



*The world*  
is our  
**home**

*Let's make it more prosperous,  
inclusive and green*

**Banco Davivienda S.A.**

 **Year-end  
Report** **2023**



## Banco Davivienda S.A.

### Report of the Board of Directors and the CEO to the General Shareholders' Meeting

Year-end Report

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# > About This Report

**Sustainability is a key pillar of our strategy.** In Davivienda we operate in line with and contribute to the fulfillment of the 2030 Global Agenda, the Sustainable Development Goals, the commitments of the Paris Agreement and the Ten Principles of the Global Compact. In 2023 and for the tenth consecutive year, we have been included in the Dow Jones Sustainability Index (DJSI) for the Latin American Integrated Market (MILA) Pacific Alliance, and for the seventh year in the S&P Global 2023 Sustainability Yearbook, a global benchmark publication that evaluates and recognizes the responsible and transparent performance of companies in the environmental, social and economic, and governance (ESG) dimensions.

This report compiles the main results of the operations in Colombia and Central America from January 1 to December 31, 2023. In this report,

Davivienda complies with the instructions issued through Decree 151 of 2021 of the Ministry of Finance and Public Credit and External Circulars 031 of 2021 and 012 of 2022 of the Financial Superintendency of Colombia, which regulate it.

This report was prepared based on the best international reporting practices. Firstly, the application of the GRI (Global Reporting Initiative) standard guidelines for the production

of sustainability reports, which guides the presentation of the results of our sustainable management for each of the material issues identified and prioritized in the double materiality process (impact materiality and financial materiality), with the participation of internal and external stakeholders. Secondly, the incorporation of the reporting of the SASB (Sustainability Accounting Standards Board) standard indicators for commercial banks.





In compliance with the principles of transparency, this information was verified by an independent third party who validated the correct integration and presentation of the contents in accordance with these standards.

Likewise, we have voluntarily adhered to the reporting frameworks for the correct disclosure of the management of Corporate Governance, environmental and social issues, such as the Green Protocol, the Carbon Footprint Disclosure Project (CDP), the Principles for Responsible Investment (PRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the most recent adhesion, the Principles for Responsible Banking (PRB) and the United Nations Environment Program Finance Initiative (UNEP-FI).

This report has been structured around the material topics declared by the organization so that in each of them we present the main results of the business by integrating environmental, social and governance criteria in our management.

## SUSTAINABLE MANAGEMENT

**Beyond having a sustainable strategy, our strategy, management and business vision are sustainable.**

In particular, we want to emphasize that, beyond having a sustainable strategy, our business strategy, management and vision are sustainable.

In addition to our CEO's message, we include a description of how we define our material issues and our commitment to the SDGs. This allows us to have a comprehensive understanding of how, aligned with Grupo Bolívar's material issues, we generate prosperity, trust, service and

well-being, and promote inclusion and the development of natural and economic capital through our business model.

Finally, this document includes the analysis of our financial results, as well as a series of chapters and annexes that complement the information and form an integral part of the report, such as the Individual and Consolidated Financial Statements, and our third TCFD report.



# Message **FROM THE CEO**



**The world  
is our  
home**

*Let's make it more prosperous,  
inclusive and green*



## > Message From The CEO

2023 was a challenging year both internationally and locally; the economy and the financial sector in general continued to be affected by historically high levels of inflation and interest rates, which impacted the cost of living for households and businesses, as well as their ability to meet their obligations. In Colombia, we experienced the lowest economic growth in the last decade - excluding the pandemic - joined by lower credit offering and demand, as well as high deposit and lending interest rates.

Our financial results reflected the challenging operating environment that has materialized since mid-2022, being impacted by higher funding costs that pressured our net interest margin and higher provisioning expenses.

Within this context, we have capitalized on several lessons to strengthen our management, by taking several measures to protect our business' performance. For example, we have been implementing various strategies to improve our credit portfolio profile, to

gradually adjust our funding composition safeguarding our margins, to strengthen other sources of income, and to improve productivity, so that we can capture greater efficiencies in our operations.

Amidst these challenges, we have maintained our capital strength, with a Total Capital Adequacy Ratio of 14.54% and a Common Equity Tier 1 Ratio of 10.25% by the end of 2023, solid and sufficient levels to continue developing our business. Additionally, we continue to support our 23.6 million customers in Colombia and Central America, with a market share of 15.17%<sup>1</sup> and 8,96%<sup>2</sup>, respectively, and a gross loan portfolio of COP 136<sup>3</sup> trillion.

<sup>1</sup> Source: Financial Superintendence of Colombia. Participation by gross loans plus securitized as of December 2023.

<sup>2</sup> Local figures. Share by weighted gross loans in Costa Rica, El Salvador and Honduras as of December 2023.

<sup>3</sup> COP: Colombian Pesos. The exchange rate (TRM) in effect on December 31, 2023, was USD 1 = COP 3,822.05.



# 23.6

## MILLION

Customers in Colombia and Central America. COP 136 trillion in gross loans in 2023.

In this way, we remain determined in our vision for the future, and we are convinced that there are multiple opportunities to seize. We remain focused on our strategy, leveraging our digital capabilities and sustainable management, to continue working towards our higher purpose.

**For over more than 50 years, we have faced and overcome various obstacles, and each challenge has been a valuable lesson that strengthens our resilience and drives us to continue building the bank of the future.**

### INNOVATION AND SERVICE ARE IN OUR CULTURE'S DNA

Our innovative DNA and the digital capabilities we have developed over the years position us to generate greater value for our stakeholders going forward. Thanks to these skills, we have managed to build one of the most comprehensive digital offerings of financial services for individuals in Colombia, and we continue to complement our offering for businesses. In Central America, we are pioneers with digital solutions that respond to the dynamics of each country.

As evidence of this, 91% of our clients are digital: around 93% in Colombia and 69% in Central America. In the past year, we have launched several products and functionalities for them, to continue guaranteeing reliable, user-friendly, and simple experiences for our clients, such as the Super App for individuals, our new App for Businesses, a new service model leveraged on Vivi (our virtual assistant based on Artificial Intelligence), interoperable QR code, among others.

Through these and other solutions, we are aiming to create and participate in ecosystems with financial and non-financial services, being an organization that goes beyond Banking, finding new ways to reach our clients and enabling our offering to be just a click away in the ecosystems where they live.

On the other hand, DaviPlata continues to demonstrate its ability to be the easy banking solution for everyone, reaching nearly 17.4 million customers in 2023, with deposits close to COP 993 billion. For 4.3 million people, DaviPlata was their only financial product, and 31 thousand customers received their first nanocredit, thanks to Daviplata.

We continue to see great monetization potential in DaviPlata's value proposition, which has proven to be a successful product to reach different segments of the population, promoting financial inclusion and the growth of businesses and small enterprises.

91% of our customers are digital. We have built one of the most comprehensive digital financial product offerings for individuals in Colombia.



**9.7**  
MILLION  
of our customers  
are women. Out  
of 52 thousand  
SMEs financed, 12  
thousand are led  
by women.

A key element of our value proposition is customer service, where our goal is to provide a world-class experience supported both in our branch network and in our digital capabilities, with end-to-end digital self-service tools, a memorable resolution, and the availability and resilience of our platforms. In line with this commitment, we are positioned as leaders in service in Colombia and in Central America, and we continue to work so that more customers prefer Davivienda.

**In short, we will continue to leverage on our transformative capacity to lead innovation in the banking sector, offering cutting-edge experiences with exceptional service levels that will allow us to continue consolidating our position.**



## OUR STRATEGY IS SUSTAINABLE

Responsible banking is one of the most important pillars of Davivienda, and every day we work towards harmonizing economic objectives with global commitments to the environment and society.

In 2023, our sustainable loan portfolio increased by around 20% compared to 2022, reaching COP 17.1 trillion, representing a 12.6% share of the total gross loan portfolio. We are consistently advancing towards our goal of making 30% of our portfolio sustainable by 2030.

We continue to be the leading bank in mortgage financing in Colombia, with a market share of approximately 26.40%<sup>4</sup> as a result of our firm commitment to contribute to the well-being and improvement of people's living conditions, bridging basic needs and multidimensional poverty gaps. Additionally, we have supported nearly 5 million people, especially women, in fulfilling their dream of owning a dignified home and building their wealth and social capital. We also

worked closely with constructors to develop more environmentally sustainable certified homes.

Furthermore, we aim to reduce the gender gap in access to financial products. Currently, about 9.7 million of our customers are women, and we have financed over 52 thousand SMEs, with 12 thousand of them being led by women in Colombia and El Salvador, progressing towards our goal of increasing the women's participation in our SME portfolio.

Beyond being a banking solution, we aim to transcend towards the health and financial well-being of our customers through tailored products and services, as well as financial education content. In 2023, this content reached nearly 19 million people, including both customers and non-customers, from children to retirees.

<sup>4</sup> Source: Financial Superintendence of Colombia. Figures as of December 2023.





In terms of climate, we recognize the importance of acting rapidly to address this global challenge. One of our action plans is to increase our disbursements in environmentally sustainable projects.

For example, in the agricultural sector, we work to improve access to financing for the sector companies, as well as to protect the most vulnerable population. We reach small-scale producers with financial inclusion solutions, technical assistance and climate adaptation. In this regard, we closed 2023 with a 14% market share in the agricultural sector, financing 52 thousand producers, over 30 thousand SMEs in 763 municipalities in Colombia, and providing climate change protection through parametric insurance to nearly 14 thousand low-income small-scale producers. This solution was designed in partnership with Finagro and Seguros Bolívar.

On the other hand, we acknowledge that our impacts and dependencies on climate and biodiversity are concentrated not in our operations

## WE INCREASED

**our participation in financing green businesses with lower emissions and we financed projects that contribute to energy transition and efficiency.**

but in the activities we finance. Therefore, we measure on an annual basis the evolution of greenhouse gas emissions from our asset portfolio, initially focusing on commercial banking and some investment vehicles.

Thus, we act to guide our corporate and business clients on their path towards an orderly, fair, and equitable energy transition, increasing our involvement in financing low-emission green businesses, funding projects that contribute to energy transition and efficiency, renewable energy generation, optimization of productive resources, cleaner production, and sustainable infrastructure.

Additionally, in order to strengthen our actions in terms of financial health, climate, and nature management, and in line with our vision of being *Net-Zero* by 2050, in 2023 we joined various initiatives such as UNEP FI (United Nations Environment Programme Finance Initiative) and its Principles for Responsible Banking (PRB), as well as the NZBA (Net Zero Banking Alliance), GFANZ (Glasgow Financial Alliance for Net Zero), and SBTi (Science Based Targets Initiative).

**At Davivienda, we are committed to making the world our home, and we will continue working to make it more prosperous, inclusive, and green.**



# OVER 50 YEARS

prospering in and **contributing to the growth in the countries** in which we operate.

## LET'S KEEP BUILDING THE BANK OF THE FUTURE

We are confident that we are on the right path. Through our strengthened risk management and other strategic focuses, we will continue deploying robust strategies to assist our clients, protect our Bank, and improve our results with the determination and resilience that characterize us.

We have thrived for over 50 years and contributed to the growth of the countries in which we operate; this would not have been possible without the support of our shareholders and investors, without the trust of our clients and suppliers, and without

the hard work of our more than 17 thousand employees in 6 countries. Their motivation and support drive us forward. We are committed to continue building the bank of the future, and we will do it hand in hand with each and every one of you. Together, we will move towards a promising future.

**Javier José Suárez Esparragoza**

CEO

Banco Davivienda





# > Awards and **Distinctions**



## THE INNOVATORS 2023

Global Finance acknowledged us as “The most innovative bank in Latin America” at The Innovators 2023, in recognition of our efforts, products, and services built to benefit people and the environment.

Davivienda achieved major accomplishments on several topics in 2023, acknowledged both by local and international institutions or associations. Beyond the prizes and awards earned, we feel proud, encouraged, and committed to **continue striving towards a more prosperous, inclusive, and green world.**



## FINTECH AMERICAS

### FINANCIAL INNOVATORS OF THE AMERICAS AWARDS

The Financial Innovators of the Americas Awards, presented by Fintech Americas, distinguishes the most innovative banks and financial actors in the continent. Davivienda won the Platinum award, the most prestigious country award, under the cybersecurity section. This is the direct result of our breakthroughs, as we have enhanced our threat detection and protection capabilities, as well as our incident response skill set.



### WORLD ECONOMIC MAGAZINE AWARDS

Davivienda excelled at the World Economic Magazine Awards 2023, organized by one of the most prestigious publications in the economic and financial sector in the United States. Our dedication to environmental sustainability led us to be awarded as “Best Bank in Sustainable Finance Colombia 2023”. Similarly, initiatives like DaviPlata paved the way for us to be selected as “Best Bank for Financial Inclusion Colombia 2023” and “Best Digital Bank Colombia 2023”.



### EUROMONEY EXCELLENCE AWARDS 2023

We were named the Best Digital Bank in Latin America, on account of our growth and positive impact, primarily driven by DaviPlata. Furthermore, we were also chosen as the Best ESG Bank in Colombia.



### GLOBAL BANKING & FINANCE AWARDS 2023

DaviPlata earned the title of best e-wallet in Colombia 2023 at the Global Banking & Finance Awards 2023, conferred by The European Magazine, an international journal published by the Thomson Reuters group. This award, which is given to entities engaged in the financial and commercial sector in over 80 countries, marks the growth and consolidation of DaviPlata across the nation.



### FOCUS ECONOMICS 2023

The Focus Economics Analyst Forecast Awards distinguish the most accurate forecasters for key macroeconomic indicators in 100 countries and 21 commodity prices. Davivienda's Economic Research team took home the following awards: First Place in Interest Rate Forecasts, Second Place in Inflation Forecasts and Third Place in General Forecasts and Exchange Rate Forecasts.

### GALLUP EXCEPTIONAL WORKPLACE AWARD

We stood out as the only company in Latin America to be awarded the "Exceptional Place to Work" prize by Gallup; for the second year in a row, we earned the Gallup Exceptional Workplace Award, which acknowledges work cultures in 96 countries. This is in recognition of our commitment to fostering talent and valuing our workforce, which includes over 18,000 associates throughout Colombia, Costa Rica, El Salvador, Honduras, Panama, and Miami.



GALLUP EXCEPTIONAL  
WORKPLACE AWARD  
2023



### IDEAS PARA UNA RECUPERACIÓN VERDE (IDEAS ON GREEN RECOVERY)

Davivienda Central America (Honduras, El Salvador, and Costa Rica) received an award at the "Ideas para la Recuperación Verde" (IR Verde) awards in recognition of its "Restoring Mangroves and Local Economies" initiative. The German Society for International Cooperation (GIZ) underscored this project, which involved planting over 50,000 mangrove seedlings in 2023 to improve both the ecosystem and the living conditions of surrounding communities, thereby underlining the Bank's commitment to actions aimed at mitigating and adapting to climate change.



### CHAMPIONS OF THE FEMALE ECONOMY AWARDS

The Financial Alliance for Women awarded us as the "Digital Innovation Champion 2023" in recognition of our commitment to fostering and promoting financial access and inclusion for women in Colombia.



### SUSTAINABLE FINANCE AWARDS

The Global Finance magazine highlighted our commitment to turning the world into a more prosperous and green place at the Sustainable Finance Awards by Country and Territory 2023 and noted our leadership in Colombia and Costa Rica in sustainable finance.





### BEST PRACTICES FOR SUSTAINABLE DEVELOPMENT AWARD

We emerged as winners in the “SDG 11: Make cities more inclusive, safe, resilient and sustainable” category on account of our innovation, management, impact, long-term sustainability, and suitability. This award is intended to highlight the actions carried out by organizations towards achieving the United Nations Sustainable Development Goals, Agenda 2030.



### EMPRESAS INSPIRADORAS 2023 (INSPIRING COMPANIES 2023)

Our social impact ecosystem model has contributed to financial inclusion in more than 100 local markets in Colombia, and it has earned this distinction, which recognizes organizations that promote significant social transformations. The award acknowledges our social impact, as well as both direct and indirect business benefits, in addition to the successful inclusion of historically underserved groups.



### BRINGING BANKING CLOSE TO THE COLOMBIAN PEOPLE, AN AWARD GRANTED BY THE COLOMBIAN BANKING ASSOCIATION

Since 2020, we set out to expand and diversify the means of payment for businesses operating in local market squares. This initiative, whose footprint stretches across 106 local markets, was recognized by the “Bringing banking closer to the Colombian people” award granted by the Colombian Banking Association (Asobancaria) under the “We finance people’s dreams” category.



### UNITED FOR WILDLIFE: BUCKINGHAM PALACE Y MANSION HOUSE DISTINCTION

Distinction made by the British Embassy in Colombia, on behalf of United for Wildlife, Buckingham Palace and Mansion House, for our commitment to the “Alliance for Wildlife” through our financing products.



### EFFIE AWARDS COLOMBIA

We earned the silver award, which celebrates brand recognition in the financial services industry, in recognition of our creativity to successfully engage over 23.8 million people using the Qatar guide during the World Cup.



### IAB MIXX AWARDS

The IAB Mixx Awards showcase the talent displayed by agencies, media centers, digital production companies, and advertisers. We obtained 4 awards: 2 silver awards, in recognition of our virtual and augmented reality and NFT digital project, and the “Get off that pink cloud and jump on board the Mobile Experiences ship” campaign; in addition to other silver awards, in “Content & Social Responsibility and Public Service”, on account of our financial education program “Finances in Jeans”.



