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

First Quarter Results 2022 / 1Q22

Bogotá, Colombia. May 19th, 2022 – Banco Davivienda S.A. (BVC: PFDAVVNDA, BCS: DAVIVIENCL) announces its 2022 First Quarter consolidated results. Financial statements have been prepared according to the International Financial Reporting Standards (IFRS) in Colombian Pesos (COP).

HIGHLIGHTS

- Gross loans reached $121.9 trillion pesos, a 2.8% increase over the quarter and a 12.7% increase over the year, mainly driven by growth in the retail banking portfolio.
- The Total Capital Adequacy Ratio closed at 16.67%. The CET1 ratio stood at 11.19%.
- The 12-month NIM, including exchanges and derivatives, stood at 6.38%, increasing 5 bps over 4Q21 and 19 bps over 1Q21.
- The 12-month Cost of Risk stood at 2.35%, decreasing 43 bps over the quarter and 176 bps compared to the first quarter of 2021, reflecting the economic recovery and better loan portfolio performance.
- Profits for the quarter reached $511.0 billion pesos, a 53.6% increase over the previous quarter and a 404.9% increase over the year, reflecting higher loan portfolio income, lower provision expenses and an increase in non-financial income. As a consequence, ROAE for the quarter closed at 14.50% and at 12.17% for the last 12 months
- DaviPlata reached 14.3 million customers, adding 2.1 million throughout the year.
- Sustainable loans reached 11.6 trillion pesos, growing by 19.5% over the same period of the previous year, accounting for 9.5% of the consolidated gross loan portfolio.
- Current risk ratings: Fitch BB+/ S&P BB+/ Moody's Baa3. All with a stable outlook.
- As of March 2022, Davivienda operates in 6 countries, serving 20.4 million customers, employing more than 17,500 people, operating 665 branches and nearly 2,700 ATMs.

ECONOMIC ENVIRONMENT COLOMBIA

The economy grew at a 5.0% and 4.8% rate in the Eurozone and China over the first quarter of the year, accelerating from 4.7% and 4% in the fourth quarter of 2021, respectively. Meanwhile, the U.S. economy slowed down, after reporting a 5.5% growth rate at the end of 2021, to 3.6% in the first quarter of 2022. In this sense, concerns about the effects of the armed conflict between Ukraine and Russia, inflationary growth and rising interest rates in some developed economies are all expected to lead to slower global growth in the coming months.

Inflation in the United States reached 8.5% at the end of the first quarter of the year, the highest inflation rate since 1982. Inflation in the Euro Zone reached 7.4% in the first quarter, in contrast to the 5% figure recorded in December 2021. The 10-year US Treasury bonds went from 1.63% at the end of 2021 to 2.34% at the end of the first quarter. In Germany, this type of securities went from -0.18% to 0.55% in the same period.

Oil prices rebounded considerably during the first quarter of the year compared to the levels experienced in the last quarter of 2021. The Brent benchmark recorded an average of USD 100.9 compared to USD 79.6 in the previous quarter. On March 8, oil prices reached USD 133.2 per barrel, one of the highest prices in recent years, before closing the quarter at USD 107.3 per barrel.

Colombia's Gross Domestic Product (GDP) grew by 8.5% compared to the 10.8% registered the previous quarter and the 0.9% reached during the first quarter of 2021. This result is mainly driven by the wholesale sector and manufacturing industry which reached growths of 15.3% and 11.1%. On the other hand, agricultural and financial activities registered contractions of -2.5% and -3.2%.

Annual inflation at the end of March was 8.53%; the highest figure since July 2016. This is mainly attributed to food and non-alcoholic beverages, as they accounted for nearly half of total annual inflation in March. High prices for fertilizers, compost, and other agricultural inputs (exacerbated by the Russia-Ukraine war) drove up food prices. In April, inflation kept rising, standing at 9.23%.

The Central Bank continued its contractionary monetary policy stance. In January and March 2022, it announced 1% hikes in its monetary policy rate, raising it from 3% to 5%, in response to the accelerated rise in inflation and the negative effects derived from the aforementioned events in the international environment. In their last meeting held on May 2, the central bank made an additional rate increase, setting the monetary policy rate at 6.0%.

During the first quarter of 2022, gross tax revenues amounted to $53.7 trillion, a 28.9% increase over the same quarter of the previous year.

The exchange rate between COP and USD followed a downward trend in the first quarter of the year, going from $3,981.2 at the end of 2021 to $3,756.0 at the end of March 2022, appreciating by 5.7%. Nevertheless, the average exchange rate rose to $3,911.0, higher than the $3,744.6 average recorded at the end of the last quarter of 2021.

ECONOMIC ENVIRONMENT CENTRAL AMERICA

Economic activity measured by Gross Domestic Product (GDP) continued the recovery trend seen during the fourth quarter of 2021, recording an annual growth of 7.8% for Costa Rica, 10.3% for El Salvador and 12.5% for Honduras, as these countries managed to surpass pre-pandemic product levels. In the case of Panama, GDP growth was 15.3%, still below the figure recorded in 2019.

2021 was marked by a strong performance in the manufacturing and trade sectors. At the same time, government support programs and remittance flows yielded positive impacts, specifically in El Salvador and Honduras. In the particular case of Panama, mining and quarrying greatly contributed to economic growth.

Costa Rica recorded a 6.9% annual GDP growth for the first quarter of 2022, which, although very positive, declined from the 8.49% achieved in the last quarter of 2021.

Upon analyzing the monthly economic activity indicators (IMAE - IVAE) for the other countries in the region, we also note a performance slowdown in the first two months of the year, with average annual growth rates of 0.85% for El Salvador, 6.62% for Honduras and 11.13% for Panama.

