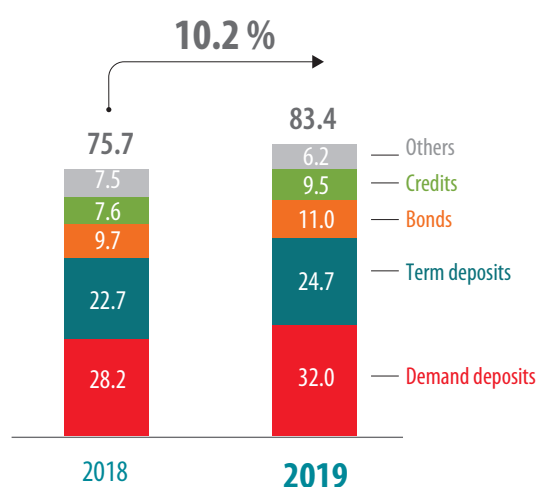
*PDL ratio: (Consumer > 60 days; commercial, microcredit > 90 days; mortgage and residential leasing > 120 days) / Total

Coverage: Provisions / Portfolio > 90 days



DAVIVIENDA / LIABILITIES

(COP trillion)



Liabilities analysis and structure

Total liabilities grew by 10.2 % over the year and reached COP 83.4 trillion, as a result of increased demand deposits, which totaled COP 32 trillion and rose by 13.5 %, in addition to the 8.8 % increase of term deposits, which closed at COP 24.7 trillion.

Loans to funding ratio closed at 98.6 %, decreasing by nearly 1.2 percentage points relative to the figure recorded in 2018 (99.8 %).

Saving deposits represented 33.9 % of total funding sources, checking accounts accounted for 7.6 %, and term deposits 32.0 %. Finally, bonds accounted for 14.2 % of funding sources, and credits with other entities were 12.3 % of funding sources.

DAVIVIENDA / FUNDING SOURCES

(COP billion, except percentages)

	2018		2019		VARIATION	
	AMOUNT	SHARE	AMOUNT	SHARE	AMOUNT	SHARE
Savings accounts	22,579	33.1 %	26,199	33.9 %	3,620	16.0 %
Checking accounts	5,661	8.3 %	5,849	7.6 %	188	3.3 %
Term deposits	22,697	33.3 %	24,690	32.0 %	1,993	8.8 %
Bonds	9,665	14.2 %	10,978	14.2 %	1,313	13.6 %
Credits	7,624	11.2 %	9,481	12.3 %	1,856	24.3 %
Funding sources	68,227	100.0 %	77,198	100.0 %	8,971	13.1 %



Equity analysis and structure

At the end of 2019, the Bank's equity totaled COP 11.5 trillion, COP 1.1 trillion (10.8 %) higher than the previous year.

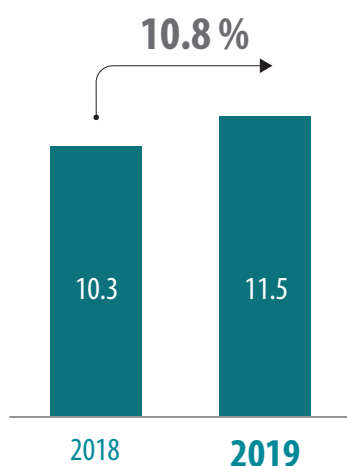
Total regulatory capital amounted to COP 12.3 trillion, while risk-weighted assets reached COP 80.2 trillion. Considering a market risk of COP 406 billion, the total capital adequacy ratio closed the year at 14.57 %, above the regulatory minimum of 9 %. By the end of the year, Tier I ratio was 9.56 %, above the regulatory minimum of 4.5 %.

Year-end equity
totaled COP 11.5 trillion,
10.8 % higher than 2018.

Tier I ratio
closed at 9.56 %,
above the regulatory
minimum of 4.5 %.

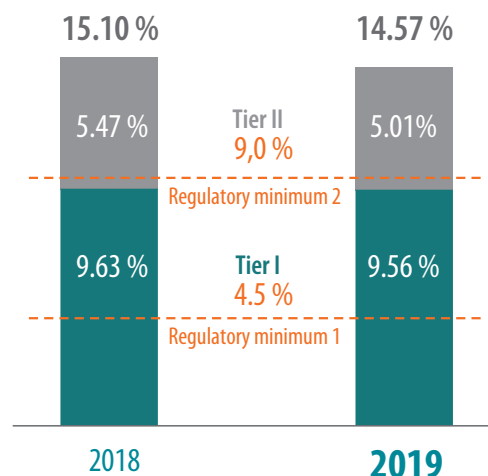
DAVIVIENDA / EQUITY

(COP trillion)



DAVIVIENDA / CAPITAL ADEQUACY RATIO

(In percentage)



Income statement

Accumulated net profit as of December 2019 reached COP 1.31 trillion, rising 10.2 % relative to the figure reported in 2019 (COP 1.19 trillion). As a result, ROAE stood at 12.1 %.

DAVIVIENDA / INDIVIDUAL RESULTS AS OF DECEMBER 2019

(COP Billion, except percentages)

	DECEMBER 2018	DECEMBER 2019	GROWTH	
			AMOUNT	PERCENTAGE
Financial income	7,649	8,571	922	12.1 %
Loan income	7,306	8,083	778	10.6 %
Investments income	358	530	172	48.1 %
Interbank funds and overnight	-15	-43	-28	185.8 %
Financial expenses	2,803	3,067	264	9.4 %
Gross financial margin	4,846	5,504	658	13.6 %
Provision expenses	2,177	2,455	278	12.8 %
Net financial margin	2,668	3,048	380	14.2 %
Operating income	1,182	1,216	34	2.8 %
Operating expenses	2,553	2,811	258	10.1 %
Net changes and derivatives	90	81	-9	-10.2 %
Other income and net expenses	31	37	7	21.8 %
Operating margin	1,418	1,571	152	10.7 %
Taxes	223	254	31	13.9 %
Net profit	1,195	1,316	121	10.2 %

Net profit results are due to higher financial income from the consumer and mortgage portfolios, which exceeded financial and operating expenses throughout the year.



The 10.6 % growth in loan income is mainly explained by the retail banking, particularly the consumer portfolio which increased by 11.4 % and the mortgage portfolio which grew 14.0 %, in line with the increase in the outstanding amount of these loans. Finally, commercial portfolio income grew 7.6 % over the year, contributing as well to the financial income growth.

In the investment portfolio, accumulated income closed at COP 530 billion, a 48.1 % increase relative to the previous year due to the public debt instruments appreciation recorded throughout the year.

Financial expenses rose 9.4 % over the year mainly due to an increase in demand and term deposits, and to a lower extent, an increase in bonds and credits with entities. Consequently, the gross financial margin as of December 2019 stood at COP 5.5 trillion, 13.6 % above the accumulated margin in 2018.

Net provision expenses increased by COP 278 billion (12.8 %) annually closing at COP 2.5 trillion as a result of the consumer portfolio growth and specific corporate cases in the commercial portfolio. Therefore, the cumulative Cost of Risk³² stood at 3.23 % by year-end, nearly 3 basis points over the figure reported in 2018 (3.2 %). As a result, the net financial margin increased 14.2 % annually.

Operating income grew 2.8 %, mainly explained by higher commissions from establishments affiliated to credit and debit cards.

As of December 2019, accumulated operating expenses closed at COP 2.8 trillion, growing 10.1 % relative to 2018, due to higher administrative expenses, which in turn grew 14.1 %. Despite growth in operating expenses, the efficiency ratio³³ improved by 53 basis points, going from 44.5 % in December 2018 to 43.9 % in December 2019, because of higher financial and non-financial income.

The operating margin as of December 2019 reached COP 1.57 trillion, showing an annual increase of 10.7 %, in response to the increase in operating income above operating expenses.

Finally, tax expenses totaled COP 254 billion in 2019, 13.9 % more than in 2018.

32. 12-months Cost of Risk: Net Provision expenses accumulated / Gross loans.

33. 12-months Efficiency = Operating expenses / (Gross financial margin + Net operating income excluding dividends + Net exchange and derivatives + Other income and expenses).

**Gross financial margin
as of December 2019:
COP 5.5 trillion.**



The main preferred shareholders are **pension funds, accounting for 47.4 %** of the preferred shares.