# 1. OUR ESTRATEGY

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*





> Our **Higher Purpose**

**Enriching Life With Integrity**

We achieve our shared Higher Purpose as a Business Group through our culture and a management model geared towards **adding value** to our stakeholders and the organization.

#### **ORGANIZATIONAL CULTURE**

A culture that ties all Grupo Bolívar companies together

Our culture has enabled us to support people's wellbeing, help families build their equity, grow businesses and fund projects to benefit the countries where we operate.

#### **OUR MISSION**

We add value for our customers, community and investors through an integral, committed and friendly team that is always willing to learn and work with integrity.

#### **OUR PRINCIPLES AND VALUES**

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







# > Our Management Model

**We strive to deliver straightforward, reliable, and user-friendly customer experiences.**

To achieve this, we rely on a team that builds a value proposition founded on innovation, risk management, efficiency, and synergy between companies.



We strive to realize **Grupo Bolívar's Higher Purpose:**

## > Enriching life with integrity

To accomplish this mission, we embrace a culture rooted in our Organizational Principles and Values:

- ▶ **Respect**
- ▶ **Equity**
- ▶ **Honesty**
- ▶ **Discipline**
- ▶ **Enthusiasm**
- ▶ **Joy**
- ▶ **Cheerfulness**

These values enable us to contribute to people's well-being, building equity for families, grow businesses and fund projects designed to contribute to the countries where we operate.

We build, execute and challenge our strategy, making sure that we remain aligned with the management model adopted by our Business Group.

We build a **value proposition tailored to fulfill the needs of our customers**, offering them peace of mind and helping them build their equity through products, processes and services designed to deliver positive experiences and forge long-term emotional bonds. To this end, we rely on an integral and committed team that is always willing to learn.







## Corporate strategic objectives

**Our strategic objectives are the goals that we aim to achieve in order to add further value to our stakeholders:**

### Sustainable management

We positively impact society and the environment beyond our operations.

We act as one bank, identifying best practices and adapting to suit each market in the countries where we operate.

### Regional management

### Digital management

We are a digital organization at the core. We are innovative, agile and flexible to simplify our customers' lives.

We are committed to provide the best customer service; our management model revolves around our customers and we strive to reach them through straightforward, reliable and user-friendly experiences.

### Leaders in customer service

### Talent management

We assemble the best team of professionals and strengthen their skills to attain the results that we set out to achieve.

We all manage risk, foresee new opportunities and seize them, enabling business growth and sustainability.

### Risk management

### Effectiveness and Efficiency

We accomplish our goals, innovate and optimize processes to achieve the best use of resources under a cost-optimization approach.

### Loan portfolio management

We proactively understand the changes that occur in the environment and transform our credit solutions to offer products that are appropriate to the needs of our customers, while maintaining a portfolio structure focused on preserving adequate and sustainable profitability.

1

### Move people's money

We focus on increasing our participation in the transactional world, offering our customers a wide range of products and services.

2

### Efficiency

We seek efficiency through the continuous digital and organizational transformation of our business, achieving greater commercial productivity and process optimization to become an increasingly agile organization that generates value on a large scale.

3

## Strategic Lines

Our strategy is based on 6 key lines of work:

4

### Davivienda is more than a bank

We go beyond offering financial products and services; we connect to the ecosystems where our customers live to meet their needs with innovative digital solutions and a high level of service, leveraging our relationships with strategic partners.

5

### Service and experience

We offer our customers world-class service, providing them with solutions through memorable experiences.

6

### Central America

We are committed to supporting and accompanying the people, households and businesses of the region, establishing ourselves as a multi-Latin organization that operates as one bank.





# Our Strategy is Sustainable

In Davivienda, more than having a sustainability strategy, **our strategy is sustainable**. We identify the social and environmental issues that affect our stakeholders and our business, and where we can have the greatest impact and capacity to provide solutions.

**We make the world our home** by promoting innovative actions to make it more prosperous, inclusive and green:



Aligned with the prioritization of our material topics, we define the strategic focuses of the business that allow us to manage risks and turn them into opportunities. **We aim for all our teams to work towards driving innovative actions and better opportunities for everyone**, with a portfolio of products and services that deliver innovative solutions to recurring financial, social and environmental issues. In this way, we enrich the lives of both people and the planet, thanks to the consolidation of a sustainable business model.

**Our sustainable management is comprehensive** and is aligned with national and international benchmarks and frameworks, which we have voluntarily embraced:

## RATING AGENCIES

### S&P Dow Jones Indexes

Over the past 10 years we have been invited to participate in this corporate sustainability global evaluation due to our commitment to economic, environmental and social matters. Consequently, we have been included in the emerging markets list of the MILA Pacific Alliance version of this index, ranking as one of the best financial institutions in this category. S&P Global honored us for the seventh consecutive year in the **Sustainability Yearbook** among the top 15% of companies in the industry with the best sustainability practices in the world.



### CDP Disclosure Insight Action

We have adhered to the Carbon Disclosure Project for 9 consecutive years, measuring environmental sustainability factors and adopting best practices to manage them.



## METHODOLOGIES AND REPORTING FRAMEWORKS



### Global Reporting Initiative (GRI)

We adopted this sustainability management standards methodology to plan, measure and assess our sustainable performance indicators as a best practice to comply with international standards.



### Task Force on Climate-Related Financial Disclosures (TCFD)

We assess, measure, prioritize and manage opportunities and risks associated with climate change following the recommendations provided by this task force. Additionally, we adopt the best practices to minimize negative impacts.



### Sustainability Accounting Standards Board (SASB)

The SASB standards allow organizations to provide sector-specific information on sustainability-related risks and opportunities that could reasonably impact the entity's cash flows, access to financing or its cost of capital in the short, medium or long term.



### Principles for Responsible Banking (PRB)

It is the world's leading sustainable banking framework. Through these principles, banks take actions to align their core strategy, decision-making, loans and investments with the United Nations' Sustainable Development Goals and international agreements such as the Paris Agreement on climate change.

### Partnership for Carbon Accounting Financials (PCAF)

Through this standard, we strengthen the measurement of our Scope 3 financed emissions to properly assess transition risks associated with climate change, set goals aligned with the Paris Agreement and develop effective strategies to decarbonize the economy.



### Paris Agreement Capital Transition Assessment (Pacta)

We have adopted the Pacta methodology for scenario analyses pertaining emissions derived from our corporate portfolio financing activities, aiming at steering our strategy towards a positive climate impact.



### Sustainable Development Goals (SDGs)

We align our strategy with the goals and objectives of the United Nations' 2030 Agenda, integrating our contribution to its achievement through timely management of material issues, risks and opportunities. We have prioritized 6 goals and 17 targets, with which we seek human development, the prosperity in the nations we serve and global well-being.



### United by SDGs

We are actively involved in measuring how the Colombian business sector contributes to the achievement of the SDGs, through this initiative driven by Pacto Global Red Colombia and Fundación Bolívar Davivienda, as part of our commitment to promoting sustainable development and transparency across the industry.





## MEMBERSHIPS

We are part of global initiatives and commitments that allow us to strengthen our strategy, which are aligned with our business objectives and advocate for the fulfillment of social and environmental commitments which Davivienda has engaged in, such as the Paris Agreement and decarbonization goals in the countries where we operate. **Our purpose is to drive transformational projects with the capacity to positively impact society.**



### United Nations Environment Programme Finance Initiative (UNEP-FI)

Organization that brings together a wide network of banks, insurers and investors who collectively catalyze action throughout the entire financial system to achieve more sustainable global economies.



### Principles for Responsible Banking (PRB)

These principles have been structured by a core group of 30 leading banks through UNEP FI. These principles are designed to guide banks in strategically aligning their business with the development and sustainability goals set by the world, at international, regional, and national levels. This marks the establishment of a new sustainable banking industry that is positioned to both respond to and drive the current emerging global sustainable development economy.



### Principles for Responsible Investment (PRI)

International network of companies that implement 6 principles to promote responsible investment as a means to increase profitability and better manage risks.

### Net Zero Banking Alliance (NZBA)

Global alliance in which bank members commit to aligning their loan and investment portfolios to achieve a net-zero greenhouse gas emissions balance, at the latest by the year 2050, with intermediate targets by 2030, using science-based guidelines and standards.



### Glasgow Financial Alliance for Net Zero (GFANZ)

Global coalition of leading financial institutions committed to accelerating the decarbonization of the economy and leveraging sustainable financing.



### Science Based Targets (SBTi)

Global initiative that enables companies and financial institutions to set ambitious emissions reduction targets in line with the latest climate science. The initiative focuses on accelerating corporate climate action in line with halving global emissions by 2030 and achieving net-zero emissions by 2050.



### Financial Alliance for Women

Leading association that unites financial services institutions to share information on best practices, lessons learned and resources to effectively serve the women's market.



### United for Wildlife

Organization that promotes global collaboration in the private sector to stop the trafficking of wildlife products, through two working groups: financial and transportation.



### Zero Waste

Initiative that arises from the uncontrolled increase of waste deposited in landfills worldwide, as a response to the need to create a culture of responsible consumption through the implementation of a "zero waste management system", based on circular economy and industrial ecology models.





**Chamber of Banks and Financial Institutions of Costa Rica**

Trade association in charge of representing the Costa Rican financial system and promoting its growth and consolidation.



**Ahiba**

The Honduran Association of Banking Institutions strives to improve the legal and regulatory framework for the banking system, promoting legal compliance, standards, international guidelines and free competition.



**Abansa**

The Salvadoran Banking Association promotes actions and ideas aimed at enabling the banking system to operate efficiently for its own development and for the country as a whole.



**Aso Bancaria**

The Colombian Banking Association is the leading trade organization representing the Colombian financial sector.



**Asomicrofinanzas**

Colombian Association of Microfinance Institutions. Its purpose is to represent the industry in order to promote financial inclusion and other related services.

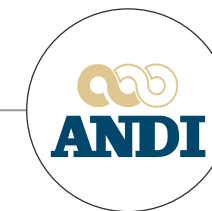


**Colombia Fintech**

Brings together *fintech* companies in Colombia aiming to energize the digital financial services ecosystem through positioning strategies, knowledge and relational capital targeting 3 main fronts: investment, talent and digital financial inclusion.

**ANDI**

The National Business Association of Colombia is a non-profit association dedicated to disseminating and promoting the political, economic and social principles of a healthy free enterprise system.



**Colombian Chamber of E-Commerce**

Private non-profit trade association whose purpose is to promote and strengthen the *e-commerce* industry in Colombia.



**Global Compact**

This initiative encourages the private and public sectors and civil society to align their strategies and operations with universally embraced sustainability principles.



**Repack**

Collective plan for the environmental management of packaging, a leader in Colombia, which complies with the provisions of Resolution 1407 of 2018 and 1342 of 2020.



**Colombian Chamber of Construction**

**Camacol:** it is a non-profit trade association that brings together national companies and individuals related to the construction value chain.



**Colombia Green Building Council**

Private non-profit organization founded in 2008 whose mission is to inspire and drive people to create a sustainable world.





## PROMINENT PARTICIPATION IN ASSOCIATIONS AND OTHER SPACES THAT CONTRIBUTE TO NATION-BUILDING

For Davivienda, **participation in business associations** is crucial to promote, together with government entities, other entities in the sector and in other sectors, discussions and initiatives on regulatory and public policy issues relevant to the progress and sustainable development of the countries where we operate, such as access to housing, financial inclusion, business development, infrastructure and energy generation, among others.

That is why we play an active role in these spaces and act as agents of change through them, always seeking to build favorable conditions for the prosperity and competitiveness, inclusivity and sustainability of our economies in collaboration with others.

As an example, we highlight the bank's participation in the 34 committees and four (4) Strategic Boards of the Colombian Banking Association (Asobancaria), which lead discussions on topics such as customer cybersecurity, fraud prevention, diversity, equity and inclusion, financial inclusion, financial education, innovation and others. Due to their relevance in managing social and environmental risks and opportunities, including climate-related ones, we highlight the bank's participation in the following **Asobancaria** spaces in 2023:

**WE PARTICIPATED**  
in 34 committees and 4 strategic boards of the Colombian Banking Association (Asobancaria).



### RISK COMMITTEE

Its purpose is to analyze, propose and manage regulatory improvements regarding the administration and management of financial risks, including credit, market, liquidity, operational, and environmental and social risks, including climate-related risks. Ricardo León, Executive Vice President of Risk, attended as the bank's representative and also chaired the committee.

### SUSTAINABILITY STRATEGIC BOARD

This high-level body, composed of bank presidents, aims to provide strategic guidelines and commitments to support the achievement of the Sustainable Development Goals, the goals of the Paris Agreement and other sustainability commitments made by Colombia. The Board met four times during the year and had the participation of Javier Suárez Esparragoza, CEO of Banco Davivienda.

### HOUSING STRATEGIC BOARD

This is a platform where economic and regulatory issues related to housing and its financing are analyzed. It proposes initiatives, regulations and policies aimed at facilitating access to housing for Colombians, including those that stimulate access to low-income housing and the construction and acquisition of certified sustainable housing, which have lower greenhouse gas emissions during their construction process and greater efficiency in water and energy use during and after construction. Camilo Albán, Vice President of Construction and Mortgage Banking, participated as the bank's delegate and also served as the Board's president.

### GREEN PROTOCOL COMMITTEE

This space aims to promote dialogue about the challenges and opportunities of green, low-carbon and resilient growth. It discusses regulatory and supervisory initiatives in this area and mobilizes the banking sector towards financing mitigation and adaptation goals related to climate change, biodiversity targets and other commitments of the Green Protocol signed between banks and the National Government. In 2023, Alejandra Díaz Agudelo, Director of the Sustainability department, acted as the bank's delegate.

As a leading bank in Colombia in housing and construction financing, with a market share of 27% and 38%, respectively, we actively participate in forums organized by sector associations to debate and construct policy proposals that stimulate the development of this economic sector, reduce the housing deficit and promote the construction and acquisition of sustainable properties certified by EDGE, LEED and CASA.

In 2023, Davivienda held a position on the National Board of the **Colombian Chamber of Construction (Camacol)**, with Camilo Albán, Vice President of Construction and Mortgage Banking. We also had participation in the Bogotá Regional Chapter of Camacol with Ricardo Pérez, National Director of Construction Credit at the bank. Similarly, the bank is a member of the **Colombia Green Building Council**, an organization that brings

together the entire construction value chain to lead the sector's transformation towards sustainability.

Davivienda also had active participation in other associations in 2023, such as the National Business Association of Colombia (ANDI), the National Association of Financial Institutions (ANIF), and the Colombian Association of Microfinance Institutions (Asomicrofinanzas), among others.

Additionally, Roberto Holguín Fety represented Banco Davivienda as a delegate on the Board of Directors of the **Fund the Agricultural Sector Financing (Finagro)**, an entity attached to the Ministry of Agriculture and Rural Development. Finagro acts as a development bank, facilitating the allocation of resources under favorable conditions to financial institutions to finance the Colombian agricultural sector and promote its sustainable growth.

## SOME INITIATIVES IN WHICH WE PLAYED A LEADING ROLE IN THE CONSTRUCTION OF PUBLIC POLICY

Green Protocol, Asobancaria: We support and promote projects and activities that contribute to the transition to a resilient, low-carbon economy by actively participating in the following activities:

- ▶ Provide feedback on public policy projects, review and provide feedback on proxies developed by the Climate Bonds Initiative and Ambire Global for the implementation of Colombia's Green Taxonomy (TVC), also providing consultation and information for the development of the financed emissions measurement tool.

- ▶ We are members of the Net Zero working group composed by the largest local banks to promote climate action integration.

- ▶ Provide consultation, information, and the pilot project for the Amazonía Mía tool for deforestation risks, as well as provide feedback on the deforestation chapter in the SARAS guide.

- ▶ We also participate in the TNFD Pilot for understanding biodiversity risks, and green business workshops, among others.

- ▶ Comments in projects about public policies.

- ▶ **Immediate Payments System, Banco de la República:** We actively participate in each of the working groups of the Immediate Payments Interoperability Committee, where the user experience, process for requests, complaints, and claims, and other operational aspects of this system are defined for its implementation. Due to Davivienda's experience in the payments system, we have the exceptional opportunity to be present in all the working groups, contributing ideas and proposals to the development of this mechanism in Colombia.

- ▶ **Open Finance and Open Data, Financial Superintendence of Colombia (SFC):** Davivienda played a leading role in the technical working groups created by the Financial Superintendence for the definition of Open Finance standards, resulting in the issuance of Circular 004 of 2024. Additionally, based on the new National Development Plan, which mandates the implementation of open finance for financial inclusion, we led discussions in Asobancaria to present a regulatory proposal to the Financial Regulation Unit (URF) for this scheme, drawing on our experience and advancements in open finance, in which we have been industry pioneers. Our draft decree proposal was submitted to the URF for consideration.



## Initiatives co-created with Government entities



### Ministry of Industry and Trade

We led various collective construction spaces in our Innovation Center, Domo i, with the Ministry and Banca de las Oportunidades, the government agency responsible for promoting financial inclusion, with the aim of creating an ecosystem with social and environmental impact in the Archipelago of San Andrés, Providencia and Santa Catalina, which was officially launched in November. The initiative includes a digital payment ecosystem, solidarity credit solutions, energy efficiency and renewable energy, ecological reduction and compensation for tourists, and financial capacity building for over 1,000 productive units, among other objectives.