On the other hand, prices continued to rise during the first quarter of the year in all countries, fueled by economic reactivation and external pressures derived from the Ukraine-Russia war.

At the end of the first quarter of 2022, annual inflation rose to 5.8% in Costa Rica, 6.7% in El Salvador, 7.0% in Honduras and 3.2% in Panama, displaying significant rises compared to the inflation recorded at the end of 2021: 3.3%, 6.1%, 5.3% and 2.6%, respectively.

In response to rising inflation, the Central Bank of Costa Rica raised its monetary policy interest rate to 4.0% in April, from 2.5% at the end of the first quarter of the year. The Central Bank of Honduras, on the other hand, maintained its policy interest rate at 3%, a historic low.

Finally, regarding sovereign risk, El Salvador's credit rating was downgraded to CCC from B- in February 2022 by Fitch Ratings and in May 2022 by Moody’s. Meanwhile, the outlook for Panama and Costa Rica was adjusted from negative to stable, By Fitch and Standard & Poor's in the case of Costa Rica and by Fitch in the case of Panama.

MAIN CONSOLIDATED FIGURES:

Statement of Financial Condition (COP billion)				% Chg.	
Assets	**1Q21**	**4Q21**	**1Q22**	**Q/Q**	**Y/Y**
Cash and Interbank Funds	10,054	15,461	15,685	1.5	56.0
Investments	16,378	16,001	16,763	4.8	2.4
Gross Loan Portfolio	108,172	118,620	121,897	2.8	12.7
Loan Loss Reserves	-6,007	-5,374	-5,490	2.1	-8.6
Property, Plant and Equipment	1,682	1,618	1,591	-1.7	-5.5
Other Assets	5,734	6,355	7,216	13.5	25.8
Total Assets	**136,014**	**152,680**	**157,663**	**3.3**	**15.9**
Liabilities					
Repos and Interbank Liabilities	2,455	835	5,513	560.1	124.5
Demand Deposits	55,182	69,655	68,820	-1.2	24.7
Term Deposits	33,706	29,929	31,087	3.9	-7.8
Bonds	13,320	16,911	16,406	-3.0	23.2
Credits	12,645	14,139	14,136	0.0	11.8
Other Liabilities	5,724	6,932	7,770	12.1	35.8
Total Liabilities	**123,032**	**138,401**	**143,731**	**3.9**	**16.8**
Equity					
Non-controlling Interest	135	144	141	-2.1	4.0
Equity	12,847	14,136	13,790	-2.4	7.3
Total Equity	12,982	14,280	13,931	-2.4	7.3
Total Liabilities and Equity	**136,014**	**152,680**	**157,663**	**3.3**	**15.9**

Income Statement	**Quarterly Figures**			**% Chg.**	
(COP billion)	**1Q21**	**4Q21**	**1Q22**	**Q/Q**	**Y/Y**
Interest Income	2,437	2,787	3,100	11.2	27.2
Loans	2,447	2,661	3,048	14.6	24.6
Investments	-22	109	32	-70.5	N/A
Other Income	13	17	20	14.9	55.7
Financial Expenses	730	844	1,030	22.1	41.1
Gross Financial Margin	1,707	1,943	2,070	6.5	21.3
Net Provision Expenses	1,136	825	699	-15.3	-38.5
Net Interest Margin	571	1,118	1,372	22.7	140.1
Exchange and Derivatives	212	131	90	-31.4	-57.7
Non Financial Income	359	400	467	16.7	29.9
Operating Expenses	1,009	1,247	1,203	-3.5	19.2
Income Before Taxes	134	402	725	80.5	443.1
Income Tax	32	69	214	211.0	563.1
Net Profit	**101**	**333**	**511**	**53.6**	**404.9**
Non Controlling Interest	2	10	6	-39.4	275.4

MAIN RATIOS

12 Months	1Q21	4Q21	1Q22	Bps. Chg Q/Q	Bps. Chg Y/Y
NIM	6.10%	5.94%	6.09%	15	-1
NIM FX+D	6.19%	6.33%	6.38%	5	19
Cost of Risk	4.11%	2.78%	2.35%	-43	-176
Cost-to-Income	46.9%	47.1%	47.4%	25	50
ROAE	2.21%	9.35%	12.17%	282	996
ROAA	0.20%	0.89%	1.14%	25	94

Annualized Quarter	1Q21	4Q21	1Q22	Bps. Chg Q/Q	Bps. Chg Y/Y
NIM	5.59%	5.95%	6.13%	18	54
NIM FX+D	6.28%	6.35%	6.40%	5	12
Cost of Risk	4.20%	2.78%	2.29%	-49	-191
Cost-to-Income	44.5%	50.4%	45.8%	-461	133
ROAE	3.15%	9.42%	14.50%	508	1135
ROAA	0.30%	0.89%	1.32%	43	102

Stock Information[1]	Mar. 21	Dec. 21	Mar.22	% Chg. Q/Q	% Chg. Y/Y
Earnings Per Share (EPS) COP	630	2,792	3,700	32.5%	487.0%
Earnings Per Share (EPS) USD	0.17	0.74	0.99	32.5%	487.0%
Price to Earnings Ratio (P/E) (x)	47.4	11.4	8.9	-21.8%	-81.2%
Dividends Per Share COP[2]	321	321	1,072	234.0%	234.0%
Book Value Per Share COP	28,443	31,297	30,532	-2.4%	7.3%
Price to Book Value (P/BV) (x)	1.05	1.02	1.08	6.2%	2.8%
Preferred Share Closing Price COP	29,850	31,800	32,950	3.6%	10.4%
Market Capitalization (Bn COP)	13,482	14,363	14,883	3.6%	10.4%
Market Capitalization (Bn USD)	3.6	3.8	4.0	3.6%	10.4%
Total Preferred Shares	107,993,484	107,993,484	107,993,484	-	-
Total Common Shares	343,676,929	343,676,929	343,676,929	-	-
Total Shares	451,670,413	451,670,413	451,670,413	-	-

[1] Please refer to the Glossary section to consult calculation methodology.
[2] For 2021, the $321 COP dividend per share was distributed as follows: an Increase of $10 in the share's nominal value, and a $311 premium for placement of shares. This dividend did not represent a cash payment or an increase in the number of issued shares.