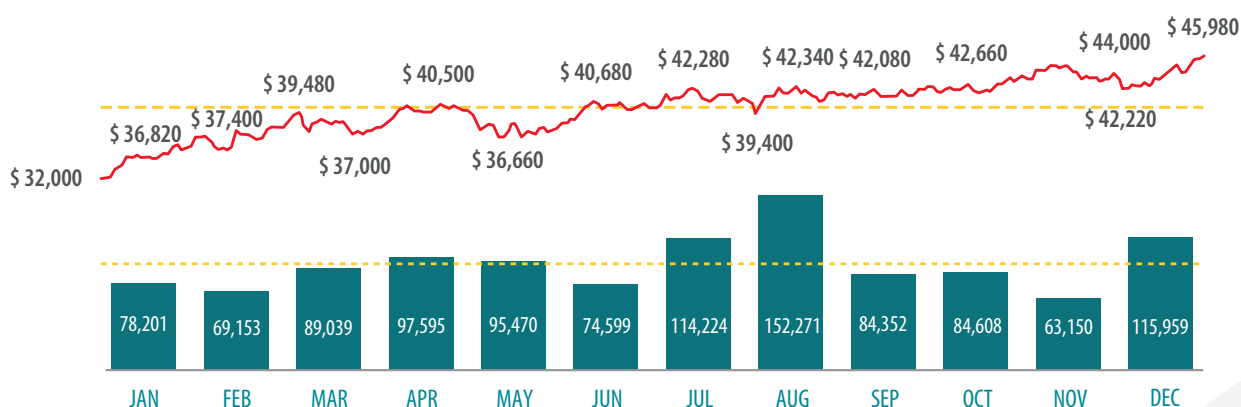
Share's monthly average trading volume: **COP 93.2 billion.**

Share evolution³⁴

23.9 % shares issued by the bank are preferred shares traded daily in the Colombian Stock Exchange. Holders of preferred shares are pension funds which account for 47.4 % of total preferred shares, followed by foreign investors (30.7 %), Colombian companies (16.6 %), and individuals (5.3 %).

Over the year, the average monthly traded value was COP 93.2 billion, with a daily average of COP 4.6 billion. In 2019, Davivienda's preferred stock price soared, closing at COP 45,980, against COP 30,920 in 2018, growing by 48.7 %.

SHARE EVOLUTION



34. As of December 2019, Davivienda had 451.7 million shares outstanding.



SOCIAL FINANCIAL STATEMENT

DAVIVIENDA / WEALTH GENERATION 2019

(COP billion)

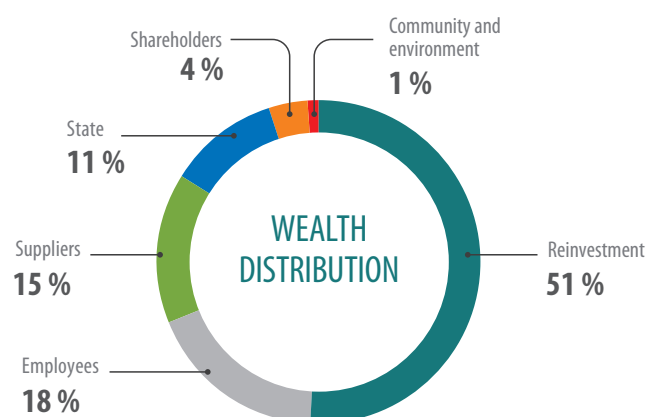
	2019
Income	12,675
Financial	10,725
Operating	1,950
Expenses	4,457
Financial*	4,031
Operating	426
Added value created	8,218

*Includes: deposits, bonds, and credit expenses.

DAVIVIENDA / WEALTH DISTRIBUTION 2019

(COP billion)

	2019
Employees	1,562
Government	871
Vendors	1,182
Communities and the environment	62
Shareholders	379
Reinvestments	4,161
Distributed added value	8,218



REINVESTMENTS 2019

(COP billion)

	2019
Equity Reserves and Profit	1,104
Depreciation and Amortization	283
Maintenance and adaptation of offices	213
Provisions for portfolio and other assets.	2,561
Reinvestment	4,161





■ APPENDICES

APPENDIX 1 MEMORANDUM OF INDEPENDENT REVIEW



Memorandum of independent review

Memorandum of independent review Independent Review of the Sustainability Report 2019 – Davivienda

Responsibilities of the Management of Davivienda and Deloitte

The preparation of the 2019 Sustainability Report of Davivienda, between January 1st and December 31 of 2019, 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 Sustainability Report.

Scope of our work

We have carried out the review of the content adaptation of Davivienda Sustainability Report 2019, 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 Accounts (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 Sustainable Management Report 2019, 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 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 2019 Sustainability Report, and proper compilation from the data supplied by Davivienda the sources of information.

Confirmation that the 2019 Sustainability 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 ¹	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
Corporate risk management	Dav5. Risk management results
Economic Growth	201-1, 102-43, 102-44
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.
Talent management	403-2, 401-1, 404-1, 404-2
Environmental products and programs	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
Financial education	Dav22. Initiatives to improve the population's access to the Financial Education Program
Financial inclusion	Dav21. Initiatives to improve the product's service and quality
	FS13. Accessibility in low-populated or disadvantaged areas.
	FS14. Initiatives to improve access to financial services for disadvantaged people.
Strategic philanthropy	Dav23. Investment in social development
	Dav24. Programs developed and managed by the organization that generate social development
	Dav14. Paper consumption measurement
Eco-Efficiency	Dav15. Amount of tons of recycled paper
	Dav16. Initiatives promoting sustainable construction
	302-1, 303-1, 305.1, 305-2, 305-3

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 2019 Sustainability Report of Davivienda for the period between January 1 and December 31 2019, 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

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

¹ The Scope of the external independent Review is Limited to data of Colombia.



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.

A handwritten signature in black ink, appearing to read "Jorge Enrique Múnera D.", written over a light blue horizontal line.

Deloitte asesores y consultores

Jorge Enrique Múnera D.

Partner

Bogotá, march 2020

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APPENDIX 2

MATERIALITY ASSESSMENT 2019

We conducted a materiality assessment in 2019 to ensure that we are working on the issues that contribute most to value creation, in line with our sustainability strategy. The scope of the materiality review and our strategy encompasses the Bank, our subsidiaries in Colombia and our subsidiaries abroad, for all strategic issues reported.

REVIEW OF MATERIAL ISSUES

This review was conducted following 4 steps:



Identification

Analysis of material issues for Davivienda



Prioritization

Importance level within the implementation of our strategy



Approval

Internal evaluation



Review

Review and verification of implementation

1. Identification

Based on our internal and external commitments:

- Global Compact
- Sustainable Development Goals
- Green Protocol
- Dow Jones Sustainability Index (DJSI)
- Global Reporting Initiatives standard
- Policies and guidelines attached to the sustainability strategy

As a result, we clustered all material issues into 15 separate topics.



2. Prioritization

We assessed how these issues interact with the implementation and development of our strategy as well as their relevance for our stakeholders. We further considered the level of management to prioritize issues to be managed in 2019. To assess the importance and level of management of a particular issue for the Bank and its stakeholders, we established three categories: Low, Medium, and High.

We used benchmark results, the weight of the corresponding issues in the DJSI and the rating received from Senior Management for prioritization purposes.

Our 15 material issues stem from this process. These include: corporate risk management; innovation and digital transformation; economic growth; ethics and anti-corruption, increasingly relevant due to their direct relationship with our business core; areas tied to development and talent training as well as environmental issues, which have remained at the same level.

3. Approval

Sustainability Strategy

In 2019 we confirmed our commitment to the implementation and management of sustainability strategy programs and initiatives by the Sustainability and Public Relations Directorate and the Environmental Officer, who submitted their results to the Board of Directors.

Out of the 15 materiality matters we prioritize **corporate risk management, innovation, digital transformation, economic growth, ethics and fight against corruption.**

4. Review

Following the publication of the sustainability report, we reviewed and managed material issues and their indicators, assisted by an independent third party. This takes place every two years and is intended to examine the context in which the organization operates, its material issues and, if deemed necessary, refocus the sustainability strategy and the level of importance of each material issue.

In 2019, due to changes in the reporting of certain management indicators, some indicators were integrated to the Bank's own indicators to ensure continuity in the measurement and understanding of processes and procedures.



MATERIALITY MATRIX



STRATEGIC ISSUES

High	Medium	Low
Risk Management	Financial Inclusion	Human rights*
Innovation and digital transformation	Environmental programs and products	
Economic growth	SARAS	
Ethics and transparency	Value chain management	
Corporate governance	Operational eco-efficiency	
Financial Education	Strategic Philanthropy	
Customer relationship management	Talent management	
Information security and cybersecurity		

*This issue is not included in the materiality of Banco Davivienda.



APPENDIX 3

GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
	Organizational profile	102-1	Name of the organization	Banco Davivienda S.A		
		102-2	Activities, brands, products, and services	Our results Page 22		
		102-3	Location of headquarters	Bogotá - Colombia Av. El Dorado # 68 C – 61		
		102-4	Location of operations	Letter from the CEO Page 6		
		102-5	Ownership and legal form	Banco Davivienda S.A. is a private capital corporation		
		102-6	Markets served	Our results Page 22 Our enablers Human Talent - Page 78		
		102-7	Scale of the organization	Our results Main figures - Page 20		
		102-9	Supply chain	Appendix Suppliers - Value Chain Management - Page 166		
		102-10	Significant changes to the organization and its supply chain	No significant changes were introduced to the organization's supply chain		
		102-11	Precautionary Principle or approach	Sustainable management SARAS - Page 49 Our enablers Corporate risk management - Page 85		
		102-12	External initiatives	About this report Page 2		
		102-13	Membership of associations	Asobancaria, ANDI, BVC, AMV, IFC		
		102-41	Collective bargaining agreements	100% of Davivienda's employees are covered by a collective bargaining agreement		