### Banca de las Oportunidades

We facilitate co-creation spaces to mobilize government objectives related to credit inclusion for the popular economy. In addition to Banca de las Oportunidades, we have worked with the National Guarantee Fund and Bancoldex's rediscount lines to promote financing that supports productive initiatives for small businesses.

### Finagro, Davivienda and Seguros Bolívar

We have developed an alliance to ensure the resilience of agricultural producers, protecting them against climate risks that can affect their productive activity and income. In 2023, more than 14,400 farmers benefited from the Rural Tranquility Insurance, which includes the Agricultural Insurance Incentive provided by the National Government and administered by Finagro, with co-financing from the bank. 81% of the beneficiaries are small-scale farmers with low incomes. The insurance, designed by Seguros Bolívar, protects producers against excessive rainfall or drought using a parametric insurance model that uses satellite data to evaluate weather conditions and determine compensation payments when rainfall falls outside historical ranges.

# > Dialogue With Our Stakeholders

In 2023, we continued **forging stronger relationships with our stakeholders**, with actions geared to respond promptly to their needs and expectations. We understand that the key to generating long-term value with our stakeholders lies in strengthening our relationship based on our values: respect, equity, discipline, honesty, enthusiasm, joy, and cheerfulness.

## VALUE PROPOSITION

## ENGAGEMENT MECHANISM

## ACCOUNTABILITY

## 2023 PERFORMANCE



### SHAREHOLDERS AND INVESTORS

We work to respond to the trust of our shareholders and investors, seeking profitability and sustainable business growth taking into account best corporate governance practices, ethics and transparency, delivering information to them in a clear, sufficient and timely manner

- ▶ Annual General Shareholders' Meeting
- ▶ Quarterly and annual reports
- ▶ Investors' website and email

- ▶ CSuite
- ▶ Board of Directors
- ▶ Investor Relations Department

We released our quarterly and annual results in Spanish and English.

Additionally, we had 695 interactions with investors and shareholders, participating in 4 results conference calls, 9 events and 93 calls/meetings.



### BOARD OF DIRECTORS

We enable the Board to make informed, timely, and diverse decisions to steer the company and its subsidiaries adding value to our stakeholders.

- ▶ Board Meetings.
- ▶ Board supporting committees

- ▶ Chairman of the Board
- ▶ Members of the Board of Directors

The Annual General Shareholders' Meeting on March 21, 2023 approved the election of the Board of Directors for the 2023-2025 term; 7 members were elected: 5 men and 2 women, consolidating a female participation of 28.6%.



**VALUE PROPOSITION**

**ENGAGEMENT MECHANISM**

**ACCOUNTABILITY**

**2023 PERFORMANCE**



**EMPLOYEES**

We uphold our values and facilitate opportunities for wellbeing and growth, as well as a safe environment that fosters innovation and allows employees to positively impact society.

- ▶ Workplace
- ▶ Training Platforms
- ▶ Performance evaluations
- ▶ Personal oneonone conversations
- ▶ Organizational climate survey
- ▶ Transparency line

- ▶ CSuite
- ▶ Leaders
- ▶ Dedicated HR technical teams

96% of our employees participated in the organizational engagement survey, scoring the organization with 4.37 out of 5, in addition to a satisfaction score of 4.62. With this, we reaffirm that we have established a place where our people feel comfortable.



**VENDORS**

We promote the competitiveness and sustainability of their business by offering fair business opportunities and creating spaces to build their capabilities in pursuit of a mutual benefit.

- ▶ Vendors and contract supervisors website
- ▶ 'Inspira' Awards
- ▶ Sustainable sourcing
- ▶ Green Mission 2030

- ▶ Administrative Management
- ▶ Contract Supervisors
- ▶ Transparency Line
- ▶ Legal Vice Presidency

We received over 100 entries in the Inspira Awards submitted by our vendors from Colombia, Honduras, El Salvador, Costa Rica and Panama.



**CLIENTS**

We offer a wide range of inclusive, competitive, accessible, innovative, and sustainable products and services, fostering long-term business relationships founded on trust.

- ▶ Branch
- ▶ Chat
- ▶ Call center
- ▶ Email
- ▶ Text messages
- ▶ Social media
- ▶ Customer service phone line

- ▶ Dedicated sales force
- ▶ Call center
- ▶ Retail and Marketing VP (Service Director)

We have launched our SuperApp, which has already reached over one million downloads, promoting self-management with a digital offering of more than 100 service functionalities and a wide range of mobile product placements. We have increased our NPS to 74, a 5-point increase compared to the previous year.

VALUE PROPOSITION

ENGAGEMENT MECHANISM

ACCOUNTABILITY

2023 PERFORMANCE



PARTNERS

We enter into fair and clear agreements to achieve common goals and generate positive environmental, social and/or economic impacts.

- ▶ Annual Report
- ▶ Social media
- ▶ Press releases
- ▶ Events

- ▶ Commercial and Corporate VP
- ▶ Retail and Marketing VP

In partnership with one of our biggest partners, the IFC, we are strengthening our offering of credit products with ESG criteria for Corporate Banking clients.



TRADE UNIONS AND ASSOCIATIONS

We support collective actions that positively impact public policies affecting the industry and promote sustainability, delivering value and contributing to competitiveness and development.

- ▶ Reports
- ▶ Committees and meetings
- ▶ Events
- ▶ Forums
- ▶ Media and communication

- ▶ Public Relations
- ▶ Sustainability, Environmental and Social Risk Management

We participated, through Asobancaria, in the review and feedback of proxies for the implementation of Colombia's Green Taxonomy (TVC), developed by Climate Bonds Initiative and Ambire Global.



AUTHORITIES

We fulfill our obligations promptly and keep authorities updated on our actions and performance in a transparent manner.

- ▶ Reports and briefings
- ▶ Direct communication with regulators and authorities
- ▶ Participation through trade associations

- ▶ Legal VP
- ▶ Specific business lines

We rely on an assurance system to implement and monitor compliance with the different provisions and regulations applicable to our business.



PROPUESTA DE VALOR

MECANISMOS DE RELACIONAMIENTO

RESPONSABLES

GESTIÓN 2023



COMMUNITIES AND THE ENVIRONMENT



We enrich lives by facilitating human growth, wellbeing, and access to the financial system through friendly and personal engagements for a genuine interaction. Furthermore, we minimize our operation's negative environmental impacts and maximize the positive ones through our business activities.

- ▶ Investments
- ▶ Financing
- ▶ Volunteering program
- ▶ Environmental programs and products
- ▶ Eco-efficiency
- ▶ Environmental and social risk
- ▶ Social programs
- ▶ Program management in collaboration with Fundación Bolívar Davivienda
- ▶ Social and environmental ecosystems
- ▶ DaviPlata

- ▶ Commercial and Corporate VP
- ▶ Administrative Management
- ▶ Sustainability, Social, and Environmental Risk Management
- ▶ Fundación Bolívar Davivienda

We reached diverse segments of vulnerable populations to strengthen their knowledge and skills about the financial world:

- ▶ 106 marketplaces
- ▶ 13 thousand Zenú population members
- ▶ 87 thousand informal sellers
- ▶ 23 thousand artisans

Additionally, we donated over 29 billion pesos to develop strategic philanthropy programs.

SOCIAL IMPACT ECOSYSTEMS

We strengthened our social impact ecosystems that promote financial inclusion and education.

## 2. SUSTAINABLE MANAGEMENT



*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*





## Environmental and social criteria implemented by the issuer



This chapter is dedicated to the presentation of practices, policies, processes and indicators in relation to social and environmental matters, including climate issues, which take as a reference the instructions issued by the Superintendency of Finance of Colombia in its External Circulars 031 of 2021 and 012 of 2022, without prejudice to the internal adaptation processes carried out by the Bank to align the reports with the disclosure standards included in this report.

- ▶ **Financial materiality**
- ▶ **SASB indicators**
- ▶ **TCFD Report**

We are committed to the identification and integration of ESG criteria (environmental, social and corporate governance) aligned with the highest international standards, seeking to have a positive result on business performance, the generation of value for our stakeholders and their influence on decision making.



# > Materiality



Beyond having a sustainability strategy, our strategy is one of sustainable business, which allows us to generate value for our stakeholders and the organization in terms of higher revenues, lower costs and risk mitigation. In this report we present the result of the double materiality, as well as the practices, policies, processes and indicators related to social and environmental criteria, including climate, of our sustainable management.

## OUR MATERIAL TOPICS

In 2023, and aligned with the philosophy and material issues defined for the Bolivar Group, we conducted our first double materiality: **impact materiality and financial materiality**, as it is a useful tool to identify issues that are of particular relevance both in their impact dimension (on stakeholders) and financial dimension (on the business).

Based on the guidelines and orientations of the international methodology of GRI (Global Reporting Initiative) standards for the definition of the material issues of impact of organizations, we recognize the principle of stakeholder inclusion as a requirement for the adequate management of sustainability:

### ► Impact materiality

Prioritization of the issues on which our activity could have an effect on the economy, the environment or people, including effects on human rights, and which, in turn, may be indicative of its contribution (positive or negative) to sustainable development<sup>5</sup>.

### ► Financial materiality

Prioritization of issues where economic, environmental or social issues could have an effect on the company's financial performance.

### ► Double materiality

Two-way analysis of the impact that companies generate on the economy, the environment and people, including human rights, as well as the effect that these impacts have on the company's financial performance.



When integrating sustainability into our business strategy, financial materiality is of great relevance, as it allows us to manage potential risks and opportunities for the business and anticipate their potential financial implications.

<sup>5</sup> GRI, 3 Material Topics 2021.



# Material topics 2023

We present the material issues prioritized by the Bank as a result of this dual materiality exercise, which represent the priorities of our stakeholders and their scope in the financial planning of the business, in our strategic objectives and in the Grupo Bolivar Superior Purpose.

## 4. SERVICE

We provide **reliable, friendly and simple** experiences to all our clients, we accompany them in the achievement of their projects and we make sure to extend this commitment to service to our suppliers, whom we also accompany in the sustainable management of their businesses.



## 3. TRUST

We build **relationships of trust** with our stakeholders and ensure that we always act **ethically and transparently** under the highest standards of **good corporate governance**, anticipating and managing risks, including emerging risks, information risks and other risks inherent to the businesses we operate.



# Economic and Corporate Governance Dimension

## 1. PROSPERITY

We facilitate the achievement of the dreams of **individuals, families and businesses** through innovative and sustainable solutions that contribute to their **progress** and the **competitiveness** of the countries in which we operate.



## 2. ECONOMIC CAPITAL

We create **long-term value for our shareholders and investors**, equitably rewarding their trust with solid returns that maximize the value of their investments, in line with our Superior Purpose, mission and Principles and Values.



# In our house we are moved by purpose

## 7. NATURAL CAPITAL

We promote business initiatives that contribute to the **protection, conservation, restoration and regeneration** of ecosystems and natural resources, as well as mitigation and adaptation to climate change. This leads to a resilient, low-carbon economy with positive results for nature.



## Social And Environmental Dimension

## 5. WELL-BEING

We offer a **safe, diverse, equitable and inclusive** work environment, based on respect for **human rights**; we care for the **well-being** of our people and encourage the development of their potential, seeking to permeate these commitments throughout our supply chain and other stakeholders.

## 6. INCLUSION

We facilitate access for all to financial and non-financial services, promoting **socioeconomic development, the construction and protection of their assets and the financial well-being** of individuals, families, companies and communities where we are present, and we contribute to the construction of capital and social fabric, developing talent to build a country.

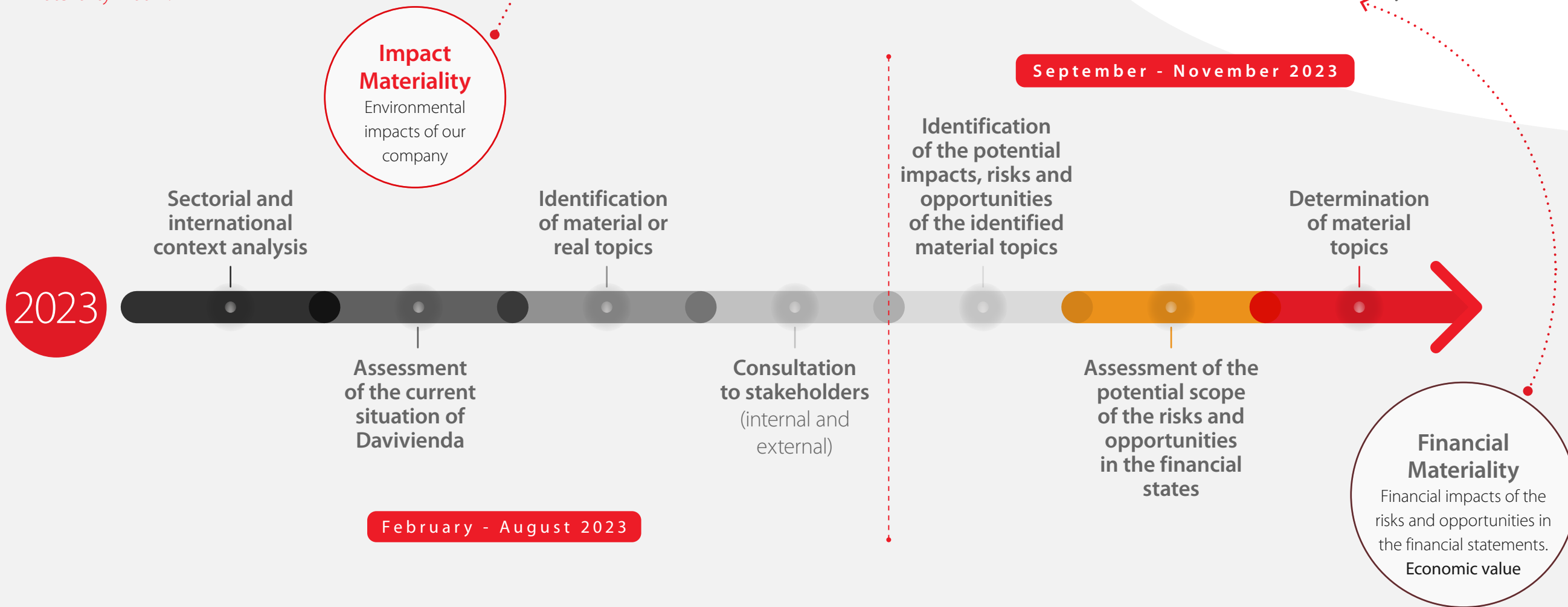


These are the **material issues** that move our DNA.



# Process of double materiality

In 2023 we developed the following stages for the construction of our dual-materiality matrix:



# Material Issues Prioritized in Davivienda's Materiality 2022

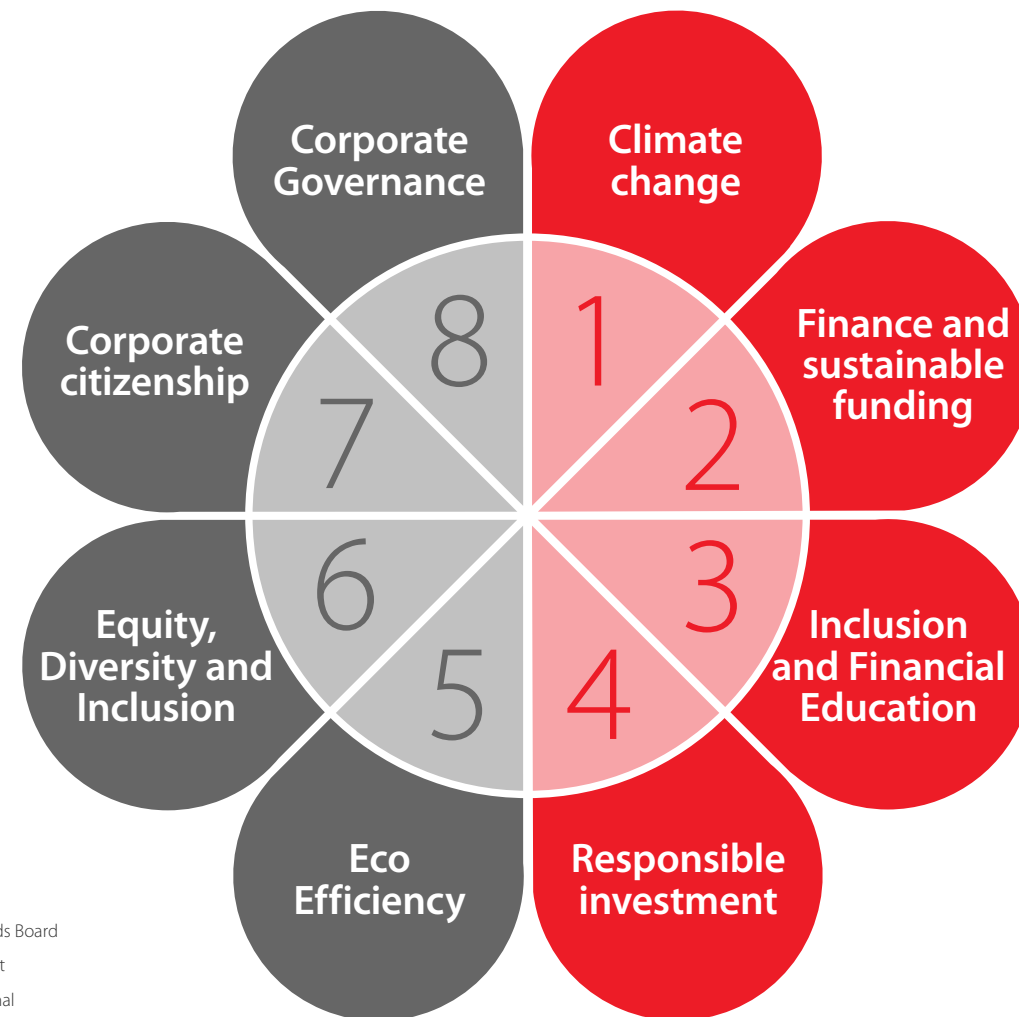
## ANALYSIS OF THE SECTOR AND INTERNATIONAL CONTEXT

We conducted a comparative exercise to identify the material issues, risks and opportunities prioritized by our industry peers at a local and international level, in addition to a trend analysis on the recommendations of organizations such as the World Bank, the World Economic Forum and the GRI<sup>6</sup> and SASB<sup>7</sup> frameworks. From these, we recognized the key issues that the financial sector must manage from the dimensions of ESG sustainability (Environmental, Social and Corporate Governance), as well as the short and long-term risks prioritized by the World Economic Forum in its Global Risk Report 2023.