COVID-19 RESPONSE

As part of our comprehensive strategy to support our clients, launched in March 2020, there is still a percentage of our loan portfolio that remains classified under relief programs implemented in the countries we operate.

In Colombia, after implementing the PAD program (Debtors' Relief Program), which expired in August 2021, 5% of the loan portfolio is covered by debt relief programs. This figure is 1 pp lower than the percentage recorded in the previous quarter. Out of this 5% loan portfolio, 68.5% are consumer loans, 21.3% are commercial loans and 10.2% are mortgage loans. In terms of payment performance, 88.0% are up to date, 6.6% are between 30 and 90 days past due and the remaining 5.4% are more than 90 days past due.

In Central America, 7% of the loan portfolio is under some type of relief, remaining stable compared to the previous quarter. This relieved portfolio is mainly concentrated in the commercial segment (61.2%), followed by consumer loans (28.7%) and lastly, mortgage loans (10.1%). A total of 88.9% of the portfolio receiving some type of relief are up to date, while 6.6% is between 30 and 90 days past due and the remaining 4.5% is more than 90 days past due.

The information described above regarding the payment performance of this portfolio is included in the PDL ratios presented herein.

DIGITAL TRANSFORMATION

Our digital native bank, Daviplata, reached 14.3 million customers at the end of the first quarter of 2022. Among these customers 5.8 million hold other financial products, 4.1 million count on DaviPlata as their only active financial product, and 4.4 million are common Davivienda customers. The balance in low amount deposits increased by 35% compared to 2021, reaching 681 billion.

As for the Bank's digital transformation process, in 1Q22 89% of our consolidated clients are classified as digital. In the Colombian operation, this figure stands at 90%, and in Central America at 68%.

In Colombia, the outstanding amount of digital loan products[3] increased 193% over the previous year, reaching $11.9 trillion. On the other hand, digital deposits[4] amounted to $3.3 trillion, a 51% increase over the year. Finally, digital investment products[5] contracted by 14% year-on-year, reaching $500 billion.

63% of product sales during the year were done through digital channels. This figure represents a 9 pps increase compared to last year. As for transactions, 56% of monetary transactions were made through digital channels compared to 55% last year. In line with this trend and in connection with the Covid-19 pandemic, transactions made via traditional channels lost share, dropping from 13% in 1Q21 to 12% in 1Q22.

[3] Digital Loans include: Mobile Credit, Mobile Balance Transfer, Mobile Credit Card, Mobile Payroll Loans, Advanced Payroll, Mobile Payroll Balance Transfer, Nanocredit.

[4] Digital Deposits include: Mobile Savings Account, Mobile Payroll Account, Term Deposits, and DaviPlata.

[5] Digital Investments includes: Dafuturo, Superior, and DaviPlus.

STATEMENT OF FINANCIAL CONDITION

Assets

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Assets	**Mar. 21**	**Dec. 21**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**
Cash and Interbank Funds	10,054	15,461	15,685	1.5	56.0	9,444	11.4	108.6	1,662	-5.3	10.6
Investments	16,378	16,001	16,763	4.8	2.4	12,002	5.9	-0.2	1,489	3.1	-0.5
Gross Loans Portfolio	108,172	118,620	121,897	2.8	12.7	98,207	5.0	14.5	6,307	0.1	3.5
Loan Loss Reserves	-6,007	-5,374	-5,490	2.1	-8.6	-4,712	3.1	-9.1	-207	2.5	-7.4
Property, Plant and Equipment	1,682	1,618	1,591	-1.7	-5.5	1,129	0.9	-5.2	123	-2.0	-8.1
Other Assets	5,734	6,355	7,216	13.5	25.8	5,614	20.4	28.2	299	-2.0	25.7
Total Assets	136,014	152,680	157,663	3.3	15.9	121,685	6.2	18.5	9,673	-0.5	4.6

Q/Q Performance:

Assets totaled $157.7 trillion pesos, increasing 3.3% over the quarter. Excluding the effect of the appreciation of the Colombian peso (-5.7%) during the quarter, assets increased 5.0%.

Cash and interbank funds totaled $15.7 trillion, a 1.5% increase over the previous quarter. This performance was mainly attributable to a higher available balance in the checking account with the Colombian Central Bank (Banco de la República). The investment portfolio reached a balance of $16.8 trillion, a 4.8% growth over the quarter, due to the increase in the debt instruments portfolio.

Gross loans amounted to $121.9 trillion, growing by 2.8% over the previous quarter. Loan-loss provisions increased by 2.1% from the previous quarter, closing at $5.5 trillion, aligned with the portfolio's risk profile and loan portfolio growth. Loan loss provisions as a percentage of gross loans stood at 4.5%, approaching pre-pandemic levels seen in 2018 and 2019.

Finally, other assets increased by 13.5% over the quarter, mainly driven by a higher volume of derivative contracts.

Y/Y Performance:

Total assets increased by 15.9% over the year. Excluding the effect of the depreciation of the Colombian peso (+2.1%) during the year, assets increased 15.1%.