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
	Strategy and analysis	102-14	Statement from senior decision-maker	Letter from the CEO Page 6		
		102-15	Key impacts, risks, and opportunities	Letter from the CEO Page 6		
	Ethics	102-16	Values, principles, standards, and norms of behavior	Our higher purpose Page 4		
		102-17	Mechanisms for advice and concerns about ethics	Our enablers Corporate governance and structure Transparency Line - Page 92		
	Corporate governance	102-18	Governance structure	Our enablers Corporate governance and structure Governing bodies - Page 92 Committees supporting the board of directors - Page 92		
		102-20	Executive-level responsibility for economic, environmental, and social topics	Our enablers Corporate governance and structure Committees supporting the board of directors - Page 99		
		102-22	Composition of the highest governance body and its committees	Our enablers Corporate governance and structure Board of Directors 2019-2021 - Page 99		
		102-23	Chair of the highest governance body	Our enablers Corporate governance and structure Board of Directors 2019-2021 - Page 97		
		102-25	Conflicts of interest	Our enablers Corporate governance and structure - Page 92		
		102-28	Evaluating the highest governance body's performance	Our enablers Corporate governance and structure Board of Directors 2019-2021 - Page 97		
		102-31	Review of economic, environmental, and social topics	Twice (2) a year		
		102-32	Highest governance body's role in sustainability reporting	Vice President of each of the areas and Director of Social Responsibility		



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
	Identification of material aspects	102-45	Entities included in the consolidated financial statements	This annual report contains information of Davivienda Colombia and its national and international subsidiaries with consolidated and individual results.		
		102-46	Defining report content and topic Boundaries	Appendix 2019 Materiality Assessment - Page 152		
		102-47	List of material topics	Appendix 2019 Materiality Assessment - Page 152		
		103-1	Explanation of the material topic and its Boundary	Appendix 2019 Materiality Assessment - Page 152		
	Identification of limits	102-48	Restatements of information	We have restated 2 indicators: the FS2 and FS3 indicators, since this year were adopted as internal indicators by the bank as Dav.25 and Dav.26; its methodology will be applied to integrate the measurement of social and environmental risks and requirements in the business lines within the bank's management		
		102-49	Changes in reporting	Information has not been restated		
	Report profile	102-50	Reporting period	About this report Page 2		
		102-51	Date of most recent report	2018		
		102-52	Reporting cycle	Annual		
		102-53	Contact point for questions regarding the report	sostenibilidad@davivienda.com ir@davivienda.com		
		102-54	Claims of reporting in accordance with the GRI Standards	About this report Page 2		
		102-56	External assurance	The report has been subject to independent verification by Deloitte, since for the Bank Davivienda, accountability under transparency and reliability criteria is very important, so the verification assures us of data security.		
Innovation and Digital Transformation		Dav.1	Skills management programs that foster product and services development and improvement.	Our results Innovation - Page 22		x
		Dav.2	New products and services through digital channels	Our results Digital transformation - Page 24		



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Corporate Governance, ethics and transparency		Dav.3	How often does the Board of Directors monitor the Sustainability strategy	Twice (2) a year		
		Dav.4	Claims regarding non-compliance with the Bank's Code of Good Governance	Our enablers Corporate governance and structure Code of ethics - Page 92		
		205-3	Confirmed incidents of corruption and actions taken	Our enablers Corporate governance and structure Code of ethics - Page 92		
		206-1	"Legal actions for anti-competitive behavior, anti-trust, and monopoly practices"	Our enablers Corporate governance and structure Code of ethics - Page 92		x
		405-1	Diversity of governance bodies and employees	Our enablers Human talent - Page 78 Corporate governance and structure Board of Directors 2019-2021 - Page 97		x
		415-1	Political contributions	Appendix 5. Administrative matters Donations - Page 165		
Economic growth	Stakeholders	102-40	List of stakeholder groups	Our strategy Dialogue with our stakeholders - Page 15		
		102-42	Identifying and selecting stakeholders.	The definition of Stakeholders is set forth in the Code of Good Corporate Governance, which is consistent with that set forth in the Country Code of Corporate Governance, which defines Stakeholders as: All those individuals who, due to their relationship with the issuer of securities, have an interest in them. These include the general public, shareholders, customers, users, economic and tax authorities, and the official supervisor.		
		102-43	Approach to stakeholder engagement	Our strategy Dialogue with our stakeholder - Page 15		x
		102-44	Key topics and concerns raised	Our strategy Dialogue with our stakeholder - Page 15		x
	Economic performance	201-1	Direct economic value generated and distributed	Financial results Social income statement - Page 147		x
	Product portfolio	FS6	Percentage of the portfolio for business lines by specific region, size and by sector	Financial results Social income statement - Page 147		
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Our results Personal Banking - Page 26 Commercial banking - Page 33		



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Corporate risk management		Dav.5	Risk management results	Our strategy Dialogue with our stakeholder - Page 85		x
Customer and service management		Dav.6	Survey results measuring customer satisfaction.	Our strategy Dialogue with our stakeholder - Page 15		x
Value chain management	Procurement Practices	204-1	Proportion of spending on local suppliers	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166		
		Dav.7	Supplier assessment through the Environmental and Social Risk Management System - SARAS, which incorporates environmental, labor, human rights, and community criteria.	Sustainable management SARAS - Page 49		x
		Dav.8	Assessment of operational risks in the supply chain	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166 The supplier base evaluated is from 2018, and during 2019 we evaluated and managing those suppliers		x
		Dav.9	Describe the actions to incorporate sustainable criteria into the procurement process	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166 At Davivienda we have established sustainability criteria for contracting goods and services in accordance with the process of Management of purchases and suppliers, where there is a specific section of prioritized products and other for the evaluation of sustainable purchases.		x
		Dav.10	Conduct supplier six-month assessment based on criteria such as: quality, compliance, and post-sales service.	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166		
		Dav.11	Describe the actions to keep suppliers informed.	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166		
		Dav.12	Supplier training and development programs	Appendix 5. Administrative matters Suppliers - Value Chain Management - Page 166		x
Eco-Efficiency	Energy	302-1	Energy consumption within the organization	Sustainable management Operational eco-efficiency - Page 54		x
	Water	303-1	Interactions with water as a shared resource	Sustainable management Operational eco-efficiency - Page 54		x



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
	Emissions	305-1	Direct (Scope 1) GHG emissions	Sustainable management Operational eco-efficiency - Page 54		x
		305-2	Energy indirect (Scope 2) GHG emissions	Sustainable management Operational eco-efficiency - Page 54		x
		305-3	Other indirect (Scope 3) GHG emissions	Sustainable management Operational eco-efficiency - Page 54		x
	Effluents and waste	306-2	Waste by type and disposal method	Sustainable management Operational eco-efficiency - Page 54	Disposal method has not been reported	
		Dav.14	Paper consumption measurement	Sustainable management Operational eco-efficiency - Page 54		x
		Dav.15	Amount of tons of recycled paper	Sustainable management Operational eco-efficiency - Page 54		x
		Dav.16	Initiatives promoting sustainable construction	Sustainable management Operational eco-efficiency - Page 54		
		Dav.17	Initiatives promoting mobility	Sustainable management Operational eco-efficiency - Page 54		
Environmental and social risk system (SARAS)		FS4	Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable management Social and Environmental Risk Management System - Page 49		
		Dav.13	Result of the assessment of environmental and social criteria in investment evaluation.	Sustainable management Social and Environmental Risk Management System - Page 49		x
	Product portfolio	Dav.25	Procedures for social and environmental risk assessment and control in business lines.	Sustainable management Social and Environmental Risk Management System - Page 63		
		Dav.26	Processes to monitor customer implementation of social and environmental requirements included in agreements or transactions	Sustainable management Social and Environmental Risk Management System - Page 63		
Environmental products and programs		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Sustainable management Environmental programs and products - Page 63		x
		Dav.18	Description of environmental programs supported during the period	Sustainable management Environmental programs and products - Page 63		x



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Talent management	Employment	102-8	Information on employees and other workers	Our enablers Human talent - Page 78	The total number of employees per contract is not reported by gender	
		401-1	New employee hires and employee turnover	Our enablers Human talent - Page 78	The rate of new employees and turnover is not reported by age, or gender.	x
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our enablers Human talent - Page 78		
		Dav.20	Salary ratio of Davivienda to the market	The salary ratio is 1.30 compared to the market		
	Health and Safety	403-1	Occupational health and safety management system	-16 participants in the Joint Committee on Safety and Health at Work (COPASST). Bogota Branch and General Management: 8 employer and 8 employee representatives, with their alternate substitutes. -184 participants in the COPASST from branches in the rest of the country according to the number of officials in each branch. These 200 people represent 100% of bank's employees		
		403-2	Hazard identification, risk assessment, and incident investigation	Our enablers Human talent - Page 78	The information is not reported by gender, region and type of employee.	x
		403-3	Occupational health services	Our enablers Human talent - Page 78	The information has not been reported	
	Training and education	404-1	Average hours of training per year per employee	Our enablers Human talent - Page 78		x
		404-2	Programs for upgrading employee skills and transition assistance programs	Our enablers Human talent - Page 78		x
	Performance review	404-3	Percentage of employees receiving regular performance and career development reviews	Our enablers Human talent - Page 78		
	Climate survey	Dav.19	Results of the organizational climate survey	Our enablers Human talent - Page 78		