## EVALUATION OF THE CURRENT SITUATION OF DAVIVIENDA

This stage was divided into two activities; the first was an analysis of the evolution of the Bank's materiality matrices, to understand how, throughout the different exercises, we were transforming the prioritization of material issues, according to the context and the focuses of the organization's strategy.

The second stage consisted of an analysis of our potential gaps with respect to the industry's best practices, taking into account the score obtained in international evaluations such as the CSA<sup>8</sup>, Sustainalytics and MSCI<sup>9</sup>, and with respect to the provisions of External Circular 031 of 2022 of the Superintendence of Finance of Colombia. In addition, the materialities of other financial institutions in Colombia and the world were incorporated in the analysis.

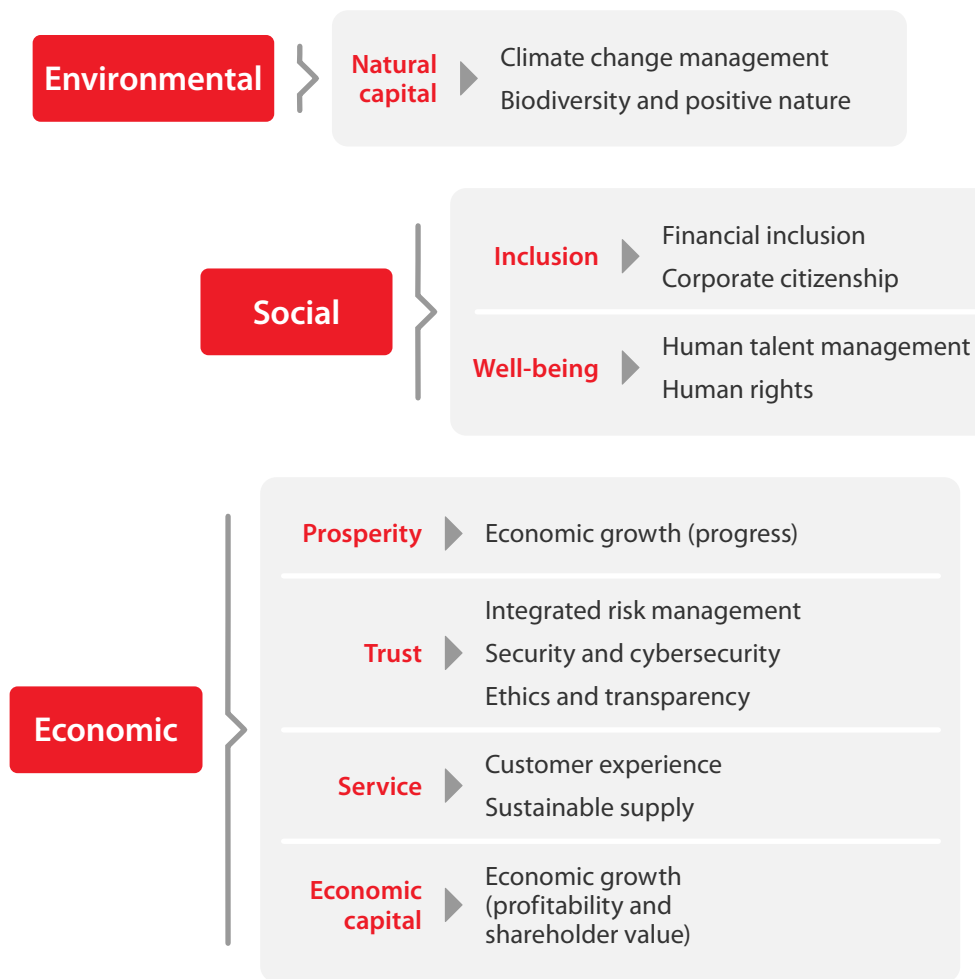


6 GRI: Global Reporting Initiative  
 7 SASB: Sustainability Accounting Standards Board  
 8 CSA: Corporate Sustainability Assessment  
 9 MSCI: Morgan Stanley Capital International



# Consultation with internal and external stakeholders

We listed all the issues identified from the results obtained in the previous stages, differentiating those that we consider to be ends for our strategy from those that we consider to be means to achieve it. An example of this is financial education, a mean to achieve greater economic prosperity, quality of life and well-being for people, as well as to increase the levels of financial inclusion and access.

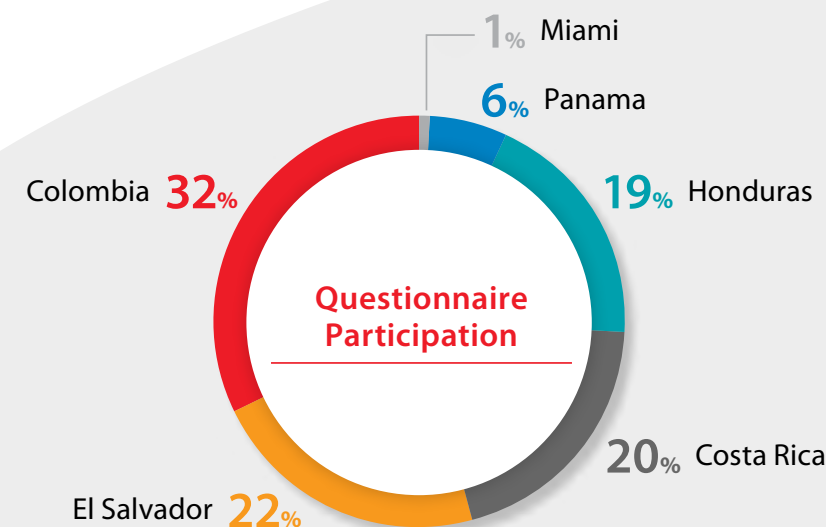


Through this regrouping, and aligned with the strategic objectives and materiality of the Bolivar Group, we defined the topics that recognize our commitment to sustainability and allow us to achieve our Superior Purpose. Even on this point, and understanding that the topic of economic growth encompasses both the progress of the countries and the profitability of shareholders' capital and its value creation, we decided to separate them in the analysis.

Subsequently, we conducted a consultation with external stakeholders (customers and suppliers) and internal

stakeholders (senior management and employees), on the issues classified as purposes. We carried out this exercise by means of a survey sent by e-mail, in which the participants responded anonymously, so there was no assignment of different weights for each stakeholder group, nor did we identify possible conflicts of interest.

The questionnaire obtained responses from representatives of all the countries in which we have operations; as a result, the percentages of participation are as follows:



In this perception survey, the participants were asked to rate (1 low, 3 medium and 5 high) each of the material issues identified as purposes, the different aspects that would allow determining the level of importance for the business and for stakeholders, and the probability of occurrence of potential risks and associated opportunities:

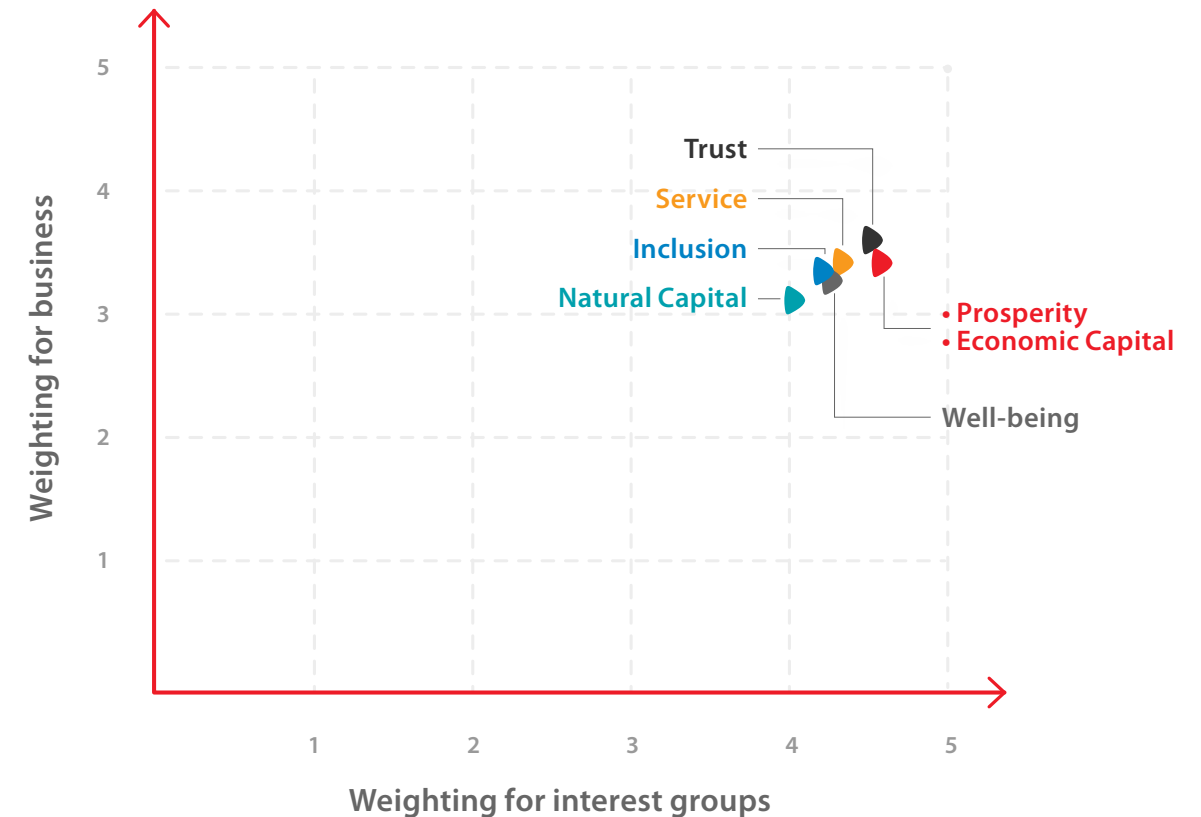
- ▶ Level of importance of properly managing this material issue to the financial performance of the business.
- ▶ Level of probability that potential risks, opportunities or impacts associated with this material topic will materialize
- ▶ Level of the gap we have to adequately manage this material issue
- ▶ Perception of the level of importance that stakeholders attach to the management of this issue

All questions had the same weight and assignment.



### IMPACT MATERIALITY MATRIX

After consulting stakeholders and the business, and identifying the level of importance of the impact of these issues for the development of the business and for them, we constructed the impact materiality matrix, which presents the weighting by simple average, resulting from internal and external stakeholders on the x-axis (customers, suppliers and collaborators) and the weighting for the business on the y-axis (senior management).







**IDENTIFICATION OF THE POTENTIAL IMPACTS, RISKS AND OPPORTUNITIES OF THE IDENTIFIED MATERIAL TOPICS**

To strengthen the impact materiality matrix and advance financial materiality, we identified potential risks and opportunities that could cause positive or negative financial effects on our financial statements.



**Risks**

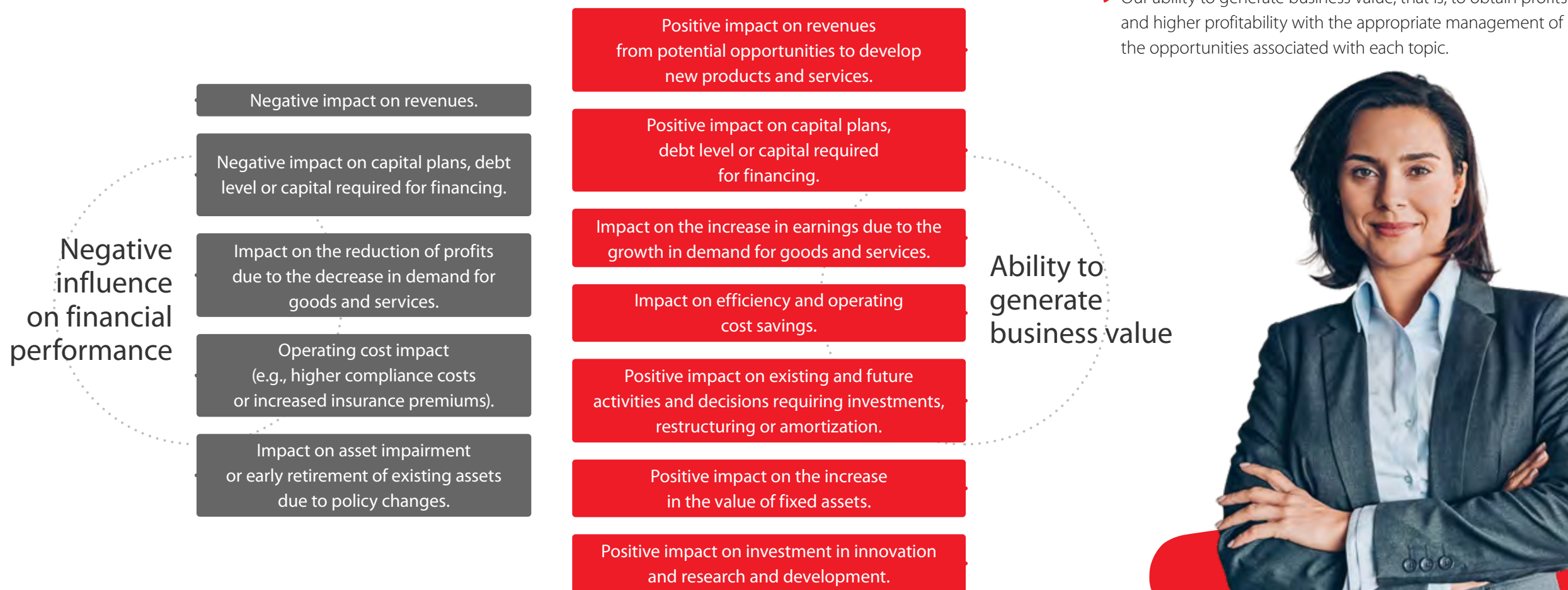
**Opportunities**

Direct impact on the financial flow or value of the Bank, in terms of legal or reputational implications.	Generation of efficiency in the use of resources.
Increased costs, fines, cost overruns or penalties.	Development of new products and services with ESG criteria, such as loans and social and green credit lines.
Affectation of cash flows and financial yields.	Access to new markets, through cooperation with governments, development banks, small local entrepreneurs and community groups.
Loss of operating income.	Resilience to changes that may affect value chain networks and resources.
	Generation of long-term sustainable financing.

These identified risks and opportunities were subsequently consulted with the Bank's Risk Managers to determine their scope and prioritization, both in terms of their negative influence and their ability to generate value through their appropriate management.

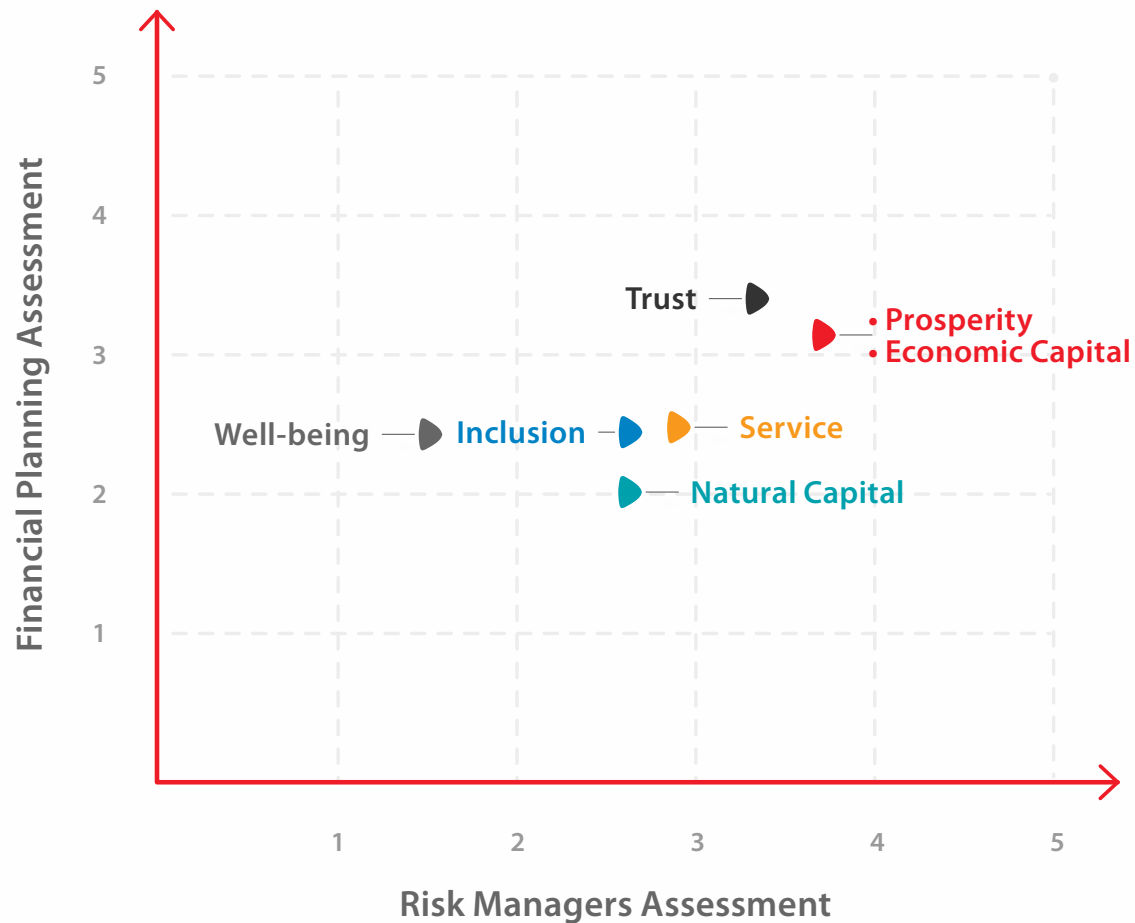
# Assessment of the potential scope of risks and opportunities in the Bank's financial flow

We strengthened these results with an additional qualitative assessment and quantification exercise (perception) of the possible positive and negative impacts on the Financial Statements.