Cash and interbank funds increased by 56.0%, driven by higher available balance in the current account with the Central Bank and higher volume in monetary market operations. The balance of investments increased 2.4% due to the valuation of the debt and equity instrument portfolios.

Gross loans increased by 12.7% year-on-year, driven mainly by the consumer and mortgage portfolios. Loan loss reserves decreased 8.6%, as a result of lower coverage needs due to the portfolio's risk profile improvement and write-offs made during the past year.

Finally, other assets grew by 25.8%, mainly as a result of a 99.3% increase in the balance of derivative contracts, and a 26.6% increase in net accounts receivable.

Gross Loans

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Gross Loans	**Mar. 21**	**Dec. 21**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**
Commercial	50,576	53,607	53,387	-0.4	5.6	41,306	1.2	5.9	3,216	0.3	2.4
Consumer	30,525	34,595	37,350	8.0	22.4	31,065	11.2	25.9	1,673	0.1	5.2
Mortgage	27,071	30,418	31,160	2.4	15.1	25,836	4.3	17.1	1,417	-0.1	3.9
Total	108,172	118,620	121,897	2.8	12.7	98,207	5.0	14.5	6,307	0.1	3.5

Q/Q Performance:

Gross loans closed at $121.9 trillion, a 2.8% increase over the previous quarter. Excluding the effect of the appreciation of the Colombian peso during the quarter (-5.7%), gross loans increased 4.2%.

Commercial loans slightly contracted by 0.4% over the quarter, mainly due to the appreciation of the Colombian peso during the quarter, which affected Central America's loan portfolio performance in COP.

Consumer loans increased by 8.0%, largely due to higher disbursements in unsecured personal loans and payroll loans, which is consistent with economic performance and confidence levels.

Mortgage loans increased by 2.4%, driven by the residential leasing and low-income housing (VIS) segments, boosted by subsidy programs in Colombia.

In the international operation, gross loans reached $6.3 billion USD, remaining relatively stable. This behavior is mainly explained by growth in Honduras (+4.1%) and Costa Rica (+0.3%), while on the other hand Panama and El Salvador presented 2.3% and 1.5% decreases, mainly due to prepayments.

Y/Y Performance:

Gross loans grew by 12.7% over the past year. Excluding the effect of the depreciation of the Colombian peso (+2.1%) during the year, gross loans grew by 12.0%.

Commercial loans increased by 5.6%, mainly due to growth of the corporate and SME segments.

Consumer loans increased by 22.4%, driven by greater disbursements of unsecured personal loans, payroll loans and credit cards, driven by demand reactivation, in line with improved confidence levels, as mentioned above.

The mortgage portfolio increased by 15.1%, reflecting higher growth in residential leasing and traditional housing segments, particularly in Colombia, in line with the overall performance observed in the sector, supported by subsidy programs available in the country.

In the international operation, gross loans denominated in USD increased by 3.5%. This growth was mainly driven by the consumer portfolio, which grew $82.6 million USD (5.2%) over the year, followed by the commercial portfolio $74.6 million USD (2.4%) and the mortgage portfolio $53.7 million USD (3.9%). In the international operation, Honduras posted a gross loan portfolio growth of nearly 16.7% while Costa Rica's gross loan portfolio grew by 3.4%.

Asset Quality and Coverage

	Consolidated			Colombia			International		
PDL	**1Q21**	**4Q21**	**1Q22**	**1Q21**	**4Q21**	**1Q22**	**1Q21**	**4Q21**	**1Q22**
Commercial	3.69%	3.53%	3.04%	4.39%	4.21%	3.54%	1.31%	1.37%	1.35%
Consumer	3.63%	2.19%	1.93%	3.44%	2.10%	1.85%	4.43%	2.55%	2.36%
Mortgage	4.91%	4.35%	3.95%	5.18%	4.48%	4.07%	3.68%	3.76%	3.35%
Total (90)[1]	3.98%	3.35%	2.93%	4.32%	3.65%	3.14%	2.65%	2.22%	2.07%
Mortgage (120)[2]	4.06%	3.56%	3.27%	4.25%	3.62%	3.34%	3.25%	3.30%	2.90%
Total (120)[3]	3.76%	3.15%	2.76%	4.08%	3.42%	2.95%	2.56%	2.12%	1.97%

Portfolio	Stage 1	Stage 2	Stage 3	Total
Commercial	87.86%	6.32%	5.82%	53,387
Consumer	89.98%	7.88%	2.14%	37,350
Mortgage	92.30%	4.86%	2.85%	31,160
Total	**89.64%**	**6.42%**	**3.93%**	**121,897**

Q/Q Performance:

Consolidated 90-days PDL closed at 2.93%, decreasing 42 bps over the quarter due to the performance mainly observed in the commercial and mortgage portfolios.

PDL ratios for all loan portfolios improved compared to the previous quarter due to portfolio growth, an improvement in payment behavior, and write-offs made throughout the quarter.

In Colombia, the 90-days PDL ratio decreased 51 bps during the quarter, and in Central America by 15 bps.

Write-offs during the first quarter of 2022 totaled $675 billion, a 46.1% reduction compared to the previous quarter, mainly concentrated in the consumer portfolio.

Write-offs	Quarterly Figures			% Chg.	
(COP billion)	1Q21	4Q21	1Q22	Q/Q	Y/Y
Total write-offs	1,720	1,252	675	-46.1	-60.8

Y/Y Performance:

The consolidated 90-days PDL ratio decreased 105 bps over the year, mainly due to portfolio growth, improvements in customer payment behavior and write-offs made during the year.