GRI STANDARDS

EXTERNAL VERIFICATION	ASPECT	DISCLOSURE NUMBER	DESCRIPTION OF THE INDICATOR	LOCATION / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Financial inclusion	Local communities	FS13	Accessibility in low-populated or disadvantaged areas.	<p>Our results Daviplata - Page 31</p> <p>Daviplata has managed to increase its presence on the coast, Santander and Arauca compared to last year; generating access in low population areas in the country and consolidating itself as a tool for financial inclusion and accessibility for people.</p> <ul style="list-style-type: none"> • Antioquia: 87% • Center -South: 80% • Coast: 91% • Cafetero: 96% • Santanderes and Arauca: 93% • Valle and Cauca: 89% • Bogotá and Cundinamarca: 84% <p>*These percentages are calculated based on the presence of the DaviPlata Points, Davivienda bank correspondents, Ara Stores, Davivienda ATMs, Davivienda offices. It is compared with the total number of municipality that the country has vs. those with a presence on the channels mentioned above</p>		x
		FS14	Initiatives to improve access to financial services for disadvantaged people.	Our results Daviplata - Page 31		x
		Dav.21	Initiatives to improve the product's service and quality	Our results Daviplata - Page 31		x
Financial education		Dav.22	Initiatives to improve the population's access to the Financial Education Program	Sustainable management Financial Education - Page 47		x
Strategic philanthropy	Economic performance	Dav.23	Investment in social development	Sustainable management Strategic philanthropy - Page 68		x
		Dav.24	Programs developed and managed by the organization that generate social development	Sustainable management Strategic philanthropy - Page 68		x



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 14 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, 2019, details of which are disclosed in Note 14 to the Financial Statements:

Assets	COP 353,020 million
Liabilities	COP 723,260 million
Income	COP 487,361 million
Expenses	COP 233,602 million

Banco Davivienda did not make significant decisions, nor did it fail to make significant decisions, due to influence exerted by other entities or to protect the interests of Grupo Bolívar S.A. Similarly, Grupo Bolívar S.A. did not make significant decisions, nor did it fail to make significant decisions, to protect the interests 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, provided that Davivienda 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

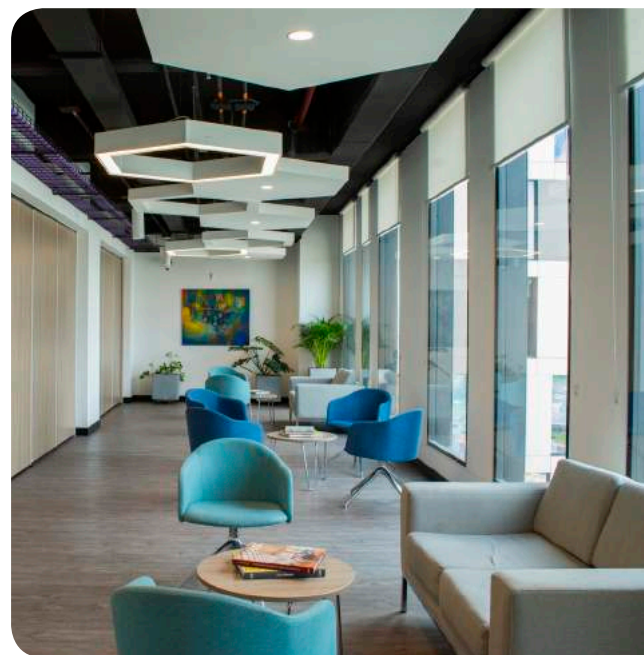
As of December 2019, there were 10,975 positions under open-ended contracts, 878 under fixed-term contracts and 543 in training, for a total of 12,396.

INTELLECTUAL PROPERTY

Banco Davivienda hereby certifies that it complies with industrial property and copyright regulations as of December 2019.

EXPENSE ON COMPANY EXECUTIVES

In 2019 payments to key personnel who have authority and responsibility for planning, directing and controlling the Bank's activities, directly or indirectly, amounted to COP 8.0 billion.



EXPENSE ON CONSULTANTS OR FACILITATORS WHO ARE RELATED PARTIES

Expenditures on consultants and managers are listed below:

Professional Fees - Board of Directors	COP 722 million
--	------------------------

DONATIONS

We donated COP 19.2 billion in 2019. COP 160 million were contributed to political parties.

ADVERTISING AND PUBLIC RELATIONS EXPENSES

Advertising expenditures reached COP 79.1 billion and public relations expenses were COP 2,953 million.



PROPERTIES ABROAD

Money and other assets abroad amounted to COP 496.9 billion and obligations in foreign currency to COP 10.97 trillion

NATIONAL AND FOREIGN INVESTMENTS

Equity investments are disclosed in full in Note 12.3.7 to the Financial Statements. These amounted to COP 4.34 trillion, as follows:

In 2019,
we donated
COP 19.2 billion.

International investments	COP 3'808,348 million
Domestic investments	COP 528,377 million
Total	COP 4'336,725 million
National subsidiaries	COP 46,660 million
Other	COP 66,717 million



OUTLOOK FOR BANCO DAVIVIENDA

Our growth is tied to economic performance and to the realization of our strategic initiatives. We anticipate strong growth in our consumer and mortgage portfolios. The growth of the commercial portfolio will be driven primarily by the SME segment. We intend to continue increasing our market share, controlling risk levels, and maintaining adequate levels of profitability. We will continue to advance in our digital transformation process, enabling us to continue delivering value to our customers by providing easy, friendly and reliable experiences.

SUPPLIERS - VALUE CHAIN MANAGEMENT

During 2019 we made payments to 5,473 suppliers, 98% of which were suppliers legally established in Colombia (5,387) and 2% abroad (86). Compared to the previous year, there was an increase of 4.5% in the number of suppliers.

We continue to advance in **our digital transformation process, creating more value to our customers** through simple, friendly and reliable experiences.

In 2019, **out of the 5,473 Davivienda suppliers 2% were foreign suppliers.**

Suppliers in Colombia	5,387	COP billions in Colombia	1,226
Total suppliers in Colombia and abroad	86	COP billions to foreigners	102
Total payment to local and foreign suppliers		COP billions	1,328



1. Administrative management

Our suppliers are a key element of our value chain. That is why we build long-term relationships with them, promoting good practices and transparency. In July 2019 we published the Supplier Site for each Central American country where we operate: Costa Rica, El Salvador, Honduras, and Panama, based on their procurement and contracting policies and procedures. The supplier site is fully compliant with all legal and tax regulations applicable in each country. This guarantees 100% coverage in the countries where the Bank operates.

2. Performance evaluation

We assessed 100% of our strategic suppliers handling 114 contracts. The average performance rating for suppliers assessed during 2019 was 4.2 / 5.0, in accordance with the agreements set out in the various SLAs.

Our suppliers scored in average 4.2/5.0 when evaluated in 2019.

Our suppliers are a core input in our value chain. In 2019 we launched a dedicated supplier website in each Central American country where we operate.

3. Sustainable procurement and management

3.1. SUSTAINABLE PROCUREMENT

As part of our sustainable procurement process, we work to ensure that suppliers comply with basic environmental regulations and employ appropriate environmental and social practices for the procurement of a priority good or service for the financial sector. By the end of 2019 we made sustainable purchases for COP 2.9 billion, specifically in the acquisition of computer and communications equipment.

Additionally, we bought 6 thousand Herman Miller chairs with an investment of COP 8.5 billion, which use 92% of recyclable materials. About 30% of the materials are recycled and Indoor Advantage Gold certified.



3.2. SUSTAINABILITY TRAINING FOR SUPPLIERS IN COSTA RICA

In 2019 we started a training program on sustainability issues for suppliers. The program was held over five sessions that encompassed all sustainability topics as well as in-depth training on corporate governance, labor practices, and the environment. The first participants who completed the program were 13 of our most frequent suppliers who began to improve their own sustainability management.

4. Training and satisfaction survey

Service staff. As part of our training programs targeted to suppliers, we implemented various initiatives with custodians and cafeteria staff at a national level under a program called: "Reaching goals – 2019". Some of the topics covered include:

- **You set the limit.** Aimed at improving the working improvement. 1,475 assistants were trained.
- **Habits for success.** In order to strengthen positive habits to improve the well-being of our work team, 1,475 assistants were trained.
- **Development and quality of life.** Aimed at improving the quality of life and the adoption of positive thinking based on self-esteem and self-respect; 1,455 assistants were trained.

End of the year celebration. In keeping with tradition, we organized an end of the year celebration for our custodians and cafeteria staff at the national level to celebrate and appreciate their hard work and commitment; 1,455 attended the event.

Suppliers General Meeting focus was operational risks management

5. Supply Chain Risk Management

100% of our strategic suppliers with active contracts were tested and advised on operational risk management by on-site inspections conducted by risk area specialists.

Training in operational risk management. We held the seventh edition of the annual meeting with strategic suppliers, which focused on analyzing operational risk management. 56 companies attended the event, which also served as a space to discuss new developments in the industry's best practices and risk management regulations. We also explained our progress in the internal supply process to align practices between the Bank and its strategic suppliers.



APPENDIX 6 A

CONSOLIDATED FINANCIAL STATEMENTS





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Banco Davivienda S.A.:

Opinion

We have audited the consolidated financial statements of Banco Davivienda S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2019 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 summary of significant accounting policies and other explanatory notes.