### FINANCIAL MATERIALITY MATRIX

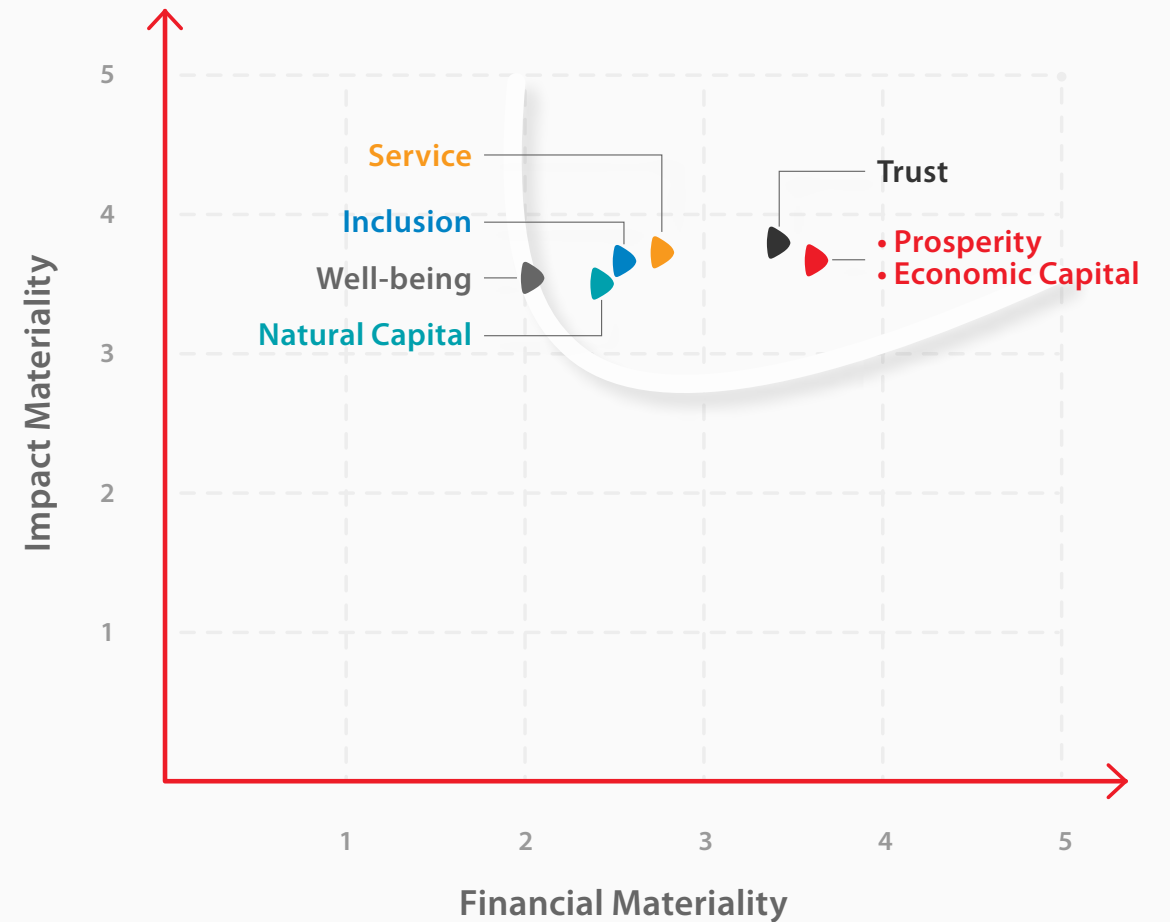
As a result of the review and assessment by the risk and financial planning expert areas, we constructed the financial materiality matrix, which presents the weighting obtained by the risk managers (x-axis) and financial planning (y-axis).



### MATRIX OF DOUBLE MATERIALITY

We obtained the double materiality matrix with the weighted results of impact materiality and financial materiality. In this, the issues that have an impact on our activity, the environment and stakeholders (impact materiality) were prioritized

as material, as well as their scope, in terms of the possible risks and opportunities identified that could have an impact on our economic performance and our operations (financial materiality).





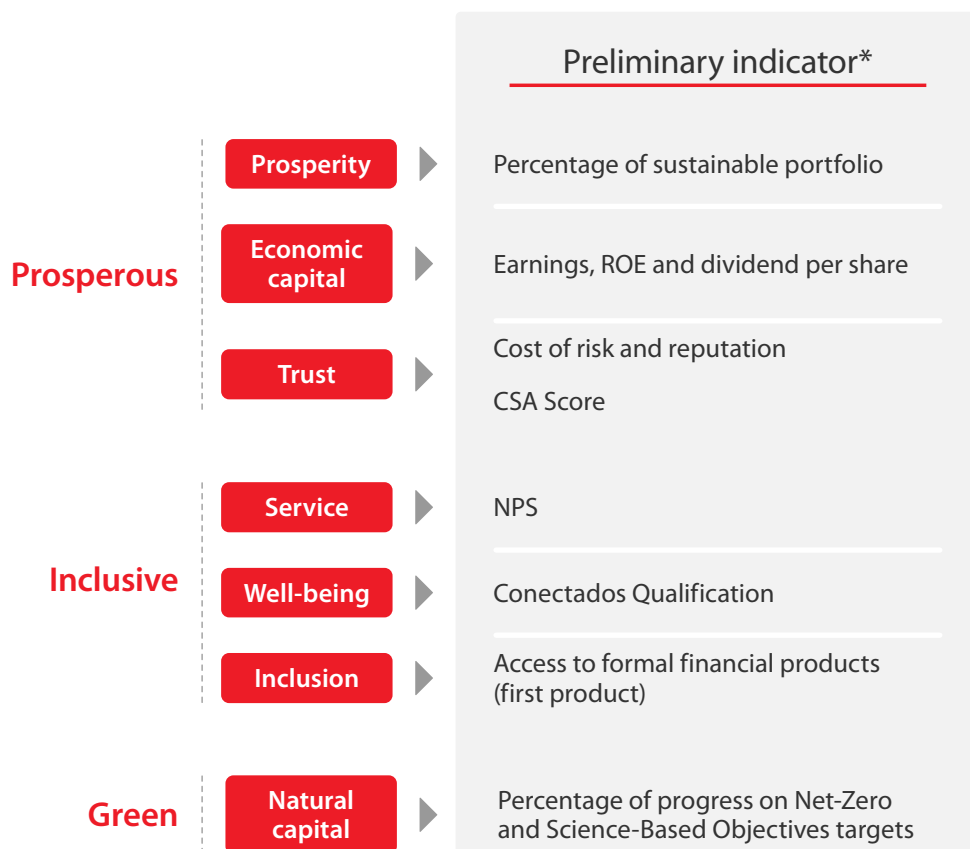
### APPROVAL BY SENIOR MANAGEMENT AND THE BOARD OF DIRECTORS.

The dual materiality construction process was permanently supervised by the Internal Sustainability Committee. In it, members of Senior Management were in charge of reviewing, giving feedback and approving the results of each of the stages, defining and approving the conceptualizations of each material topic and the grouping of the topics consulted.

Once the fiscal year was completed, the Bank's 2023 materiality was approved by the committee on November 22, 2023 and on December 15 it was taken to the Corporate Governance and Sustainability Committee, composed of 3 members of the Board of Directors, which should have been informed of this exercise at its meeting at the beginning of 2024.

### PRELIMINARY DEFINITION OF STRATEGIC INDICATORS BY MATERIAL TOPIC

To ensure the incorporation of material issues into our overall strategy, we defined, on a preliminary basis, key management indicators to monitor progress:



\* Indicators under construction.



This will allow us to focus our efforts on the relevant actions and objectives to make the world a more prosperous, inclusive and green home.

This materiality was verified by Deloitte, as an independent third party.

# Indicators Of Sustainability-Related Issues Under The Sasb Standard Commercial Bank



We apply the principles of transparency and act taking into account our commitment to our stakeholders to provide them with complete, accurate and timely information. In this sense, in order to present comparable indicators that meet the highest global standards and in compliance with local regulations for reporting information related to sustainability issues, we measured them for the first time under the Sustainability Accounting Standard (SASB) indicators. Below are the indicators and results for commercial banks, and those that were verified by Deloitte as an independent third party.

Subject	Code	Parameter	REPLY
Data security	FN-CB-230a.1	<ol style="list-style-type: none"> <li>1. Number of data breaches.</li> <li>2. Percentage involving personally identifiable information.</li> <li>3. Number of account holders affected.</li> </ol>	Bank Response: In relation to data security in 2023, no events involving data leakage were recorded.  <i>*Indicator verified by Deloitte as an independent third party.</i>
	FN-CB-230a.2	Description of the approach to identify and address data security risks.	At Banco Davivienda, the approach to identify and address personal data protection risks related to the rights and freedoms of individuals, in connection with the processing of personal data, is developed based on a preliminary analysis to establish whether it is necessary to execute a Data Protection Impact Assessment, an activity in which, initially, the inherent risk level is identified, and subsequently the controls are evaluated to determine the residual risk level and categorize.
Generation of financial inclusion and capacity	FN-CB-240a.1	<ol style="list-style-type: none"> <li>1. Number.</li> <li>2. Amount of qualified loans for programs designed to promote small business and community development.</li> </ol>	<ol style="list-style-type: none"> <li>1. Number of obligations outstanding: 87,177</li> <li>2. Amount: \$6,884,884,769,999</li> </ol>
	FN-CB-240a.2	<ol style="list-style-type: none"> <li>1. Number.</li> <li>2. Amount of past due and nonperforming loans qualified for programs designed to promote small business and community development.</li> </ol>	Past due indicator: > 30 days: 13.4%  <ol style="list-style-type: none"> <li>1. No. of loans: 3,254</li> <li>2. Amount: \$260,894,264,214</li> </ol> Past due loans indicator: > 90 days: 9.7%.  <ol style="list-style-type: none"> <li>1. No. of loans: 9,128</li> <li>2. Amount: \$664,709,626,564</li> </ol>

*(Information on small and medium-sized companies with sales up to 20,000,000,000 per year)*

Subject	Code	Parameter	REPLY
Generation of financial inclusion and capacity	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	4.3 million retail checking accounts
	FN-CB-240a.4	Number of participants in financial education initiatives for unbanked, underbanked and underserved clients	<ol style="list-style-type: none"> <li>1. Number of young clients reached with financial education content: 695,686</li> <li>2. Number of people reached with financial education actions, within the framework of financial inclusion: 8,472,987 (DaviPlata)</li> <li>3. Number of beneficiaries of government subsidies 1,916,595</li> <li>4. Number of non-customers reached with financial education content: 200,435</li> </ol>
Incorporating environmental, social and management factors in credit analysis	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.	<p><b>Credit outreach</b></p> <p>Aligned with the Environmental and Climate Change Policy, Banco Davivienda has implemented the Environmental and Social Risk Management System SARAS, which includes policies and procedures to identify, evaluate and manage environmental, social, including climate and human rights risks in the credit analysis. Scope policies consider amounts, terms, sensitive activities and local regulations, and based on them, credit applications (including Project Finance) from clients in the Corporate, Business, Leasing and Construction segments are evaluated. Likewise, once the loan is disbursed, environmental and social risk monitoring is performed. Climate change risk management is part of the SARAS, and all the details are included in the TCFD annex.</p> <p>The SARAS is aligned with the International Finance Corporation (IFC) performance standards and norms, where climate change and human rights aspects are considered and includes a list of excluded or restricted activities for financing. SARAS is managed by the Environmental and Social Risk Department of the Vice-Presidency of Credit Risk; the officers who manage SARAS have the knowledge and experience to assess these risks. The environmental and social risk concept is part of the credit assessment and is an input for decision making. The risk assessment process includes the review of information provided by the client, legal compliance, and research in external sources. The number of evaluations performed and amounts are published in Banco Davivienda’s annual year-end report.</p> <p>Since its inception in 2011, we have been improving SARAS and extending our procedures to different management areas, and our system currently covers:</p>






Subject	Code	Parameter	REPLY
Incorporating environmental, social and management factors in credit analysis	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.	<ul style="list-style-type: none"> <li>▶ Environmental and social risk assessment of credit applications from our corporate and construction clients, as well as the evaluation of the Bank's strategic suppliers.</li> <li>▶ Management of physical and transitional climate change risks.</li> <li>▶ Human rights risk management.</li> <li>▶ Evaluation of ESG aspects in the framework of responsible investment.</li> <li>▶ Definition and evaluation of eligibility criteria for green financing.</li> </ul> <p>The SARAS process applied to credit evaluation includes specific scoping policies considering amounts, terms, sensitive activities, local regulations, and when required by credit approval bodies, prioritizing projects or activities with potential impacts on the environment and/or surrounding communities.</p> <p>For the financing of large infrastructure projects (project finance), in the environmental and social risk assessment we also consider elements of the Equator Principles methodological reference, taking into account the due diligence performed by an independent advisor and accompanying the process from the credit structuring stage until the completion of the obligation with the Bank by the client.</p> <p><b>The aspects evaluated in SARAS correspond to:</b></p> <p>Assessment and management of environmental and social risks and impacts, where we consider aspects such as the environmental and social policies of projects or activities, the identification of risks and impacts and management programs for their prevention, mitigation and control, governance and organizational capacity for the implementation of environmental and social programs, emergency preparedness and response, and monitoring and evaluation processes</p> <ul style="list-style-type: none"> <li>▶ Labor and working conditions to recognize the generation of employment in line with the protection of workers' rights, fair treatment and the provision of working conditions in compliance with the Occupational Health and Safety Systems, as well as non-discrimination and equal opportunities, protection of the labor force in relation to child labor and forced labor.</li> <li>▶ Efficiency in the use of resources and prevention of pollution in accordance with technical standards and good sectoral practices.</li> </ul>



Subject	Code	Parameter	REPLY
<p><b>Incorporating environmental, social and management factors in credit analysis</b></p>	<p>FN-CB-410a.2</p>	<p>Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.</p>	<ul style="list-style-type: none"> <li>▶ Efficiency in the use of resources and prevention of pollution in accordance with technical standards and good sectoral practices</li> <li>▶ Community health and safety to avoid or minimize the risks and impacts on the health or safety of the communities where projects or activities are carried out</li> <li>▶ Land acquisition and involuntary physical and economic resettlement to improve the livelihoods of affected people.</li> <li>▶ Biodiversity conservation and sustainable management of living natural resources where we recognize activities for the protection and conservation of biodiversity, the management of ecosystem services and the sustainable management of living natural resources.</li> <li>▶ The processes of participation and free, prior and informed consent of the ethnic communities (Indigenous, Black, Afro-Colombian, Raizal, Palenquero and Rom or gypsy) affected by the development of the project or activity.</li> <li>▶ Protection of cultural heritage from adverse impacts generated by the development of project activities.</li> </ul> <p>To perform the environmental and social risk assessment, we ask our clients for information on the project or activity, on which we apply the methodology that allows us to identify the environmental and social risks, including climate risks, generate a categorization of environmental and social risk A, B or C, from higher to lower potential environmental or social impact respectively, evaluate possible impacts, legal compliance, research in external sources, and management measures (prevention, mitigation, compensation), to generate a concept of environmental and social risk, in which a technical feasibility is given, and action plans are established with follow-up and monitoring measures during the life of the loan, as well as opportunities are identified. The environmental and social risk concept is part of the information necessary for decision making by the Credit Committees. We have environmental and social clauses that are incorporated in the legalization of loans.</p> <p>SARAS as a process is administered and managed by specialized internal officers, with knowledge, professional training and experience in the management of these risks belonging to the same organizational unit; likewise, it is applied in conjunction with other procedures of the credit cycle where roles and responsibilities have been established for officers of the commercial, credit, credit risk, disbursement and legal areas, among others.</p> <p>As an element of SARAS, we developed training plans, both for the environmental and social technical staff involved in the management, as well as for the staff involved in the process chain in the commercial, credit, disbursement and legal areas, among others.</p>