The PDL ratio for the commercial portfolio decreased by 65 bps year-on-year, mainly due to agreements with some clients in the infrastructure and services sectors, in addition to write-offs made in 2021.

The consumer portfolio's PDL ratio decreased by 170 bps relative to the previous year, primarily due to portfolio growth, improved customer payment behavior and write-offs during 2021 and the first quarter of 2022.

90-days and 120-days PDL for the mortgage portfolio fell by 96 bps and 79 bps respectively, which is explained by portfolio growth, better customer payment and some write-offs.

Write-offs for 1Q22 decreased by 60.8% when compared to the ones registered in 1Q21. This is explained by the normalization in write-off dynamics and improvements in customer payment behavior.

Coverage

	Coverage		
Coverage	1Q21	4Q21	1Q22
Commercial	154.1%	135.8%	157.8%
Consumer	237.3%	302.4%	336.1%
Mortgage	38.1%	38.9%	40.6%
Total	139.7%	135.2%	153.5%

Q/Q Performance:

The Coverage ratio closed 1Q22 at 153.5%, increasing 183 bps from the previous quarter, as a result of higher loan loss reserves and the decrease in 90-days non-performing loan balance.

Y/Y Performance:

The Coverage ratio increased by 138 bps, mainly due to better customer payment behavior and write-offs made throughout the year, which reduced the levels of non-performing loans.

Funding Sources

	Consolidated (COP Billion)					Colombia (COP Billion)			International (USD Million)		
				% Chg.			% Chg.			% Chg.	
Funding Sources	**Mar. 21**	**Dec. 21**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**	**Mar.22**	**Q/Q**	**Y/Y**
Demand deposits	55,182	69,655	68,820	-1.2	24.7	54,587	-0.1	26.9	3,789	0.6	14.7
Term deposits	33,706	29,929	31,087	3.9	-7.8	21,264	7.9	-9.2	2,615	1.9	-6.4
Bonds	13,320	16,911	16,406	-3.0	23.2	13,910	-3.1	18.7	665	3.4	52.7
Credits	12,645	14,139	14,136	0.0	11.8	9,632	6.7	16.9	1,199	-6.5	0.2
Total	114,853	130,634	130,449	-0.1	13.6	99,392	1.7	15.0	8,268	0.1	7.0

Q/Q Performance:

Funding sources totaled $130.4 trillion, a 0.1% decrease over the previous quarter, mainly explained by the decrease in bonds and demand deposits. Excluding the effect of the appreciation of the Colombian peso over the quarter (-5.7%), funding sources increased 1.4%.

Demand deposits reached a balance of $68.8 trillion, a 1.2% drop over the quarter, due to exchange rate effects in the Central American operation. On the other hand, term deposits reached $31.1 trillion, a 3.9% increase over the quarter, mainly explained by the growth in institutional term deposits.

Bonds closed the first quarter with a $16.4 trillion balance, a 3.0% contraction compared to 4Q21, mainly as a result of the maturity of some local senior bonds during February and the foreign exchange rate effect on international bonds.

Credits with entities reached a $14.1 trillion balance, remaining stable throughout the quarter.

The gross loans to funding sources ratio was 93.4%, increasing 264 bps from the previous quarter, reflecting the growth of gross loans over funding sources ($3.3 trillion vs. -$185.0 billion).

Y/Y Performance:

Throughout the year, funding sources rose by 13.6% as a result of increased demand deposits, bonds and credits with entities, which offset the reduction in term deposits. Excluding the effect of the depreciation of the Colombian peso during the year (+2.1%), funding sources increased 12.8%.

The increase in traditional deposits resulted mainly from demand deposits, which grew 26.9% in Colombia and 14.7% in Central America. Term deposits decreased 9.2% and 6.4%, respectively.

Bonds increased 23.2% compared to 1Q21 primarily due to the issuance of the USD $500 million AT1 perpetual bond in 2Q21, local bonds issuance in the Colombian operation throughout 2021 and local issuances in Central America, in addition to the foreign exchange rate effect on international bonds.

Credits with entities increased by 11.8% over the year. This performance is largely explained by the growth in financial obligations with foreign entities.

Gross loans to funding sources ratio closed at 93.4%, a 74 bps decrease compared to the first quarter of 2021 (94.2%), mainly explained by lower growth of gross loans compared to the increase in total funding sources ($13.7 trillion vs. $15.6 trillion).

Equity and Regulatory Capital

Total Regulatory Capital and Risk Weighted Assets	Consolidated				
	New Regulation (Basel III)			% Chg.	
(COP Billion)	1Q21	4Q21	1Q22	Q/Q	Y/Y
Equity	12,982	14,280	13,931	-2.4%	7.3%
Common Equity Tier I Capital	11,504	12,908	12,562	-2.7%	9.2%
Additional Tier I Capital	0	1,997	1,915	-4.1%	N/A
Tier II Capital	4,747	4,524	4,236	-6.4%	-10.8%
Total Regulatory Capital	16,246	19,424	18,713	-3.7%	15.2%
Risk Weighted Assets	97,372	107,904	112,239	4.0%	15.3%
CET1 Ratio	11.81%	11.96%	11.19%	-77 bps	-62 bps
Tier I Ratio	11.81%	13.81%	12.90%	-91 bps	109 bps
Total Capital Adequacy Ratio	16.68%	18.00%	16.67%	-133 bps	-1 bps
Leverage Ratio	7.61%	8.87%	8.39%	-48 bps	78 bps

Q/Q Performance:

Consolidated equity totaled $13.9 trillion as of March 2022, reflecting a 2.4% decrease compared to the previous quarter, as a result of the dividend distribution approved in the General Shareholders' Meeting during March, which represented a total distribution of $484 billion pesos of which 50% were paid during April and the remaining 50% will be paid during September.