In our 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, 2019, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Accountant's Professional Code of Ethics 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 the audit of the consolidated financial statements and we have fulfilled the other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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



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Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 4.7.1.3 and 12.5.2 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, 2019 is \$97,399,569 and \$4,143,534 million, respectively.</p> <p>We 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 the 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 established by the Group; and (4) the estimated impairment calculations due to credit risk of the entire loan portfolio.</p>	<p>Our audit procedures to assess the sufficiency of credit risk impairment included, among others, the following:</p> <ul style="list-style-type: none"> • Involvement of professionals with experience and knowledge in the 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 internal 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 to 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 review of macroeconomic variables and the weighted scenarios used in the models for determining the loan portfolio impairment; and (6) I evaluated controls related to the review of commercial loans analyzed individually and write-offs. • Professionals with relevant knowledge in the credit risk assessment and information technology assisted us (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


Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 4.7.1.3 and 12.5.2 to the consolidated financial statements)

The key audit matter	How our audit approached this matter
	weighted probability scenarios used in the internal models including the consideration of alternative data for certain variables; (3) recalculate the expected loss model and its related data; and (4) evaluate the qualitative adjustments applied to the model.

Responsibilities of Management and those in charge with the Group's governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group ceases to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to those charged with 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

KPMG S.A.S.

KPMG S.A.S.
Bogotá, Colombia
March 06, 2020

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTABILITY FOR FINANCIAL REPORTING

The undersigned Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the provisions of Articles 46 and 47 of Law 964 enacted in 2005, and following the requirements set forth in Accounting and Financial Reporting Standards accepted in Colombia, hereby certify that:

The consolidated financial statements for the period beginning January 1 and ending December 31, 2019, are free from defects, inaccuracies or errors that might hinder the ability to ascertain the true financial position or operations of Banco Davivienda S.A. and its subsidiaries, in accordance with Article 46 of Law 964 of 2005.

Pursuant to the terms stipulated by the Accounting and Financial Reporting Standards accepted in Colombia and following the provisions of the Conceptual Framework, the information and statements included in the Consolidated Financial Statements have been duly verified and extracted from accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A y sus Subordinadas cuentan con adecuados sistemas de revelación y control de información financiera, para lo cual se han diseñado los correspondientes procedimientos que permiten asegurar que ésta sea presentada en forma apropiada, cuya operatividad es verificada por la Auditoría y la Dirección Financiera.

Likewise, we hereby report that no significant deficiencies have been found in the design and operation of internal controls that would have prevented the Bank and its Subsidiaries from properly recording, processing, summarizing or presenting their consolidated financial information. Management control activities have been conducted to prevent fraud risk in processes that would affect the quality of the consolidated financial information, and to evidence changes in its evaluation methodology.

Assets, liabilities and equity as of the cut-off date are disclosed in the Consolidated Financial Statements and reflect future rights and obligations, respectively. The transactions that transpired during the period and that pertain to the entity and its subordinates were recorded and the economic events have been recognized for the appropriate amounts, classified, described and disclosed accurately, considering the provisions of the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

Representations made in the Financial Statements have been previously verified, in accordance with applicable regulations. These statements are based on a reliable reading of the books in accordance with Article 37 of Law 222 enacted in 1995. The Bank and its Subsidiaries have adequate control and financial information disclosure procedures and their operation has been verified, in accordance with the provisions of Article 46 of Law 964 enacted in 2005.

Bogota, February 10th, 2020

Juan Carlos Hernández Núñez
Legal Representative

Carmen Anilsa Cifuentes Barrera
Chief Accountant T.P. 35089-T

Banco Davivienda S. A. and Subsidiaries

Consolidated Financial Statements

(Millions of Colombian Pesos (COP))

	Note	December 31, 2019	December 31, 2018
ASSETS			
Cash	12.1	9,744,167	9,523,601
Interbank and overnight funds	12.2	723,602	412,943
Investments measured at fair value	12.3	9,540,832	9,178,226
Derivatives	12.4	511,214	433,722
Loans portfolio and financial leases operations, net	12.5	93,256,035	84,111,916
Accounts receivable, net	12.6	1,482,887	1,516,140
Assets held for sale, net	12.7	88,163	61,288
Investments measured at amortized cost, net	12.3	2,173,054	1,824,536
Investments in associates	12.8	93,420	89,443
Other investments	12.9	388,447	384,607
Property and equipment, net	12.10	1,733,538	801,230
Investment property	12.11	112,900	73,815
Goodwill	12.12	1,635,185	1,635,185
Intangible assets	12.13	190,416	171,901
Other assets, net	12.14	548,163	505,385
Total assets		122,222,023	110,723,938
LIABILITIES			
Deposits	12.16	76,732,084	68,399,164
Savings accounts		30,243,837	26,510,302
Checking accounts		10,391,313	9,459,163
Time deposits		34,804,550	31,118,034
Other deposits		1,292,384	1,311,665
Interbank and overnight funds	12.17	1,759,721	3,786,541
Derivatives	12.4	617,820	513,143
Credits from banks or other obligations	12.18	13,564,888	12,495,235
Debt instruments issued	12.19	12,398,883	10,685,827
Accounts payable	12.20	1,316,109	1,382,383
Employee benefits	12.21	253,118	215,078
Current tax liabilities		172,610	61,731
Deferred tax liabilities		889,625	905,779
Technical reserves	12.22	217,595	205,582
Other non-financial liabilities and estimated liabilities	12.23	1,648,671	663,579
Total liabilities		109,571,124	99,314,042
EQUITY			
Capital and reserves (1)	12.24	9,289,322	8,624,778
Adjustments in the first time adoption		138,527	167,918
Other comprehensive income		1,625,800	1,128,942
Profits attributable to owners of controlling company		1,470,627	1,390,100
Total equity of owners of controlling company		12,524,276	11,311,738
Non-controlling interests	12.25	126,623	98,158
Total equity		12,650,899	11,409,896
TOTAL LIABILITIES AND EQUITY		122,222,023	110,723,938

(1) Includes the share placement premium

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 March 6, 2020)

Banco Davivienda S. A. and Subsidiaries

Consolidated Statement of Income

(Millions of Colombian pesos (COP))

Years ended on December 31:	Note	2019	2018
Interest income		10,725,258	9,509,642
Interest on loans		9,794,578	8,861,571
Investments and valuation, net	13,1	812,126	547,457
Interbank and overnight funds, repos, simultaneous operations		118,554	100,614
Interest expense		4,031,456	3,558,160
Deposits and time deposits		2,495,673	2,285,100
Checking accounts		31,158	30,965
Savings accounts		787,819	596,396
Time deposits		1,676,696	1,657,739
Credits from banks or other financial obligations		571,027	480,229
Debt instruments issued		792,204	713,042
Other interest		172,552	79,785
Gross financial margin		6,693,802	5,951,486
Impairment of financial assets, net		2,434,414	2,074,742
Impairment of financial assets		3,883,479	2,550,692
Reduction of financial assets		(1,449,065)	(475,950)
Net financial margin		4,259,388	3,876,744
Insurance transactions income, net	13.2	109,225	100,075
Commissions and service income, net	13.2	1,190,066	1,169,755
Result of investments in associates and joint operations, net		9,458	7,597
Operational expenditures		3,729,883	3,413,889
Staff expenditures	13.3	1,544,063	1,439,503
Overhead	13.4	1,903,269	1,854,542
Amortization and depreciation		282,551	119,844
Profit (or loss) on exchanges, net		196,799	190,057
Derivatives, net		(129,986)	(44,619)
Dividends received		22,510	18,975
Other revenue and expenses, net	13.5	(397)	(28,422)
Operational margin		1,927,180	1,876,273
Income tax and supplementary	13.6	387,373	362,654
Deferred income tax and supplementary	13.6	55,952	115,118
Profit attributable to the owners of the controlling company		1,470,627	1,390,100
Profit attributable to non-controlling interest		13,228	8,401
Profit for the year		1,483,855	1,398,501
Profit per share in pesos (1)		3,285	3,096

(1) Calculated as follows: profit for the year / average shares

Please see the notes attached to the consolidated financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
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Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of Other Comprehensive Income
(Millions of Colombian Pesos (COP))

Years ended on December 31st:	2019	2018
Profit attributable to the owners of the controlling company	1,470,627	1,390,100
Profit attributable to non-controlling interests	13,228	8,401
Components of other comprehensive income that will not be reclassified to the profit for the period, net of taxes (1):		
Financial instruments with changes in other comprehensive income	92,937	(11,396)
Long-term employee benefits	(9,875)	4,872
Impairment of loan portfolio for consolidated financial statements income	356,313	171,510
Total of other comprehensive income that will not be reclassified to the profit for the period, net of deferred taxes.	439,375	164,986
Components of other comprehensive income that will be reclassified to the result of the period, net of deferred taxes:		
Equity method from investments in associates - OCI	(1,340)	436
Effect First application IFRS 9	-	(768,020)
Exchange difference on translation	58,823	80,619
Total other comprehensive income that will be reclassified to income period, net of taxes	57,483	(686,965)
Total other comprehensive income, net of taxes	496,858	(521,979)
Total Comprehensive Result	1,980,713	876,522
Comprehensive income attributable to the holders of the controlling interest	1,974,223	870,805
Comprehensive income attributable to the holders of the non-controlling interest	6,490	5,717

(1) Note 13.6 disclose the related taxes for the components of other comprehensive income