Subject	Code	Parameter	REPLY
 <p data-bbox="343 289 543 462"><b>Incorporating environmental, social and management factors in credit analysis</b></p>	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.	<p data-bbox="1207 289 1413 315"><b>SARAS Results</b></p> <p data-bbox="1207 331 2373 592">Our goal is to apply the evaluation to 100% of the credit applications that meet the established criteria. In Colombia, for the projects and activities that we finance for our clients in the Corporate, Construction, Business and leasing operations segments, we performed 275 environmental and social risk assessments corresponding to COP 9.1 billion, as well as 650 monitoring of current loans. Environmental and social risk assessments of projects reached a coverage of 64% based on the total number of project finance and housing construction projects financially evaluated; of these 340 were financially closed, 47 were declined for financial reasons and one was declined for environmental issues. In addition, in Costa Rica, El Salvador, Honduras and Panama we evaluated 57 projects for USD 406.4 million and provided continuity to 194 monitoring activities.</p> <p data-bbox="1207 616 2373 823">In order to have a greater scope of SARAS in clients of the Corporate and Business segments, within the framework of the Portfolio Rating activity and in synergy with the Credit Risk area, we applied for the second consecutive year an Environmental and Social survey, obtaining a response from 1,281 companies, allowing us to know the initiatives and good practices in environmental and social matters of our clients. This same survey was applied for the first time in the Construction segment, where we had the participation of 100 companies for a total of 1,381 with a response, of which we highlight the following results:</p> <ul data-bbox="1207 847 2373 1178" style="list-style-type: none"> <li>▶ 43% (598) of the companies belong to or follow some reference or standard related to environmental, social or sustainability management, such as DJSI, TCFD, CDP, GRI, ISO 14001, Rainforest, or programs such as Acercar and Pread.</li> <li>▶ 77% (1,063) of the companies identify the environmental and social impacts generated by their activities and implement management measures for control and mitigation.</li> <li>▶ 64% (886) of the companies have implemented activities associated with the efficient use and exploitation of natural resources, in terms of energy efficiency, circular economy, water reuse, separation and delivery to authorized solid waste managers, among others.</li> <li>▶ 14% (192) of the companies measure and report their carbon footprint; 133 of them indicated their total emissions in tons of CO<sub>2</sub>eq, which is the input we use for the calculation of financed emissions.</li> </ul>



Subject	Code	Parameter	REPLY
Incorporating environmental, social and management factors in credit analysis	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.	<p>On the other hand, in 2023 we advanced in the knowledge of the climate change management of our clients in the carbon-intensive sectors, and in this sense, we continued strengthening the methodology to evaluate and establish the Climate Change Maturity Level, which considers aspects such as carbon footprint measurement, greenhouse gas reduction strategy, identification and management of physical and transition risks, carbon neutrality or Net Zero goals, and participation in trade union initiatives. Based on these results, we categorize our carbon-intensive clients from Incipient to Advanced level in climate change risk management. This information is expanded in the TCFD 2023 Report.</p> <p>These results were part of the training and sensitization contents for the commercial, credit and risk areas, with the purpose of increasing capacities in the identification of risks and opportunities in environmental, social and climate change issues based on information from our clients.</p> <p>Additionally, with the purpose of establishing synergy with credit risk procedures, we have made progress in prioritizing and incorporating environmental and social criteria in the variables of the model for infrastructure projects during their construction stage, together with their integration in the quantification of expected losses during the evaluation of credit granting in such projects. This activity has allowed us to initiate a dialogue to broaden and strengthen the criteria that will lead us to greater integration.</p> <p>As part of the SARAS progress, we synergize with the credit areas to collaborate and periodically inform credit decision makers about relevant environmental and social factors that should be considered at the productive sector level and about trends that favor business opportunities.</p> <hr/> <p><b>Scope from investments:</b></p> <p>We recognize that ESG dimensions are fundamental to achieve the sustainable development of companies and the well-being of the community, shareholders, employees and customers. In this sense, the investment decisions of financial resources managed in the investment portfolios take these aspects into account.</p> <p>This commitment is stated in the Responsible Investment Policy, which was updated in July 2023, including a more complete description of the ESG factors considered in the investments, the relationship actions in asset management and management associated with compliance with the policy. This update was approved by the respective committees and Boards of Directors, and can be consulted on the website through the following link: <a href="https://sostenibilidad.davivienda.com">https://sostenibilidad.davivienda.com</a></p>





Subject	Code	Parameter	REPLY																									
Incorporating environmental, social and management factors in credit analysis	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis.	<p>As a sign of our commitment to responsible investment, in November 2022, Banco Davivienda adhered to the Principles for Responsible Investment (PRI) of the United Nations Environment Program Finance Initiative (UNEP FI), also including the operations of Fiduciaria Davivienda and Corredores Davivienda.</p> <p><i>*Indicator verified by Deloitte as an independent third party.</i></p>																									
Emissions financed	FN-CB-410b.1	Absolute financed emissions, broken down by: <ol style="list-style-type: none"> <li>Scope 1</li> <li>Scope 2</li> <li>Scope 3</li> </ol> 2023	<p>In accordance with the Partnership for Carbon Accounting Financials (PCAF) methodology for disclosure, the measurement of emissions is broken down by scope 1+2, scope 3 and total.</p> <p>Measurement of Absolute Issuance Financed for Commercial Loans, Project Finance and Corporate Bonds and equities.</p> <table border="1"> <thead> <tr> <th></th> <th>Commercial loans</th> <th>Project finance</th> <th>Corporate bonds and stocks</th> <th>Total emissions 2023</th> </tr> </thead> <tbody> <tr> <td><b>Total Scope 1, 2 y 3 (MTon CO<sub>2</sub>e)</b></td> <td>4.14</td> <td>0.31</td> <td>0.08</td> <td>4.53</td> </tr> <tr> <td><b>Scope 1 y 2 (MTon CO<sub>2</sub>e)</b></td> <td>1.98</td> <td>0.07</td> <td>0.02</td> <td>2.07</td> </tr> <tr> <td><b>Scope 3 (MTon CO<sub>2</sub>e)</b></td> <td>2.16</td> <td>0.24</td> <td>0.06</td> <td>2.56</td> </tr> <tr> <td>% Commercial portfolio coverage (corporate bonds and shares)</td> <td>78%</td> <td>78%</td> <td>28%</td> <td></td> </tr> </tbody> </table> <p> <ul style="list-style-type: none"> <li>Figures of financed emissions expressed in million tons CO<sub>2</sub>e.</li> <li>In the case of Corporate Bonds and Equities, the percentage of coverage is over the total portfolio and not over the commercial portfolio as stated in the title, I don't know if it can be clarified with a note.</li> </ul> </p> <p><i>* Indicator verified by Deloitte as an independent third party.</i></p>		Commercial loans	Project finance	Corporate bonds and stocks	Total emissions 2023	<b>Total Scope 1, 2 y 3 (MTon CO<sub>2</sub>e)</b>	4.14	0.31	0.08	4.53	<b>Scope 1 y 2 (MTon CO<sub>2</sub>e)</b>	1.98	0.07	0.02	2.07	<b>Scope 3 (MTon CO<sub>2</sub>e)</b>	2.16	0.24	0.06	2.56	% Commercial portfolio coverage (corporate bonds and shares)	78%	78%	28%	
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Subject	Code	Parameter
Emissions financed	FN-CB-410b.2	Exposure of each sector by asset class - 2023

## REPLY

The measurement of emissions financed for disclosure is broken down by sector and scope 1+2, scope 3 and total by sector.

Industry	Level of data quality	Scopes		Total (MTon CO <sub>2</sub> e)	Emission intensity (MTon CO <sub>2</sub> e / COP trillions)
		Scope 1 and 2 (MTon CO <sub>2</sub> e)	Scope 3 (MTon CO <sub>2</sub> e)		
Industrial	3.68	0.35	0.90	1.25	0.28
Energy	2.06	0.50	0.12	0.62	0.22
Oil, gas and mining	3.79	0.17	0.33	0.50	0.36
Agricultural	3.91	0.44	0.15	0.58	0.30
Construction	3.96	0.26	0.33	0.58	0.17
Services	3.98	0.2	0.24	0.44	0.05
Transport	4.00	0.03	0.03	0.06	0.02
Commerce	3.91	0.08	0.34	0.42	0.09
Financial, insurance and investments	3.58	0.04	0.02	0.06	0.01
Government	4.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>3.69</b>	<b>2.07</b>	<b>2.46</b>	<b>4.53</b>	<b>0.13</b>

\* Emissions figures expressed in millions of tons CO<sub>2</sub>e.

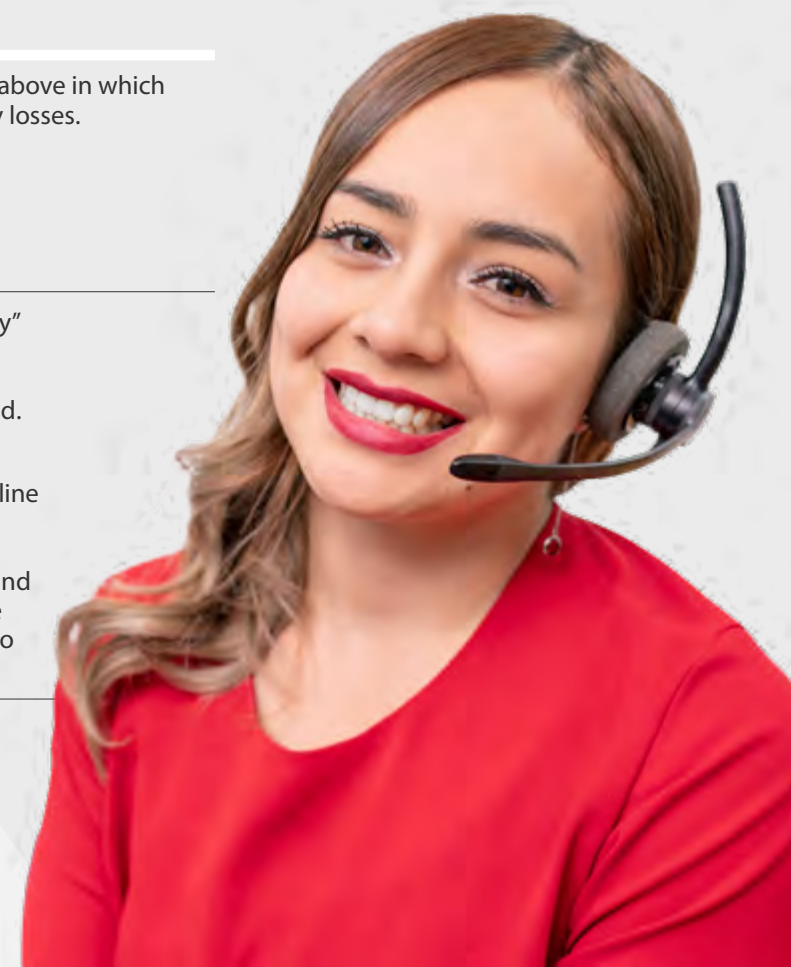
Notes based on PCAF standard:

- Expansion of scope 3 emissions for all sectors taking into account SQAP recommendations.
- It includes financed clients from all stages of the value chain of the different sectors.
- Data quality level between 1 and 5 obtained from the calculation of the weighted average score of the weight of portfolio balances in the sector and classification of CO<sub>2</sub> emissions data source.

\* Indicator verified by Deloitte as an independent third party.



Subject	Code	Parameter	REPLY
Emissions financed	FN-CB-410b.3	Percentage of exposure included in the calculation of financed issues -2023	The percentage measured corresponds to: <ul style="list-style-type: none"> <li>▶ Commercial loans 78% Commercial loans</li> <li>▶ Project Finance: 80%.</li> <li>▶ Investments: 28%.</li> </ul> * Indicator verified by Deloitte as an independent third party.
	FN-CB-410b.4	Description of the methodology used to calculate the financed emissions	Banco Davivienda uses the PCAF methodology to measure the emissions financed, considering that this is a globally recognized methodology for measuring carbon emissions. * Indicator verified by Deloitte as an independent third party.
Business Ethics	FN-CB-510a.1	Total amount of monetary losses resulting from legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice or other related financial industry laws or regulations.	For the period from January 1 to December 31, 2023, there were no events described above in which the Bank was subject to penalties or fines and, consequently, there were no monetary losses. * Indicator verified by Deloitte as an independent third party.
	FN-CB-510a.2	Description of whistleblower policies and procedures	We are an organization inspired by our higher purpose of “Enriching Life with Integrity” and that guides our daily actions. Our people live an open-door culture that provides different channels of contact through which they can turn to when they feel their principles and values have been violated, or when they detect irregularities of any kind. This allows us to maintain an environment of trust. In our interaction with the different stakeholders we have the “Transparency Line”, in line with the provisions of External Circulars 007 of 2019 and 008 of 2023, as an additional alternative to the traditional channels, which are our leaders and the Human Talent team, to ensure ethical and open behavior. This allows us through our management and governance model to address the different cases in the defined instances, and in case improvement opportunities are identified, we can implement action plans that seek to resolve the root cause of the identified findings.





Subject	Code	Parameter	REPLY
Business Ethics	FN-CB-510a.2	Description of whistleblower policies and procedures	<ul style="list-style-type: none"> <li>▶ Analysis and assignment of the complaints received.</li> <li>▶ Intervention definition / investigation of steps to address cases.</li> <li>▶ Accompaniment for case management.</li> <li>▶ Receipt and analysis of action plans (resolving the root cause of the situation identified in the case) and closure.</li> </ul> <p>In 2023 we received 343 reports that were managed through the transparency model, allowing the correction of 162 cases in which merit was found for these complaints.</p> <p>Closures of proven cases:</p> <ul style="list-style-type: none"> <li>▶ 119 cases with Action Plan (Actions that allow us to monitor and follow up when an opportunity for improvement is identified).</li> <li>▶ 43 cases with Disciplinary Proceedings (warning, suspension of contract or termination of contract)</li> </ul> <p>In addition, we have communication channels for our suppliers to report any type of irregularities, which allows them to use our “Transparency Line” with greater clarity.</p> <p>The information is managed by a provider to ensure objectivity and transparency in case management. For events managed through the Transparency Line channel, the policies and process, with its flow and procedure, are documented in the tool defined by the organization.</p> <p>Finally, and in line with our commitment to ethics and transparency, we have a governance model composed, among others, of an Ethics Committee that facilitates the attention and follow-up of complaints and the implementation of practices that promote alignment with the principles and values. The Committee meets periodically and presents the complaints received and closed, the management report, statistics, trends, and key performance indicators.</p> <p><i>* Indicator verified by Deloitte as an independent third party.</i></p>
Systemic risk management	FN-CB-550a.1	Global systemically important bank (G-SIB) assessment score, by category.	Not applicable. Currently no Colombian bank is listed as a “global systemically important bank” <a href="https://www.fsb.org/wp-content/uploads/P271123.pdf">https://www.fsb.org/wp-content/uploads/P271123.pdf</a>

Subject	Code	Parameter	REPLY
Systemic risk management	FN-CB-550a.2	Description of the approach for incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities.	<p>Stress tests are an exercise that seeks to identify the risks to which the Bank is exposed and which, if they materialize, may affect its viability. The results of these tests are used to identify risks and to define the appetite framework within which the business plan is developed.</p> <p>Within the framework of stress tests, the Stress Testing Scheme (EPR) is developed under the guidelines of Chapter XXVIII of the Basic Accounting and Financial Circular. This scheme seeks to identify the vulnerabilities of the entities, enrich the decision-making process for risk management, examine the quantity and quality of their capital, liquidity, assets and liabilities according to their risk profile, as well as assess the viability of their business plans. In this way, the EPR helps to strengthen risk management and complements the capital adequacy assessment processes. Based on the results of this exercise, the loss absorption capacity of the capital components and their adequacy to the current and potential risks faced by the entity in the development of its business plan are sized.</p>
		Description of the approach for incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities.	<p>The Bank develops the EPR in accordance with the timelines established by the Financial Superintendency of Colombia. The results obtained in the regulatory exercise are evaluated throughout the year, becoming a reference point to monitor the actual evolution of solvency ratios and other projected indicators, and thus evaluate possible future scenarios of Banco Davivienda to enrich risk management. In the year 2023, the Bank conducted the EPR assuming an environment of economic recession, high inflation, without reaching the target range of the Central Bank, high interest rates and unemployment. This environment causes a generalized affectation of the portfolio, especially the consumer portfolio. On the other hand, there are also adverse effects due to restrictions in access to local and international funding.</p> <p>The results are used for the development of preventive and corrective mitigating measures that broaden the Bank's action framework to face real stress scenarios.</p>
Activity parameters	FN-CB-000.A	<ol style="list-style-type: none"> <li>1. Number.</li> <li>2. Value of checking and savings accounts by segment: (a) personal and (b) small business.</li> </ol>	This information will be included in the notes to Banco Davivienda's Financial Statements as of December 31, 2023.
	FN-CB-000.B	<ol style="list-style-type: none"> <li>1. Number.</li> <li>2. Value of loans by segment: (a) personal, (b) small business, and (c) corporate.</li> </ol>	This information will be included in the notes to Banco Davivienda's Financial Statements as of December 31, 2023.



# > Environmental And Climate Indicators Under The TCFD Recommendations



In 2020, in order to advance our sustainable management, we ratified our commitment to climate change by implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify, manage and disclose climate-related financial opportunities, risks and impacts. In 2022, we adhered to the Partnership for Carbon Accounting Financials (PCAF) to measure emissions finance, and to the Principles for Responsible Investment (PRI), which aim to promote responsible investment to create markets that contribute to a more sustainable world.