The Common Equity Tier 1 ratio (CET1) closed at 11.19%, presenting a 77 bps decrease over the quarter. This is mainly explained by the following effects: i) the previously mentioned dividend distribution, ii) an increase in Risk Weighted Assets, related to loan portfolio growth and some adjustments in Operational Value-at-Risk.

The Additional Tier 1 Capital presented a 4.1% reduction during the quarter, as a result of exchange rate effects.

Tier II Capital decreased by 6.4% over the quarter, mainly explained by the appreciation of the Colombian peso and lower weight of subordinated debt.

Consequently, the total capital adequacy ratio decreased 133 bps, closing at 16.67% under Basel III as of March 2022.

On the other hand, the leverage ratio stood at 8.39%, 48 bps lower than in the previous quarter, mainly explained by growth in the net loan portfolio balance and the reduction in equity levels during the quarter.

Risk-Weighted Assets density[6] stood at 71.2%, a 5 bps increase over 4Q21 (70.7%) under the new standard.

Y/Y Performance:

Consolidated equity increased by 7.3% compared to the same period of the previous year, as a result of higher net profits for the year.

CET1 decreased 62 bps over the year, as a result of dividend distribution and the increase in Risk Weighted Assets, as previously mentioned.

Additional Tier 1 increased by 109 bps, mainly due to the issuance of the hybrid bond in 2Q21 amounting to US$500 million which computed into the Additional Tier 1 Capital.

Tier II Capital presented a 10.8% reduction during the year, mainly explained by the change in subordinated debt weight.

Consistent with these trends, the Total Capital Adequacy ratio under Basel III remained stable when compared to 1Q21.

The leverage ratio increased 78 bps versus 1Q21, the highest levels of equity for this period.

Risk Weighted Assets density decreased by 4 bps compared to 1Q21 (71.6%) under the new standard.

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

INCOME STATEMENT

Income Statement (COP billion)	Quarterly Figures 1Q21	4Q21	1Q22	% Chg. Q/Q	Y/Y
Interest Income	2,437	2,787	3,100	11.2	27.2
Loan Income	**2,447**	**2,661**	**3,048**	**14.6**	**24.6**
Commercial	802	816	890	9.0	11.0
Consumer	960	1,146	1,283	11.9	33.6
Mortgage	685	699	876	25.3	27.9
Investment Income	-22	109	32	-70.5	N/A
Other Income	13	17	20	14.9	55.7
Financial Expenses	730	844	1,030	22.1	41.1
Demand Deposits	142	171	257	50.4	80.8
Term Deposits	273	267	320	19.8	17.3
Credits	102	93	102	8.8	0.1
Bonds	185	278	306	9.7	65.1
Other Expenses	29	34	46	34.7	59.8
Gross Financial Margin	1,707	1,943	2,070	6.5	21.3
Net Provision Expenses	1,136	825	699	-15.3	-38.5
Net Interest Margin	571	1,118	1,372	22.7	140.1
Exchange and Derivatives	212	131	90	-31.4	-57.7
Non Financial Income	**359**	**400**	**467**	**16.7**	**29.9**
Fee Income	327	418	404	-3.5	23.6
Other Net Income and Expenses	33	-19	63	N/A	91.9
Operating Expenses	**1,009**	**1,247**	**1,203**	**-3.5**	**19.2**
Personnel Expenses	408	459	479	4.5	17.4
Operation Expenses	406	573	498	-13.2	22.8
Other Expenses	195	215	225	4.9	15.4
Income before Taxes	134	402	725	80.5	443.1
Income Tax	32	69	214	211.0	563.1
Net Profit	**101**	**333**	**511**	**53.6**	**404.9**

Net Profit

Quarterly figures

Q/Q Performance:

Net profits reached $511.0 billion in 1Q22, increasing 53.6% over the quarter, mainly due to an increase in loan income and non-financial income, as well as a reduction in provision expenses and operating expenses. Consequently, the annualized quarter Return on Average Equity (ROAE) grew 508 bps from 9.42% to 14.50%.

Net income in Colombia totaled $375.8 billion, a 120.1% increase over the previous quarter. This performance is attributable to higher loan income (+18.2%) and non-interest income (+18.0%) in the quarter, and a reduction in provision expenses (-21.0%).

Profits from the Central American operations totaled nearly US$34.6 million, decreasing 18.6% over the quarter due to lower investment income and an increase in provision expenses explained by a baseline effect related to provision release made during 4Q21 . This performance in net profits is mainly explained by the result achieved in El Salvador.

Y/Y Performance:

Consolidated profits increased by $410.0 billion over the year, mainly due to higher loan and non-financial income, and lower provision expenses.

Net profits in the Colombian operation grew by $307.9 billion. This result is mainly explained by a 27.9% increase in loan portfolio income and a 36.1% reduction in net provision expenses, coupled with a 23.8% increase in fee income.

In the international operation, net profits in USD increased $25.3 million over the same quarter of the previous year. This is mainly explained by lower provision expenses (-58.2%) and financial expenses (-7.9%).

Gross Financial Margin

Gross Financial Margin	Quarterly Figures			% Chg.	
(COP billion)	1Q21	4Q21	1Q22	Q/Q	Y/Y
Loan Income	2,447	2,661	3,048	14.6	24.6
Investments and Interbank Income	-10	126	52	-58.9	N/A
Financial Income	2,437	2,787	3,100	11.2	27.2
Financial Expenses	730	844	1,030	22.1	41.1
Gross Financial Margin	1,707	1,943	2,070	6.5	21.3

Quarterly figures

Q/Q Performance:

The consolidated gross financial margin totaled $2.1 trillion at the end of the first quarter of the year, presenting a 6.5% increase, mainly explained by higher loan income (14.6%), which compensated for the decrease in investment income (-58.9%) and the increase in financial expenses (22.1%).