See the notes attached to the consolidated financial statement.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA
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Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of changes in equity
(Millions of Colombian pesos (COP))

Years ended on 2019 and 2018	CAPITAL AND RESERVE				RETAINED EARNINGS				Total equity owners of the parent company	Non-controlling interests	Total shareholders' equity
	Capital	Share premium	Legal reserve	Other reserves	First-time adoption effects	Other comprehensive income	Profit previous years	Profit or loss			
Balance at December 31, 2017	76,784	4,676,804	2,657,922	430,249	23,335	1,650,921	-	1,275,266	10,791,281	92,585	10,883,866
Profit transfer							1,275,266	(1,275,266)		(7,214)	(7,214)
Effect application IFRS 9							(215,860)		(816,641)	(413)	(817,054)
Dividends distribution					167,239	(768,020)					
Payments of dividends per share at a rate of \$800 pesos per share over 451,670,413 subscribed and pay, Apr. 4 y Sep. 19 de 2018											
Reserve transactions:											
Legal reserve											
Liberation of occasional reserve, to increase legal reserve commitment for Occasional reserve			95,225				(361,336)		(361,336)		(361,336)
Capitalization of reserve, commitment for 2017			192,800	(192,800)			(95,225)		-	641	641
Liberation of occasional reserve, to increase legal reserve			443,387	208,701			(208,701)		-	(1,299)	(1,299)
To have profits of exercises of previous years realized in the period 2017, to increase Legal Reserve			276,068	(276,068)			(443,387)		-	-	-
Loan impairment for consolidated financial statements			35,706				(35,706)		-	-	-
Realizations First-time application of IFRS					(22,656)	171,510	62,293		233,803	(259)	233,803
Equity method from investments in associates - OCI						436	22,656		-	(259)	(259)
Exchange difference on conversion of subsidiaries outside Colombia						80,619			436	436	436
Equity investments through OCI						(11,396)			80,619	5,822	86,441
Long-Term Employee Benefits						4,872			(11,396)	(106)	(11,502)
Yearly earnings								1,390,100	1,390,100	8,401	1,398,501
Balance as of December 31, 2018	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
Balance as of December 31, 2018	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
Profit transfer								(1,390,100)		(5,372)	(5,372)
Effect application IFRS 9								2,448			2,448
Dividends distribution											
Dividends declared in cash at a ratio of 1, \$840 pesos per share over 451,670,413 subscribed and paid, Apr.3 y Sep.18 2019											
Reserve transactions:											
Legal reserve											
Occasional reserve					(599)				(379,403)	-	(379,403)
Capitalization of reserve, commitment for asamblea march 2018				110,471					-	-	-
Liberation of occasional reserve, to increase legal reserve			509,220				(110,471)		-	13,487	13,487
To have profits of exercises of previous years realized in the period 2017, to increase Legal Reserve			258,162	(258,162)			(509,220)		-	639	639
Loan impairment for Consolidated financial Statements			45,452						-	-	-
First time IFRS applications					(29,391)	356,313	(45,452)		(21,679)	(7)	(21,679)
Equity method from investments in associates - OCI						(1,340)	(377,992)		(1,340)	(7)	(7)
Exchange difference on conversion of subsidiaries outside Colombia						58,823			58,823	5,068	63,891
Equity investments through OCI						92,937			92,937	1,422	94,359
Long-Term Employee Benefits						(9,875)			(9,875)	(9,875)	(9,875)
Yearly earnings								1,470,627	1,470,627	13,228	1,483,855
Balance as of December 31, 2019	76,784	4,676,804	4,513,942	21,792	138,527	1,625,800	-	1,470,627	12,524,276	126,623	12,650,899

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 March 6, 2020)

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

Years ended on December 31st:	Note	2019	2018
Cash flows from operating activities:			
Profit for the period		1,483,855	1,398,501
Reconciliation between profit for the period and net cash generated (used in) operating activities			
(Recoveries) Impairment of investments, net	12.3	(2,080)	11,738
Impairment of loans and financial leasing operations, net		2,742,696	2,334,842
Impairment of accounts receivable, net	12.6	56,295	38,029
Impairment of assets held for sale, net	12.7	608	356
Impairment of property and equipment and investment property,, net	12.10	599	2,079
Impairment of other assets, net		51,236	89,723
Provision for severance payments		55,396	49,115
Provision for other non-financial liabilities and estimated liabilities, net		385,806	212,352
Net interest income		(5,881,675)	(5,404,029)
Depreciation		241,959	85,916
Amortization		40,592	33,928
Exchange difference, net		120,476	427,093
(Profit) on sale of investments, net		(42,112)	(32,731)
(Profit) on equity method associates, net		(10,069)	(8,431)
Net gain on investment securities		(770,015)	(514,726)
Valuation loss of derivatives and spot operations, net		129,986	44,619
(Profit) on sale of loans and leasing assets, net		(12,125)	(5,770)
(Profit) on sale of property and equipment, net	12.10	(793)	(16,578)
(Profit) on sale of assets held for sale	12.7	(3,392)	(8,663)
(Profit) on sale of investment property	12.11	(1,417)	(1,625)
Provision for income tax	13.6	443,325	477,772
Changes in operating assets and liabilities:			
Decrease (Increase) in money market and similar operations		32,633	(11,712)
(Increase) Decrease in spot operations and derivatives		(102,801)	13,670
Decrease in investments measured at fair value		299,883	322,926
(Increase) in loans portfolio and financial leasing operations		(12,936,447)	(11,384,839)
(Increase) in accounts receivable		(23,369)	(477,778)
(Increase) in other assets		(104,141)	(147,790)
Increase in deposits and demand accounts		7,754,443	4,588,699
(Decrease) Increase in ordinary interbank funds		(2,026,821)	2,436,646
(Decrease) in accounts payable		(175,360)	(184,899)
Increase in employment obligations		23,930	27,865
Increase in insurance technical reserves		12,013	25,131
Increase in estimated liabilities and provisions		181,194	9,708
(Decrease) in other liabilities		(505,178)	(74,432)
Proceeds of the sale of loans		948,454	337,279
Sale of assets held for sale		36,529	30,717
Income tax paid		(239,496)	(238,120)
Interest received		9,909,984	8,796,226
Interest paid		(3,293,360)	(2,866,073)
Payment of severance		(51,161)	(47,643)
Net cash (used) provided in operating activities		(1,229,920)	369,091

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

	Note	2019	2018
Cash flows from investment activities:			
Dividends received		27,371	29,081
(Increase) in investments measured at amortized costs		(196,801)	(200,200)
Decrease (Increase) in investments in associates and other companies		66,477	(54,388)
Increase (Decrease) in repurchase of shares; non-controlling interest		15,237	(2,828)
Acquisitions of property and equipment		(118,569)	(201,165)
Proceeds of sale of property and equipment		11,014	67,912
Proceeds of sale of investment properties		5,630	7,781
Net cash (used in) provided by investment activities		(189,641)	(353,807)
Cash flows from financing activities:			
Proceeds from new loans in financial debts	12.19	11,766,838	12,384,497
Debt repayments	12.19	(10,798,107)	(10,542,046)
Issues of debt instruments	12.20	2,468,971	803,114
Redemptions of debt instruments issued	12.20	(827,451)	(2,234,258)
Payment of liabilities for leases		(187,854)	-
Payment of cash dividends		(379,421)	(361,336)
Net cash provided (used in) financing activities		2,042,976	49,971
Net (decrease) in cash and cash equivalents		623,415	65,255
Effect of exchange difference on cash and cash equivalents		(59,558)	523,756
Cash and cash equivalents at the beginning of the year		9,903,912	9,314,900
Cash and cash equivalents at the end of the year		10,467,769	9,903,911

Please 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 March 6, 2020)

APPENDIX 6 B

INDIVIDUAL FINANCIAL STATEMENTS



(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, 2019 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 notes.

In my opinion, the above mentioned separate financial statements, prepared in accordance with information 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, 2019, the separate results of its operations, and its separate cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year, except by the application of International Financial Reporting Standard IFRS 16 – Leases, which became effective as of January 1, 2019.

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' Responsibilities for the Audit of the Separate Financial Statements" section of my report. I am independent of the Bank in accordance with the Accountant's Professional Code of Ethics 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 by credit risk of commercial portfolio according to Guidelines of the Financial Superintendence of Colombia for the separate financial statements (see notes 4.6.1.5 and 12.5.4 to the separate financial statements)	
The key audit matter	How our audit approached this matter
<p>The balance of the commercial loan portfolio and its provision by credit risk as of December 31, 2019, amount to \$30.498.059 and \$2.119.654 million, respectively.</p> <p>The Bank records the commercial portfolio provision as provided by the Financial Superintendence of Colombia, which states the establishment 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 credit risk rating for clients classified in the commercial portfolio as a key audit matter, which incorporates significant elements of judgment in the key assumptions of analysis. This risk rating assigned is incorporated as a parameter in the reference model for calculating the provisions by credit risk of commercial portfolio.</p>	<p>My audit procedures to evaluate the allocation of credit risk rating and the effect on the provision included, among others, the following:</p> <ul style="list-style-type: none"> • Involvement of professionals with experience and knowledge in the assessment 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) Bank monitoring on the allocation 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 commercial portfolio. • 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 that is supported according to the customer's financial, qualitative or economic characteristics and its subsequent incorporation into the reference model for the provisions calculation.