In 2023, in the interest of maturing our scope and commitment to sustainable financial practices and the integration of environmental, social and governance (ESG) criteria into our operations and investments, we joined the United Nations Environment Programme Finance Initiative (UNEP FI) and its Principles for Responsible Banking (PRB), the Net Zero Banking Alliance (NZBA) and the Glasgow Financial Alliance for Net Zero (GFANZ), in line with our vision to be Net-Zero by 2050, as well as the Science Based Targets Initiative (SBTi) to set our science-based emissions reduction targets.

In our third TCFD report on 2023 management, we reveal our progress on climate management and our commitment to align with the most rigorous scientific standards, with a view to a just and orderly transition to zero net emissions. We share the TCFD report as an annex to this report, which can also be accessed by [clicking here](#).

## UNEP FI AND PRB

In 2023 we adhered to these initiatives to strengthen our sustainable management.

## MAIN MILESTONES OF OUR TCFD REPORT

### GOVERNANCE

From the integral management of our sustainable strategy, we promote actions that strengthen an organizational culture based on sustainability and a governance model that ensures the relationship and participation of our stakeholders.

- ▶ The Board of Directors is the highest governance body for planning, control and monitoring of climate change issues. Its role and functions are related to the strategy and monitoring of sustainable management.
- ▶ The Board of Directors has support committees. For climate change issues there are: the Corporate Governance and Sustainability Committee, composed of 3 members of the Board of Directors and chaired by an independent

member, and the Corporate Risk Committee, also composed of 3 members of the Board of Directors.

- ▶ Senior management plays a supervisory role. From the executive vice presidencies and their directorates, our leaders promote actions and make decisions that allow us to implement the ESG guidelines, which are defined and supervised by the Internal Sustainability Committee.
- ▶ The Sustainability Department proposes and promotes the integrated management of sustainability in the business strategy and the mobilization of actions in favor of the management of the material issues defined in the dual materiality (impact and financial) of 2023 and the strategic focuses of sustainable business.

**WE INTEGRATE**  
 the management of climate change risks and opportunities due to their potential to generate material financial impacts for the business.

### STRATEGY

We manage climate change as a cross-cutting issue in the organization. Our strategy is developed and strengthened through processes, products, programs and initiatives that allow us to contribute with concrete measures to mitigate and adapt to climate change.

We have also integrated the management of climate change risks and opportunities due to their potential to generate material financial impacts for the business. Supported by our Environmental and Climate

Change Policy updated in 2023, in addition to international benchmarks and external commitments, and considering training and disclosure as transversal axes, we have developed our climate management with the following lines of action:

- ▶ Management through the Banks through SARAS and Environmental Products and Programs - Green Lines.
- ▶ Direct management of the operation through eco-efficiency actions.





## RISK MANAGEMENT

The objective of our Integrated Risk Management is to achieve business growth and maximize the exploitation of opportunities based on risk management, administration and control. We incorporated climate change risk management transversally into our overall risk management framework, along with environmental and social risk management (SARAS) established in 2011, to integrate it into each of the main verticals.

We manage physical and transitional climate change risks from the approach of current and future impacts:

- **Physical risks:** At the transaction level in the environmental and social risk assessment applicable to loan applications for the development of sensitive projects or activities, identifying and

establishing mitigation measures; and at the level of current loan portfolios, through the massive cross-referencing of obligations with threat maps for current and future natural risks in climate behavior scenarios.

- **Transition risks:** We perform sensitivity analyses of the loan portfolio to these risks and follow up on the concentration in carbon-intensive sectors. To manage them, we established the climate maturity assessment for our clients, which allows us to know risks and opportunities, input information to structure relationship models or climate *engagement*. In line with this, we carried out the Measurement of Financed Emissions (Scope 3, Category 15), which allows us to follow up on the carbon-intensity of the credit portfolio by sectors and clients.



## OBJECTIVES AND METRICS

In the process of consolidating significant results, having a metrics system is key for us, as it allows us to demonstrate the progress and achievement of the objectives and direct and indirect impacts on the business (the banks) and on the operation.

We have defined the following key metrics to evaluate the management of climate risks and opportunities in banks:

- **Measurement of financed emissions:** Allows us to complete the carbon emissions inventory and define baselines to establish carbon emission reduction goals and objectives in credit portfolios and investment portfolios.
- **Amount of green financing:** Monitoring the performance of the portfolio balances of green financing lines, which includes the financing of climate change mitigation and adaptation projects.



Regarding the operation's carbon emissions management, we evaluate the progress and results of the direct management of GHG emissions in our operations through the monitoring of goals and indicators associated with our Green Mission 2030 strategy in which, through operational eco-efficiency, we seek to contribute to the reduction, mitigation and compensation of environmental impacts, especially those associated with our direct and indirect carbon emissions.

Since 2022, we have been working on expanding the quantification of our

Scope 3 emissions in the following categories: purchased goods and services, capital goods, upstream transportation and distribution, waste generated in the operation and business travel, in accordance with the methodological guidelines of the GHG Protocol.

In Colombia, with the implementation of strategies to reduce our carbon footprint, together with the use of renewable energy, we have reduced 9% of our emissions in Scopes 1 and 2 compared to 2022, which is equivalent to ceasing to emit 451 tons of CO<sub>2</sub>e.



Scope	Indicator	2023	2022	2021	2020	2019	Variations 2023 - 2022	Variations 2023 - 2019
Scope 1	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO <sub>2</sub> e)	1,415	1,951	2,896	2,595	2,904	-27.49%	-51.27%
	Emissions from location-based electricity consumption (ton CO <sub>2</sub> e)	2,641	2,549	3,032	5,147	5,843	3.63%	-54.79%
*Scope 2	Emissions from market-based electricity consumption (ton CO <sub>2</sub> e)	414	422	506	839	0	-1.79%	-
	Emissions from location-based electricity consumption (ton CO <sub>2</sub> e)	4,057	4,500	5,927	7,742	8,747	-9.86%	-53.62%
Scope 1 + 2	Emissions from market-based electricity consumption (ton CO <sub>2</sub> e)	1,830	2,373	3,402	3,434	2,904	-22.92%	-36.99%
	Other indirect emissions (ton CO <sub>2</sub> e)	1,289	4,578	195	345	1,278	-71.85%	0.83%
**Scope 3	Total inventory of location based GHG emissions (ton CO <sub>2</sub> e)	5,345	9,078	6,122	8,087	10,025	-41.12%	-46.68%
	Total inventory of market based GHG emissions (ton CO <sub>2</sub> e)	3,118	6,952	3,597	3,779	4,182	-55.15%	-25.43%
Total GHG Emissions Inventory	Total inventory of location based GHG emissions (ton CO <sub>2</sub> e/FTE)	0.52	0.89	0.60	0.79	0.99	-41.40%	-46.96%
	Total inventory of market based GHG emissions (ton CO <sub>2</sub> e/FTE)	0.31	0.68	0.35	0.37	0.41	-55.36%	-25.82%
Total inventory of FTE GHG emissions	Total inventory of location based GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	0.02	0.03	0.02	0.03	0.04	-40.11%	-47.74%
	Total inventory of market based GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	0.01	0.02	0.01	0.01	0.02	-54.37%	-26.91%

\* Location-based and market-based figures have been adjusted since 2019, due to internal reviews with our partner in specialized utilities management.

\*\* As of 2022, the quantification of indirect emissions is extended in the following categories: goods and services purchased, capital goods, upstream transport and distribution, waste generated in operation and business travel.

Scope	Indicator	2023
Scope 1	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO <sub>2</sub> e)	1,415
	Emissions from location-based electricity consumption (ton CO <sub>2</sub> e)	2,641
Scope 2	Emissions from market based electricity consumption (ton CO <sub>2</sub> e)	414
	Category 1 emissions - goods or services purchased (ton CO <sub>2</sub> e)	239
Scope 3	Category 2 emissions - capital goods (ton CO <sub>2</sub> e)	360
	Emissions Category 4 - upstream transmission and distribution (ton CO <sub>2</sub> e)	71
	Category 5 emissions - waste generated during operation (ton CO <sub>2</sub> e)	21
	Emissions Category 6 - business travel (ton CO <sub>2</sub> e)	597
	Category 15 emissions - financed/invested* (ton CO <sub>2</sub> e)	4,525,928
	<b>Total location based GHG emissions (ton CO<sub>2</sub>e)</b>	<b>4,531,272</b>
<b>Total GHG emissions**</b>	<b>Total market-based GHG emissions (ton CO<sub>2</sub>e)</b>	<b>4,529,045</b>

\* Includes Commercial Loans, Project Finance and Corporate Bonds and Stocks.

\*\* Approximately 99% of our emissions are Category 15 emissions - investments as classified by the GHG Protocol.







## > Information On The Subordinated Company **Fiduciaria Davivienda S.A.**

**A**dditionally and voluntarily, we included the reporting of the indicators of our Colombian subsidiary Fiduciaria Davivienda, under the SASB standards for Asset Management and Custody Activities, and the progress in the integration of the TCFD recommendations, to present a broader view of other economic activities that integrate our sustainable offer.

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### **MATERIALITY**

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Like the Bank, the Fiduciaria began the process of integrating the results of the strategic analysis carried out by the Senior Management of the companies of the Bolivar Group on the scope of the commitments and material issues declared, perspectives and strategic objectives of the organization, by opening spaces for dialogue to deepen on issues such as:

**Topics to deepen into  
in the dialogue spaces**

**Climate change  
and physical and  
transitional risks**

**Biodiversity**

**Diversity, equity  
and inclusion**

These spaces paved the way for the Fiduciary to have its first impact materiality declared during 2024, and defined its approach to managing its current and potential financial impacts.



# SASB indicators



Subject	Code	Parameter	REPLY
<b>PROFESSIONAL INTEGRITY</b>	FN-AC-270a.1	<ol style="list-style-type: none"> <li>1. Number.</li> <li>2. Percentage of covered employees with a history of investigations related to investments, consumer complaints, private civil litigation or other regulatory proceedings.</li> </ol>	In 2023 Fiduciaria had no employees with a history of related investigations.
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings related to <i>marketing</i> and communication of information related to financial products to new and existing customers.	During 2023, in relation to the legal situation of Fiduciaria with respect to the control entities, there was a judicial process by the Financial Superintendency of Colombia with an unfavorable sentence; the sentence was paid at the end of the year and the fact was disclosed in the year-end report.
	FN-AC-270a.3	Description of the approach to ensuring professional integrity, including the duty of care.	<p>In Grupo Bolivar we have an organizational culture that commits us to live and care for our Principles and Values: respect, honesty, fairness, discipline and enthusiasm, joy and good humor. Additionally, we have a statement of our Higher Purpose: "Enriching life with integrity", which invites us all to behave with integrity towards our stakeholders.</p> <p>This Superior Purpose, plus our Code of Ethics, are delivered to all members of the organization for their knowledge and application at the time of joining.</p> <p>On the other hand, as part of the appropriation of these declarations, the Principles and Values and the Code of Ethics are recertified annually, which are mandatory for our people.</p>
<b>EMPLOYEE DIVERSITY AND INCLUSION</b>	FN-AC-330a.1	Percentage representation of gender and racial/ethnic group for: <ol style="list-style-type: none"> <li>1. Executive Management</li> <li>2. Non-executive directors</li> <li>3. Professionals</li> <li>4. Other employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Executive management: 0%</li> <li>2. Non-executive directors: 0%</li> <li>3. Professionals:</li> <li>4. Other employees (2 persons): 0.008%.</li> </ol>

Subject	Code	Parameter	REPLY
INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS IN ASSET MANAGEMENT AND CUSTODY ACTIVITIES.	FN-AC-410a.1	Number of assets under management, by asset class, used: <ol style="list-style-type: none"> <li>Integration of ESG issues.</li> <li>Thematic investment in sustainability.</li> <li>Screening.</li> </ol>	<ol style="list-style-type: none"> <li>Total assets under management (AUM): COP 10 trillion (as of Dec. 31, 2023) Fixed income, AUM: COP 9.7 trillion Variable income AUM: COP 296.5 million</li> <li>Total AUM: COP 25,305 billion (as of Dec. 31, 2023) Global Shares: 2,890 clients and AUM of COP 17.1 billion Global Sustainable: 1,129 clients and AUM of COP 8,244 billion</li> </ol>
	FN-AC-410a.2	Description of the approach to incorporating ESG factors into investment or wealth management processes and strategies.	Banco Davivienda's Annual Report includes a chapter on responsible investment that describes the methodology developed for the integration of ESG factors in the evaluation of investments and states the Responsible Investment Policy, updated in July 2023, in order to include a more complete description of the ESG factors considered in the investments, the relationship actions in asset management and the management associated with compliance with the policy. This update was approved by the respective committees and boards of directors.
	FN-AC-410a.3	Description of proxy voting and investee voting policies and procedures.	In terms of engagement and voting, the updated Responsible Investment Policy incorporates these factors and can be consulted at the following <a href="#">link</a> .
BUSINESS ETHICS	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice or other related industry laws or regulations.	In 2023, there were no events described above in which the Trust was subject to sanctions or fines; consequently, there were no monetary losses.





Subject	Code	Parameter	REPLY
	FN-AC-510a.2	Description of whistle-blowing policies and procedures.	<p>The Fiduciaria has a whistleblower channel with permanent access for its people: the Transparency Line, which can be accessed by:</p> <ul style="list-style-type: none"> <li>▶ Telephone line</li> <li>▶ Web form</li> <li>▶ E-mail address</li> </ul> <p>It is an anonymous and confidential channel in which each case has a management model that includes:</p> <ul style="list-style-type: none"> <li>▶ Analysis and assignment of the complaints received.</li> <li>▶ Definition of the intervention/investigation and steps to address the cases.</li> <li>▶ Accompaniment in case management.</li> <li>▶ Receipt and analysis of action plans (resolving the root cause of the situation identified in the case) and closure.</li> </ul> <p>In addition, a supplier manages the information to ensure objectivity and transparency in its handling. Regarding the events managed by the Transparency Line channel, the policies and the process, with its flow and procedure, are documented in the tool defined by the organization.</p> <p>Finally, in line with our commitment to ethics and transparency, the Fiduciaria has a governance model composed, among others, of an Ethics Committee that facilitates the attention and follow-up of complaints and the implementation of practices that promote alignment with our Principles and Values. The Committee meets periodically and presents the complaints received and closed, the management report, statistics, trends and key performance indicators.</p>
SYSTEMIC RISK MANAGEMENT	FN-AC-550a.1	Percentage of open-ended fund assets under management by liquidity classification category.	<p>The Fiduciaria has 5 open-end collective investment funds, which by regulation have a liquidity classification, as follows: 3 monetary comprising total assets under management (AUM) of COP 7.06 trillion; and 2 balanced with AUM of COP 127.9 billion (figures as of Dec.31.2023).</p>



Subject	Code	Parameter	REPLY
<b>SYSTEMIC RISK MANAGEMENT</b>	FN-AC-550a.2	Description of the approach for incorporating liquidity risk management programs into portfolio strategy and redemption risk management.	<p>No portfolio strategy or redemption risk management is applied to the trust business. However, as a reference, liquidity risk management is performed by portfolio according to its own characteristics.</p> <p>Given the estimates of probable withdrawals for open-end funds, systemic risk is not incorporated into the model. Systemic risk is monitored as an alert against a percentage of withdrawals from comparable peers (industry CIFs) and a percentage drop in AUM, with alert levels that may be considered outliers.</p>
	FN-AC-550a.3	Total risk in relation to securities financing transactions (quantitative - currency to report).	Not applicable, the Trust does not finance securities.
	FN-AC-550a.4	Net exposure to credit derivatives entered into (quantitative - reporting currency).	There are no credit derivatives.
<b>ACTIVITY PARAMETERS</b>	FN-AC-000.A	<ol style="list-style-type: none"> <li>1. Total registered assets.</li> <li>2. Total non-registered assets under management (AUM).</li> </ol>	<p>Vehicles in which the management (investment decision making) is exercised by Fiduciaria Davivienda as of December 31, 2023.</p> <p>FICs + FVP + PA/Fees + Consortia/Pension Plans</p> <p>Total: COP 13.97 billion.</p> <p>FICs: COP 7.2 billion.                      FVP: COP 2.8 billion.                      PA/Charges: COP 2.3 billion.                      Consortiums/Pensions: COP 1.7 billion.</p>
	FN-AC-000.B	Total assets under custody and supervision.	<p>Assets in investment trusts (fiduciary).                      FICs: COP 7.2 trillion.</p> <p>Assets related to custody activity: Not applicable.</p>



## ALIGNMENT OF THE TRUSTEE WITH THE TCFD RECOMMENDATIONS

The following are the environmental and climate indicators for the Trust, constructed in accordance with TCFD recommendations.



## Governance

Fiduciaria has the following policies associated with climate change management:

► **Responsible Investment Policy:**

Defines for the Bolivar Group and its subsidiaries, the guidelines for the incorporation of ESG criteria in the investment analysis and decision-making processes. In such a way that it allows assuming an active role in risk management and the development of responsible practices, including climate change management. This policy is aligned with the Principles for Responsible Investment (PRI) promoted by the United Nations Environment Program Finance Initiative, to which Davivienda, including its subsidiaries Fiduciaria Davivienda and Corredores Davivienda, has been a signatory since 2022 (more information: [click here](#)).