Loan income increased aligned with asset repricing given the increase in the monetary policy rate, loan growth and portfolio recomposition.

Investment income remained affected as a result of interest rate movements in the market, which devalued the portfolio.

During the quarter, financial expenses increased aligned with liability repricing given the increase in interest rates in Colombia and Central America.

The annualized quarterly NIM closed at 6.13%, a 18 bps increase from 4Q21, as a result of the expansion of the gross financial margin. When including foreign exchange and derivatives income to reflect the result of our hedging strategy, the NIM was 6.40%, increasing 5 bps in the period.

NIM				Bps. Chg	
Annualized Quarter	1Q21	4Q21	1Q22	Q/Q	Y/Y
Total NIM	5.59%	5.95%	6.13%	18	54
Total NIM FX+D	6.28%	6.35%	6.40%	5	12

Y/Y Performance:

Compared to the previous year, the gross financial margin increased by 21.3% over the first quarter of the year. This is explained mainly by an increase in loan income, as previously mentioned.

In Colombia, the gross financial margin grew 23.7%. This performance is explained by loan income, which increased 27.9% due to higher income from the consumer and mortgage portfolios. On the other hand, financial expenses increased 56.1% over the year, as a result of high interest rates, which affects liability costs.

In the international operation, the gross financial margin in USD increased 1.7% over the year as a result of the stable loan income. On the other hand, investment income decreased, mainly as a result of lower portfolio valuation. Additionally as previously mentioned, financial expenses presented a decrease mainly explained by the behavior seen in Costa Rica and Panama, given the recomposition of liabilities to lower cost deposits.

The 12-month NIM remained relatively stable compared to the one shown in 1Q21, due to lower investment income. However, when including foreign exchange and derivative income to reflect the result of our hedging strategy, the NIM closed at 6.38% and increased 19 bps for the period.

NIM				Bps. Chg	
12 Months	1Q21	4Q21	1Q22	Q/Q	Y/Y
Total NIM	6.10%	5.94%	6.09%	15	-1
Total NIM FX+D	6.19%	6.33%	6.38%	5	19

Provision Expenses

Provision Expenses (COP billion)	Quarterly Figures 1Q21	4Q21	1Q22	% Chg. Q/Q	Y/Y
Provision for credit losses	1,405	1,085	920	-15.2	-34.5
Loan recoveries	269	255	222	-13.1	-17.6
Net loan sales	0	5	0	NA	NA
Net Provision Expenses	**1,136**	**825**	**699**	**-15.3**	**-38.5**

Quarterly figures

Q/Q Performance:

Provisions expenses (net of recoveries) totaled $698.5 billion, a 15.3% decrease from the previous quarter. This is mainly explained by a baseline effect following adjustments made to model parameters during 4Q21, which impacted provision expenses in that quarter, coupled with the stabilization in the payment behavior of clients, which improved the portfolio's risk profile.

The annualized quarterly Cost of Risk was 2.29%, decreasing 49 bps with respect to the fourth quarter of 2021.

Cost of Risk Annualized Quarter	1Q21	4Q21	1Q22	Bps. Chg Q/Q	Y/Y
CoR	4.20%	2.78%	2.29%	-49	-191

Y/Y Performance:

In the consolidated operation, provision expenses (net of recoveries) decreased 38.5% when compared to march 2021, when efforts to cover portfolio risk were still being made, amidst the ending of relief programs.

The 12-month Cost of Risk decreased 176 bps compared to the first quarter of 2021.

Cost of Risk 12 months	1Q21	4Q21	1Q22	Bps. Chg Q/Q	Y/Y
CoR	4.11%	2.78%	2.35%	-43	-176

Non Financial Income

Non Financial Income (Billion COP)	1Q21	4Q21	1Q22	Q/Q	Y/Y
	Quarterly Figures			% Var.	
Fee income	327	418	404	-3.5	23.6
Other Net Income and Expenses	33	-19	63	N/A	91.9
Non-Financial Income	**359**	**400**	**467**	**16.7**	**29.9**

Quarterly figures

Q/Q Performance:

Non-financial income totaled $467 billion in the first quarter of 2022, a 16.7% increase from the previous quarter. This performance is mainly attributable to a baseline effect generated during 4Q21 related to the goodwill impairment which was registered as a lower value of other income and expenses net.

Y/Y Performance:

Non-financial income grew 29.9% compared to the same period of the previous year as a result of higher fee income. This result is explained by the increase in credit and debit card fees and professional fees received by our collection company.

Operating Expenses

Operating Expenses (COP billion)	1Q21	4Q21	1Q22	Q/Q	Y/Y
	Quarterly Figures			% Chg.	
Personnel Expenses	408	459	479	4.5	17.4
Operating Expenses and Others	601	788	723	-8.2	20.4
Total Expenses	**1,009**	**1,247**	**1,203**	**-3.5**	**19.2**

Quarterly figures

Q/Q Performance:

In 1Q22, operating expenses decreased by 3.5% compared to the previous quarter, as a result of lower operating and other expenses, mainly associated with the decrease in professional fees related to technological development.

Additionally, personnel expenses increased 4.5%, mainly due to salary increases in Colombia in 2022.

The cost-to-income ratio for the quarter closed at 45.8%, a 461 bps reduction compared to 4Q21, reflecting lower operating expenses and higher income.