Other matters

The separate financial statements at and for the year ending December 31, 2018 that are submitted only for comparison purposes, were audited by other public accountant "member of KPMG S.A.S." who in his report dated February 13, 2019 expressed an unqualified opinion thereon.

Responsibilities of Management and those in charge 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 relevant that management considers necessary for the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern 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, 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 assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of relevant internal control for to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriate 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 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 would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's 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 ceases 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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 deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and communicate 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 2019:
 - 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.
- d) The Bank has fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding the appropriate administration and provision of the goods received in payment and the implementation and impact on the statement of financial position and the statement of income and comprehensive income of the Risks 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 and 3 of article 209 of the Commercial Code, related to the evaluation 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 and are adequate the internal control, preservation and custody measures of the **Bank's** assets or third parties' assets in its possession, I issued a separate report dated February 21, 2020.

- 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 can affect my opinion.

Pedro Ángel Preciado Villarraga
Statutory Auditor of Banco Davivienda S.A.
Registration 30723 - T
Member of KPMG S.A.S.

February 21, 2020

CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

ACCOUNTABILITY FOR FINANCIAL REPORTING

The undersigned Legal Representative and Accountant of Banco Davivienda S.A., pursuant to the terms set forth in Articles 46 and 47 of Law 964 enacted in 2005, observing the terms set forth in the Accounting and Financial Reporting Standards accepted in Colombia, hereby certify:

that the Financial Statements covering the period starting January 1 and ending December 31, 2019, are free from defects, inaccuracies or errors that might hinder the capacity to ascertain the true financial position of the Bank or to understand the operations of Banco Davivienda S.A., in accordance with the provisions of Article 46 of Law 964 enacted in 2005.

In accordance with the terms of accounting and financial reporting standards accepted in Colombia and based on the provisions of the Conceptual Framework, the information and statements included in the financial statements have been duly audited and extracted from accounting records, in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. is equipped with adequate financial information disclosure and control systems. For this purpose, we have implemented the corresponding procedures to ensure that the information is presented appropriately, and the operation of these systems is verified by the Audit and the Financial Management.

Furthermore, we hereby inform that no significant deficiencies have been found to exist in the design and operation of internal controls that would have prevented the Bank from recording, processing, summarizing or properly presenting its financial information. Management control activities have been conducted to prevent the risk of fraud in processes adversely affecting the quality of financial information and to highlight changes in the assessment methodology.

Assets, liabilities and equity are recorded in the Financial Statements as of the cut-off date and reflect future rights and obligations, respectively. All transactions performed during the period and pertaining to the entity and its subsidiaries were recorded and the economic events have been recognized for the appropriate amounts, classified, described and disclosed accurately, following the provisions of the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

All representations within the financial statements have been previously verified, in accordance with applicable regulations. These statements are based on a true and fair reading of the books in accordance with Article 37 of Law 222 of 1995. The Bank has adequate control and financial information disclosure procedures and its operation has been verified, pursuant to the provisions of Article 46 of Law 964 of 2005.

Bogota, February 10th, 2020

Juan Carlos Hernández Núñez
Legal Representative

Carmen Anilsa Cifuentes Barrera
Chief Accountant T.P. 35089-T

Banco Davivienda S.A.
Separate Statement of Financial Position
(Millions of Colombian Pesos (COP))

Years ended December 31:	Note	2019	2018
ASSETS			
Cash	12.1	4,911,090	5,159,680
Money market and overnight operations	12.2	390,486	413,332
Investments in financial instruments, net	12.3	6,199,325	6,412,218
Derivatives	12.4	510,338	433,695
Loans portfolio and financial leases, net	12.5	71,731,670	64,425,872
Accounts receivable, net	12.6	2,294,813	2,067,077
Assets held for sale, net	12.7	49,742	43,952
Investments measured at amortized cost, net	12.3	1,642,911	1,393,279
Investments in subsidiaries and associates	12.3.7	4,336,725	3,775,482
Property and equipment, net	12.8	1,252,902	419,608
Investment properties, net	12.9	69,013	70,653
Goodwill	12.11	1,080,775	1,080,775
Intangibles	12.12	104,625	100,656
Other assets, net	12.13	307,705	252,888
Total assets		94,882,120	86,049,167
LIABILITIES			
Deposits and demand accounts	12.14	57,777,315	52,038,596
Savings accounts		26,048,124	22,462,669
Deposits in checking accounts		5,849,206	5,660,952
Term deposits		24,690,016	22,696,899
Other demand accounts		1,189,969	1,218,076
Money market and overnight operations	12.15	1,366,095	3,543,323
Derivatives	12.4	617,812	507,637
Bank borrowings and other financial debt	12.16	9,480,693	7,624,354
Debt issued	12.17	10,978,422	9,665,377
Accounts payable	12.18	1,308,122	1,259,524
Employee benefits	12.19	168,178	144,326
Deferred tax, net	13.7	326,572	412,054
Other liabilities and estimated liabilities	12.20	1,393,252	509,861
Total liabilities		83,416,461	75,705,052
EQUITY			
Capital and reserves ⁽¹⁾	12.21	9,353,681	8,492,749
First adoption of IFRS		396,864	421,882
Unrealized gains/losses (OCI)		350,566	168,271
Accumulated profits, previous periods		48,345	66,331
Profit for the period		1,316,203	1,194,882
Total equity		11,465,659	10,344,115
TOTAL LIABILITIES AND EQUITY		94,882,120	86,049,167

(¹) Includes share placement premium.

See the notes attached hereto.

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 21, 2020)

Banco Davivienda S.A.
Separate Statement of Results
(Millions of Colombian pesos (COP))

Years ended December 31:	Note	2019	2018
Interest income		8,571,002	7,648,774
Loans portfolio		8,083,165	7,305,521
Investments and valuations, net	13.1	530,463	358,165
Money market operations		(42,626)	(14,912)
Interest expense		3,067,469	2,803,256
Deposits and demand accounts		1,952,514	1,859,464
Deposits in checking accounts		31,158	30,965
Savings		596,671	468,261
Term deposits		1,324,685	1,360,238
Bank borrowings and other financial debt		330,901	266,687
Debt issued		706,810	660,842
Other interest		77,244	16,263
Gross financial margin		5,503,533	4,845,518
Provisions for financial assets, net		2,455,379	2,177,046
Provisions against financial assets		4,207,587	3,706,905
Recoveries of financial assets		(1,752,208)	(1,529,859)
Net financial margin		3,048,154	2,668,472
Income derived from commissions and services, net	13.2	778,050	775,953
Results of equity investments	13.3	417,659	338,125
Dividends		20,150	68,257
Operating expenses	13.4	2,811,380	2,553,046
Payroll		1,133,345	1,052,242
Operations		1,473,472	1,431,215
Amortizations and depreciation		204,563	69,589
Exchange differences, net		212,911	133,039
Derivatives, net		(132,075)	(42,992)
Other income and expenses, neto	13.6	37,195	30,530
Operating margin		1,570,664	1,418,338
Current income taxes	13.7	250,027	236,510
Deferred income taxes	13.7	4,434	(13,054)
Profit for the period		1,316,203	1,194,882
Profit per share (pesos) ⁽¹⁾		2,914	2,645

⁽¹⁾ Calculated as follows: Profit for the period / weighted average number of shares outstanding.

See the notes attached hereto.

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 21, 2020)

Banco Davivienda S.A.
 Separate Statement of Other Comprehensive Income
 (Millions of Colombian Pesos (COP))

Years ended on December 31:	2019	2018
Profit for the period	1,316,203	1,194,882
Components of OCI not to be reclassified to the Income Statement for the period, net of taxes:		
Long-term employee benefits	(1,951)	338
Total OCI not to be reclassified to the Income Statement for the period, net of taxes	(1,951)	338
Components of OCI to be reclassified to the Income Statement for the period, net of taxes:		
Unrealized gains on fixed-yield investments	109,141	(1,456)
Investments in subsidiaries and other non-controlling interests	36,169	(82,479)
Exchange difference on translation, subsidiaries abroad	62,477	170,350
Net hedging of investments outside Colombia, net of deferred taxes	(23,541)	(120,900)
Total other comprehensive result to be reclassified to the Income Statement for the period, net of taxes	184,246	(34,485)
Total other comprehensive results, net of taxes	182,295	(34,147)
Total comprehensive result	1,498,498	1,160,735

See the notes attached hereto.