Cost-to-Income				Bps. Chg	
Annualized Quarter	1Q21	4Q21	1Q22	Q/Q	Y/Y
Cost-to-Income	44.5%	50.4%	45.8%	-461	133

Y/Y Performance:

Operating expenses for 1Q22 increased 19.2% compared to the first quarter of the previous year, impacted by the 10% depreciation of the average exchange rate.

Additionally, this behavior is explained by operating and other expenses (+20.4%), given inflation levels and the increase in the minimum wage in Colombia, as well as the growth in administrative expenses associated with insurances, taxes and advertising.

In addition, personnel expenses increased 17.4%, which is mainly explained by salary increases in 2022, an increase in sales force incentives due to product sales, higher benefits, and personnel expenses related to the recently acquired collection company.

Given the previously mentioned factors, the 12-month cost-to-income ratio increased 50 bps compared to 1Q21.

Cost-to-Income				Bps. Chg	
12 months	1Q21	4Q21	1Q22	Q/Q	Y/Y
Cost-to-Income	46.9%	47.1%	47.4%	25	50

Taxes

Quarterly figures

Income Tax				% Chg	
Quarter	Mar. 21	Dec. 21	Mar.22	Q/Q	Y/Y
Tax	32	69	214	211.0	563.1

Q/Q and Y/Y Performance:

Income tax for the quarter was $213.9 billion, a 211.0% increase compared to the previous quarter and 563.1% compared to the first quarter of 2021, reflecting the higher profit before taxes and the increase of the income tax rate from 34% to 38%.

The effective tax rate for the quarter was 29%.

Glossary

1. **PDL > 90 =** Loans > 90 days / Gross Loan Portfolio
2. **Mortgage PDL > 120 =** Mortgage Loans > 120 days / Gross Loan Portfolio
3. **Total PDL > 120 =** (Mortgage > 120 days + Commercial > 90 days + Consumer > 90 days) / Gross Loan Portfolio
4. **Coverage:** Loan Loss Provisions / Loans > 90 días
5. **Gross Loans / Funding Sources =** Gross Loan Portfolio / (Demand Deposits + Term Deposits + Credits with Entities + Bonds)
6. **ROAE (12 months) =** Net Profit (12 months) / Average Equity (5 Quarters).
7. **ROAE (Annualized Quarter) =** (Net Profits (Quarter) x 4)/ Average Equity (2 Quarters)
8. **ROAA (12 months)) =** Net Profits (12 months) / Average Assets (5 Quarters).
9. **ROAA (Annualized Quarter) =** (Net Profits (Quarter) x 4) / Average Assets (2 Quarters)
10. **NIM (12 months) =** Gross Financial Margin (12 months) / Average Interest Earning Assets (5 quarters)
11. **NIM (Annualized Quarter)=** Gross Financial Margin (Quarter) x 4/ Average Interest Earning Assets (2 Quarters)
12. **NIM (FX&D)(12 months) =**(Accumulated Gross Financial Margin (12 months) + Accumulated Exchanges and Derivatives (12 months)) / Average Interest Earning Assets (5 Quarters)
13. **NIM (FX&D) (Annualized Quarter) =** (Gross Financial Margin (Quarter) + Exchanges and Derivatives (Quarter) x 4) / Interest Earning Assets (2 Quarters)
14. **Loan NIM (12 months) =**(Loan Income (12 months) - (Savings Account Expenses (12 months) + Checking Account Expenses (12 months) + Term Deposit Expenses (12 months) + Credits with Entities Expenses (12 months) + Bond Expenses (12 months)) /Average Interest Earning Loans (5 Quarters)
15. **Investment NIM (12 months) =**(Fixed Income Securities Income (Accum. 12 months) + Interbank Income (Accum. 12 months) - Financial Expenses due to Monetary Market Operations (Accum. 12 months)) / (Average Fixed Income Securities (5 Quarters) + Average Interbank Funds (5 Quarters))
16. **Investment NIM (FX&D) (12 months) =**(Fixed Income Securities Income (Accum. 12 months) + Interbank Income(Accum. 12 months) - Financial Expenses due to Monetary Market Operations (Accum. 12 months) + (Exchanges and Derivatives (Accum. 12 months)) / (Fixed Income Securities (5 Quarters) + Interbank Funds (5 Quarters))
17. **Cost of Risk (12 months) =** Provision Expenses (12 Months) / Gross Loans
18. **Cost of Risk (Annualized Quarter)=** Provision Expenses (Quarter) x 4 / Gross Loans
19. **Non Financial Income Ratio =** Total Non Financial Income /(Gross Financial Income + Non Financial Income + Exchange and Derivative Income)
20. **Earnings per Share (EPS) COP =** (Accumulated Net Profits (12 months)) / Total Shares
21. **Earnings per Share (EPS) USD =** (Accumulated Net Profits (12 months) / Exchange Rate as of the close of the Reported Quarter) / Total Shares
22. **Price / Earnings per Share (P/E) =** Preferred Share Closing Price / Earnings per Share (EPS) COP
23. **Book Value per Share (BV) COP =** (Consolidated Equity - Non-controlling Interest) / Total Shares
24. **Price to Book Value (P/BV) (x) =** Preferred Share Closing Price / Book Value per Share (BV) COP
25. **Market Capitalization (Bn COP) =** Total Shares * Preferred Share Closing Price
26. **Market Capitalization (Bn USD) =** (Total Shares * Preferred Share Closing Price) / Exchange Rate as of the close of the Reported Quarter

The information hereby presented is exclusively for informative and illustrative purposes and it is not, nor does it pretend to be, a source for legal or financial assessment of any kind.

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