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 21, 2020)

Banco Davivienda S.A.
Separate Statement of Changes in Equity
(Millions of Colombian pesos)

	CAPITAL AND RESERVES				ACCUMULATED RESULTS			
	Capital	Issue Premium	Mandatory reserve	Voluntary reserve	First adoption of IFRS	Unrealized gains (OCI)	Profit for the period	Total shareholder equity
Years ended on December 31, 2019 and 2018								
Balance at December 31, 2017	76,784	4,676,804	2,419,516	536,808	435,116	202,418	88,803	9,544,716
Transfer of profits							1,108,467	
Distribution of dividends:							(1,108,467)	
Cash dividends declared, \$800 (COP) per share on 451,670,413 subscribed and paid-up shares - April 04 and September 19, 2018								
Movement of reserves:								
Mandatory reserve				62,016			(361,336)	(361,336)
Release of voluntary reserve, to increase mandatory reserve, commitment of profits 2016				192,800			(62,016)	
Voluntary reserve				241,728			(241,728)	
Capitalization reserve, commitment of profits 2017				443,387			(443,387)	
Release of voluntary reserves to increase mandatory reserves				276,068			(35,706)	
Disposal of profits from previous periods to increase mandatory reserve				35,706				
Other comprehensive income, net of income tax								
First application of IFRS					(13,234)		13,234	
Investments in subsidiaries and other non-controlling interests						(82,479)		(82,479)
Exchange difference in subsidiaries and net hedging investments outside Colombia, net of						49,450		49,450
Unrealized gain on fixed-yield investments						(1,456)		(1,456)
Long-term employee benefits						338		338
Result for the period							1,194,882	1,194,882
Balance at December 31, 2018	76,784	4,676,804	3,429,493	309,668	421,882	168,271	66,331	10,344,115
Profit Transfer								
Impact of IFRS 16 application as of January 1, 2019								
Distribution of dividends:								
Cash dividends declared, \$840 (COP) per share on 451,670,413 subscribed and paid-up shares - April 03 and September 18, 2019							1,194,882	
Movement of reserves:							2,449	2,449
Voluntary reserve					(599)			
Capitalization reserve, commitment of March 2018 meeting				338,125			(378,804)	(379,403)
Release of voluntary reserve, to increase mandatory reserve				258,162			(338,125)	
Disposal of profits from previous periods to increase mandatory reserve				(258,162)			(477,953)	
Other comprehensive income, net of income tax							(45,453)	
First time application of IFRS (Note 12.21.4)					(25,018)		25,018	
Investments in subsidiaries and other non-controlling interests						36,169		36,169
Exchange difference in subsidiaries and net hedging investments outside Colombia, net of deferred tax						38,936		38,936
Unrealized gain on fixed-yield investments						109,141		109,141
Long-term employee benefits						(1,951)		(1,951)
Result for the period							1,316,203	1,316,203
Balance at December 31, 2019	76,784	4,676,804	4,211,061	389,032	396,864	350,566	48,345	11,465,659

See the notes attached hereto.

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 CPWG S.A.S.
(See my report of February 21, 2020)

Banco Davivienda S.A.
Separate Statement of Cash Flows
(Millions of Colombian pesos (COP))

Years ended on December 31:	Nota	2019	2018
Cash flows from operating activities:			
Profit for the period		1,316,203	1,194,882
Reconciliation of profit for the period and net cash provided (used) in operating activities			
(Recovery) provision in financial instrument investments, net	12.3.6	(1,198)	375
Provision against loans and leases, net	12.5.14	2,552,958	2,239,441
Provision against accounts receivable, net	12.6	191,296	161,566
Provision against assets held for sale, net	12.7.4	9,574	12,929
Provision against property and equipment and investment property , net	12.8.3/12.9.3	2,263	3,944
Provision against other assets, net	12.13	10,147	38,889
Severance provision		51,225	46,129
Estimated liabilities provision, net	12.20	345,318	229,097
Net interest income		(4,973,070)	(4,487,353)
Depreciations	13.5	185,451	54,102
Amortizations	13.5	19,112	15,487
Exchange difference, net		(212,911)	(133,039)
(Profit) on loan portfolio sales, net	12.5.11	(12,125)	(5,771)
(Profit) on equity method, net	13.3	(417,655)	(338,125)
Valuation of investments, net		(528,801)	(357,169)
(Profit) on sale of trading investments, net		(1,689)	(1,029)
Loss (profit) on sale of investments available for sale, net		27	(2)
Loss on sale of equity investments, net		-	35
Valuation of derivatives and spot operations , net		132,075	42,992
Loss (profit) on sale of assets held for sale, net	12.7.3	35	(1,393)
(Profit) on sale of property, equipment, and leasing assets, net	12.8.2	(309)	(16,377)
(Profit) on sale of investment property, net	12.9.4	(1,417)	(1,709)
Loss on sale of other assets		5,017	3,991
Income tax provision	13.7	254,461	223,456
Changes in operating assets and liabilities:			
Decrease (increase) in money market and overnight operations		65,159	(65,532)
Decrease in trading investments		1,288,570	103,117
(Increase) in loans and leasing operations		(10,854,692)	(8,290,642)
(Increase) in accounts receivable		(299,094)	(651,705)
(Increase) in other assets		(28,327)	(13,391)
Increase in deposits and demand accounts		5,375,851	2,797,737
(Decrease) increase in money market liability operations		(2,177,228)	2,506,624
(Decrease) increase in derivatives and spot operations		(86,916)	22,930
Increase in accounts payable		107,617	209,824
Increase in employment obligations		13,133	9,929
(Decrease) in estimated liabilities and provisions		(240,710)	(12,386)
Proceeds of loan portfolio sales	12.5.11	945,126	329,561
Proceeds of sale of assets held for sale	12.7.3	21,887	22,876
Proceeds of sale of other assets		46,463	29,964
Severance payment		(43,417)	(40,740)
Income taxes paid		(413,981)	(366,300)
Interest paid		(2,666,190)	(2,658,976)
Interest received		8,084,202	7,256,784
Net cash provided (used) in operating activities		(1,936,560)	115,022

Banco Davivienda S.A.
Separate Statement of Cash Flows (Continuation)
(Millions of Colombian pesos (COP))

Cash flows from investment activities:

Dividends received		79,255	68,851
(Increase) in investments available for sale		(655,429)	(54,164)
(Increase) decrease in investments held to maturity		(136,481)	74,484
(Increase) decrease in equity investments		(49,500)	26
(Additions) of property and equipment	12.8	(76,317)	(85,926)
Proceeds of sale of property and equipment	12.8.2	3,685	67,483
Proceeds of sale of investment property	12.9.4	5,630	7,580
(Increase) in intangible assets		(23,319)	(10,902)

Net cash (used) provided in investment activities		(852,476)	67,432
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Cash flows from financing activities:

Debt issued	12.17	1,799,680	452,870
Debt issue redemptions	12.17	(515,094)	(2,015,423)
New borrowings	12.16	9,423,583	9,440,639
Financial debt repayment	12.16	(7,638,731)	(8,061,502)
Payment of lease liabilities		(105,337)	-
Cash dividends paid		(379,311)	(361,143)

Net cash (used) provided in financing activities		2,584,790	(544,559)
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(Decrease) net in cash and cash equivalents		(204,246)	(362,105)
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Effect of the variation in exchange difference on results		(1,659)	450,365
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Cash and cash equivalents at the beginning of the period		5,507,481	5,419,221
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Cash and cash equivalents at the end of the period (*)		5,301,576	5,507,481
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(*) Includes cash equivalents under 90 days in money market operations for \$390,486 at December 31, 2019 and \$347,801 at December 31, 2018.

See the notes attached hereto.

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 21, 2020)

APPENDIX 7

CERTIFICATION AND RESPONSIBILITY OF FINANCIAL INFORMATION

WE HEREBY CERTIFY TO OUR SHAREHOLDERS THAT:

The Individual Financial Statements and the Consolidated Financial Statements, as well as other reports pertaining to the period running from January 1st – December 31st, 2019, are free from defects or errors that could hinder the capacity to appreciate the real financial and operational situation of the Bank.

The Bank has adequate financial disclosure and control systems and procedures in place to ensure that financial information is properly reported.

Similarly, we hereby inform that there are no significant deficiencies between the design and implementation of internal controls that would have prevented the Bank from recording, processing, summarizing or properly presenting its financial information, as stated in the Internal Control System report.

We appreciate the commitment of all our employees and the support received from our shareholders. You have enabled us to attain the results disclosed herein.

Carlos Arango Uribe

Davivienda SA Board of Directors Chairman

Efraín Forero Fonseca

Banco Davivienda SA CEO



BANCO DAVIVIENDA S.A.

This report was at Davivienda Shareholders' disposal, within the terms established by law.

REPORT PREPARED BY:**EXECUTIVE VICE PRESIDENCY OF PERSONAL BANKING AND MARKETING**

Maritza Pérez Bermúdez / Executive Vice President of Personal Banking and Marketing

Alejandra Cuellar Vanegas / Director - Sustainability and Public Relations

Maria Mercedes Márquez Olarte / Manager - Public Relations

Lina María Toro Osorio / Head - Social Responsibility

Lina Marcela Moscoso Rodríguez / Professional - Social Responsibility

Carlos Eduardo Torres Prieto / Director of Marketing and Advertising

Carlos Javier Larrota Rangel / Head - Brand and Advertising

Juanita Barriga Herrera / Professional - Brand and Advertising

EXECUTIVE VICE PRESIDENCY OF RISK

Ricardo León Otero / Executive Vice President of Risk

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Alejandro Córdoba Muñoz / Specialist - Investor Relations and Capital Management

Paula Lorena Botía Cella / Professional - Investor Relations and Capital Management

Camilo Valencia Franco / Professional - Investor Relations and Capital Management

María Andrea Figueroa Suden / Professional - Investor Relations and Capital Management

ACCOUNTING AND TAXES VICE PRESIDENCY

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

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Babel Group / Corporate Visual Communication

Bogotá, 17 de marzo 2020





www.davivienda.com