► **Environmental Policy:** Fiduciaria

Davivienda has established its Environmental Policy which, in accordance with Grupo Bolivar's mission and sustainable business strategy, recognizes that the environmental and social dimensions are fundamental to achieve sustainable development and generate benefits for the community, its shareholders, collaborators and clients. As part of the application of this policy, a guideline was established, among others, to improve the environmental and social risk management processes in the structured trust businesses in which Banco Davivienda is a financier. Both policies were approved by the Board of Directors of the Trust.

## Strategy

### Responsible investment in the face of climate change

In its responsible investment policy, the Fiduciary recognizes that environmental and social dimensions are fundamental.

[\(https://sostenibilidad.davivienda.com/\)](https://sostenibilidad.davivienda.com/)

Therefore, in its process of evaluation and allocation of investment limits to issuers in the financial and real sectors, both local and international, ESG aspects are integrated in which climate change is one of the aspects to be evaluated.

As a sign of its commitment to responsible investment, in November 2022 Davivienda adhered to the UN

Principles for Responsible Investment (PRI), also including the operations of the Fiduciaria and Corredores Davivienda.

In 2023, several working groups were held and the government was defined for the development and verification of the ERP report, this being the first year of voluntary reporting. The score obtained in this evaluation marks the route that will allow us to identify gaps in order to define and prioritize work plans. At the end of the year we received the results of the first evaluation with information from 2022.



## Risk management

### Transition Risks Investments

In 2023, the Fiduciary continued working with the Bank's Environmental and Social Risk Department in the application of methodologies for the identification of climate change risks, for the characterization and management of its Investment Portfolio (own position and managed portfolio), identifying that 0.3% of the exposure is in sectors of high and medium sensitivity, while 99.7% is in sectors of low sensitivity.

This scope in the analysis of transition risks in investments strengthens its management of ESG issues and reaffirms the Fiduciary's commitment to responsible investment.

### Environmental and social risk assessment for the Fiduciaria

In accordance with the Trust's environmental policy, in 2023 it continued to identify, manage and report on structured trust businesses that have an environmental and social risk assessment because they have been financed by the Bank. The assessment incorporates the review of the exposure to climatic hazards of landslides and floods. Based on this review, 390 projects were identified jointly by the Trust Fund and the Bank. This exercise led to the analysis of 18% of the Trust's business, most of them being real estate products.

In addition, these projects were monitored for environmental and social risk to identify their performance in these areas.

## Objectives and metrics

In accordance with the Bolivar Group's mission and sustainable business strategy, the Fiduciary recognizes that the environmental and social dimensions are fundamental to achieve sustainable development and benefits for the community, its shareholders, collaborators and clients.

Therefore, it has established the following guidelines oriented to the knowledge, assessment, treatment and opportunities of environmental and social impacts and climate change in its operation and that of its customers and suppliers:

- ▶ Comply with applicable environmental and social laws and regulations.
- ▶ Evaluate and mitigate the negative impact on the environment and society that may be generated by its processes and projects.
- ▶ Maintain the environmental and social risk management system for the businesses managed by the Fiduciary in which Banco Davivienda is a financier.
- ▶ To ensure that the construction companies with which the entity works have programs that mitigate negative impacts on the environment.
- ▶ Seek to improve environmental and social risk management processes.
- ▶ Promote in suppliers the management of environmental and social impacts generated by their processes, and include these criteria in the purchasing processes of goods and services of the entity that are carried out through the Bank's administrative area.
- ▶ Provide support to environmental and social projects that are considered relevant, in accordance with the sustainable business strategy.
- ▶ Develop awareness and training programs for its employees on environmental and social issues.



# > Our Commitment To The Sustainable Development Goals (SDGs)



We are committed to the call of the United Nations (UN) to transform our world by integrating the 2030 Agenda and the Sustainable Development Goals (SDGs) into our sustainable strategy. Therefore, from our statement “The world is our home, let’s make it more prosperous, inclusive and green”, we understand our role in the generation of economic, social and environmental value, and we take as a starting point the updating of material issues, with the objective of aligning our contribution to the SDGs with the strategic issues identified and valued by Senior Management and our stakeholders.

In 2023 we followed the prioritization methodology of CODS (Center for Sustainable Development Goals in Latin America and the Caribbean), based on the Corporate Ecosystem Services Review (ESR), which provides the tools to have a better



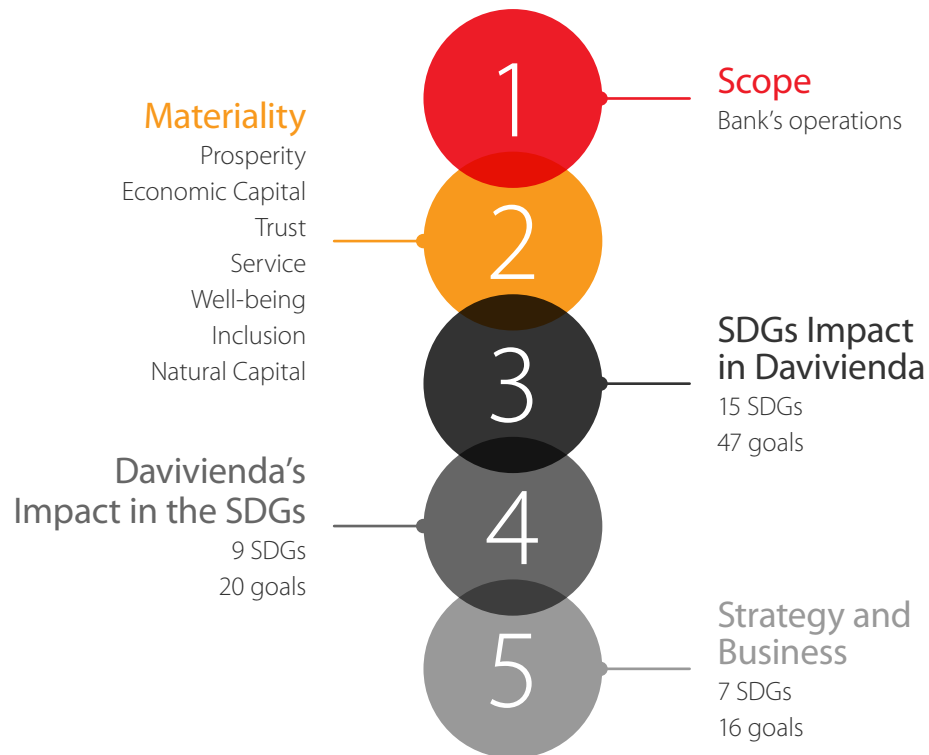
understanding of the SDGs from the business environment to align the contribution to the 2030 Agenda with strategic activities, allowing us to manage risks and opportunities related to our impact and dependence on ecosystem services.

We first defined the scope of this analysis as the total operation, in order to size scalable contributions to the SDGs with our impacts. Next, we connect the goals and targets to our materiality, which allows us to identify priority issues for our stakeholders on which we manage risks and opportunities. Third, we identify the impact that each objective may have on our operation and the trends in these

priority services, and then we identify our ability to contribute to the resolution of the problems associated with the objectives, the role we play as a company, and the business opportunities that may arise. Finally, based on the connection between the business and the objectives, projects and strategies for contribution were defined. These steps allow us to connect, from the internal, how our mission, purpose and resources should respond to the external, that is, to the trends and challenges in the sustainability frontier that are aligned with our materiality and strategy, and that take into account the values and capabilities of the company.

Following this methodology, along with other CODS recommendations, allowed us to frame our contribution in the context of Latin America and the Caribbean and give this prioritization a long-term vision. This is how we prioritized 7 SDGs and 16 goals, on which we have a significant contribution in our operation, aligned with the material issues for our stakeholders

and with the strategic business focuses, as well as with our values and mission. With our goal of making 30% of our portfolio sustainable by 2030, we are committed to a transformation leveraged on innovation, sustainable finance and financial education, responding to the demands framed in the global agenda and the needs of our stakeholders.





## Davivienda Contribution

We promote the economic development and empowerment of women, from our employees (through our commitments to Diversity, Equity and Inclusion and memberships such as the Financial Alliance For Women - FAFW), to our clients and the general community by offering financial and non-financial services with a gender focus, such as our social lines VIS Mujer and Pyme Mujer, and programs such as Cultivarte Familia and Financial education.

## Target to 2030

**5.5.** Ensure women's full and effective participation and equal opportunities for leadership at all decision-making levels in political, economic and public life.

### Contribution indicator

- ▶ Access to financial services through the Gender Social Bond
- ▶ Female SME balance: COP 1 trillion.
- ▶ Female VIS balance: COP 4.5 billion.
- ▶ Cut-off as of December 2023.

## Davivienda Contribution

We want to become the first ally of micro-businesses and SMEs, since we recognize their key role in the economic growth of countries and in the generation of employment. We develop actions that allow us to accompany our clients with solutions that encourage them to believe, grow and consolidate their activity. We also accompany them in the transformation and adoption of more sustainable practices through the specialized offer of green and social lines.



## Target to 2030

**8.3.** Promote development-oriented policies that support productive activities, the creation of decent jobs, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services.

**8.4.** To progressively improve the efficient production and consumption of the world's resources, and strive to decouple economic growth from environmental degradation, in accordance with the Ten-Year Framework of Programs on Sustainable Consumption and Production Patterns, starting with the developed countries.

**8.5.** Achieve full and productive employment and decent work for all women and men, including youth and persons with disabilities, and equal pay for work of equal value.

**8.10.** Strengthen the capacity of national financial institutions to promote and expand access to banking, financial and insurance services for all.

## Contribution indicator

### Financing for SMEs and small businesses

- ▶ SME balance: COP 7.9 trillion.
- ▶ Small business balance for individuals: COP 44 billion.
- ▶ Cut-off as of December 2023.

### Green financing for SMEs

- ▶ Green portfolio balance: COP 60 billion.
- ▶ Renewable energies: 48%
- ▶ Agrosustainable: 31

### Commitments to pay equity

- ▶ More than 18 thousand employees in Colombia and subsidiaries.
- ▶ Talent retention and promotion.
- ▶ (See Human Resources section)

### Access to financial services

We reached 21.7 million customers, with a share of close to 56% of adults in Colombia.



## Davivienda Contribution

We have positioned ourselves as a key bank in the financing of high-impact infrastructure projects for the development of Colombia, supporting road, port, energy generation and transmission, and real estate projects, among others, that contribute to the competitiveness and progress of the regions. Additionally, through the Constructor, Corporate and Business banks, we contribute to the transformation and adoption of more sustainable practices in the different economic sectors we finance.



### Target to 2030

- ▶ **9.1.** Develop reliable, sustainable, resilient and quality infrastructure, including regional and cross-border infrastructure, to support economic development and well-being, with particular emphasis on affordable and equitable access for all.
- ▶ **9.2.** Promote inclusive and sustainable industrialization and significantly increase the contribution of industry to employment and gross domestic product, in accordance with national circumstances, and double that contribution in the least developed countries.
- ▶ **9.3.** Increase the access of small industries and other businesses, particularly in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.
- ▶ **9.4.** To modernize infrastructure and convert industries to make them sustainable, using resources more efficiently and promoting the adoption of clean and sustainable industrial processes and technologies, ensuring that all countries take action in accordance with their capabilities.

### Contribution indicator

#### Financing of social infrastructure

More than COP 1.4 trillion in portfolio balances for fourth generation road projects, hospitals, ports and infrastructure with social and environmental impact.

#### Financing for the transition of economic sectors

In the construction, hotel and tourism and business services sectors, 22% (COP 2 trillion) of total financing went to green lines.

#### Access to financial services for small industries

Sustained growth of the SME and Construction portfolio, reaching portfolio balances of COP 7.8 and COP 6.8 trillion, respectively.

#### Green financing in the Corporate, Business and Construction lines

Increased in 38%.



## Davivienda Contribution

We support everyone's life projects, fostering diversity and promoting equity, facilitating access to financial products and services, and prioritizing historically vulnerable populations within our business strategy.

### Target to 2030

- ▶ **10.2.** To enhance and promote social, economic and political inclusion of all people regardless of age, gender, disability, race, ethnicity, origin, religion, economic status or any other condition.

### Contribution indicator

#### Focused Financing

- ▶ Financing to women for COP 29 billion, corresponding to 42% of the balance of assets.
- ▶ Financing to young people for COP 3.8 billion, corresponding to 13% of our portfolio.



### Davivienda Contribution

We continue to consolidate our leadership in housing finance in Colombia, accompanying low-income people, women and young people to fulfill their dream of acquiring housing on favorable terms. We also mobilized resources to finance hybrid and electric vehicles, thereby reducing emissions.

## Target to 2030

- ▶ **11.1.** Ensure access for all people to adequate, safe, and affordable housing and basic services, and improve slums.
- ▶ **11.2.** Provide access to safe, affordable, and sustainable transportation systems for all and improve road safety, in particular by expanding public transportation, paying special attention to the needs of people in vulnerable situations, women, children, people with disabilities, and the elderly.
- ▶ **11.3.** To increase inclusive and sustainable urbanization and the capacity for participatory, integrated and sustainable planning and management of human settlements in the countries where we operate.

### Contribution indicator

**Affordable and sustainable housing finance**  
More than 220 thousand loans in force for low-income housing (VIS) and more than 4 thousand for sustainable housing, with a total balance of COP 11 trillion.

**Financing for sustainable mobility**  
Nearly 3 thousand loans in force for the purchase of hybrid and electric vehicles for more than COP 257 billion.

**Sustainable construction financing**  
Portfolio balance of more than COP 1.6 trillion, with more than 76 certified projects and 19 thousand tons of CO2 avoided.



### Davivienda Contribution

We work permanently on the proper management of resources and waste from our operations, recognizing that the optimal development of our strategy must be aligned with technological innovation and the articulation of alliances with our suppliers and other key players in the value chain.

## Target to 2030

- ▶ **12.2.** To achieve sustainable management and efficient use of natural resources.
- ▶ **12.5.** Significantly reduce waste generation through prevention, reduction, recycling and reuse activities.

### Contribution indicator

**Resource management**  
44% reduction in water and 22% reduction in energy compared to our baseline.

**Waste management**  
We reduced waste generation with respect to 2022 by 29% and we recycled 74% of this waste.



### Davivienda Contribution

We enrich the lives of people and the planet with integrity through the transformative power of our sustainable business models. We design a portfolio of products and services with innovative solutions that favor inclusion, that promote the development of eco-efficient practices and with a smaller ecological footprint among our customers, that express our interest in creating long-term value in a responsible manner with our stakeholders and with full awareness of the environment.

## Target to 2030

- ▶ **13.2.** To incorporate climate change measures into national policies, strategies and plans.

### Contribution indicator

#### Commitments and adhesions

- ▶ Reporting commitments: CDP, TCFD, PCAF
- ▶ International commitments: UNEP-FI, NZBA, GFANZ, SBTi, PRI.
- ▶ National commitments: Green Protocol.





# 3. PROSPERITY

*The world  
is our  
home*

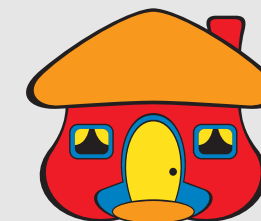
*Let's make it more prosperous,  
inclusive and green*



## PROSPERITY

We facilitate the achievement of **people's, families', and businesses'** dreams through innovative and sustainable solutions that contribute to their **progress** and the **competitiveness** of the countries in which we operate.

# > Main Figures 2023



## Consolidated figures

(COP trillion, except percentages and bps\*)

	Dec. 2023	Dec. 2022	Variation
Assets	178.2	184.1	-3.2%
Gross Loans	136.0	144.8	-6.1%
Loan Loss Reserves	-6.1	-6.3	-3.9%
Deposits**	123.4	119.8	3.0%
Equity	14.8	16.3	-9.5%
Net Profit	-0.37	1.62	-123.0%
Total Capital Adquacy Ratio	14.54%	16.29%	-175 bps
Common Equity Tier 1 (CET1) Capital Ratio	10.25%	11.07%	-82 bps

## Individual figures

(COP trillion, except percentages and bps\*)

	Dec. 2023	Dec. 2022	Variation
Assets	138.7	137.2	1.1%
Gross Loans	103.1	107.4	-4.0%
Loan Loss Reserves	-6.9	-6.6	4.7%
Deposits**	94.6	88.2	7.2%
Equity	13.0	14.5	-9.9%
Net Profit	0.11	1.14	-90.7%
Total Capital Adquacy Ratio	16.76%	19.91%	-315 bps
Common Equity Tier 1 (CET1) Capital Ratio	10.73%	12.56%	-183 bps

\* Basis points.

\*\* Includes savings accounts, checking accounts, electronic deposits, and CDs.

# > Main Figures 2023



## Consolidated figures

	Banco Davivienda and national subsidiaries	International subsidiaries	Total
Branches	533	141	674
Customers	21.9 million	1.7 million	23.6 million
ATMs	2,291	555	2,846

## Credit ratings

	International ratings			Local ratings	
	S&P	Fitch	Moody's	BRC	Fitch
Long-Term	BB+	BB+	Baa3	AAA	AAA
Short-Term	B	B	P-3	BRC 1+	F1+
Outlook	Stable*	Negative	Stable		Negative

\* On January 19, 2024, S&P modified the perspective to "negative" after reviewing the perspective of the sovereign.

## Individual figures

Banco Davivienda	Dec. 2023	Dec. 2022
Branches	533	527
Customers	21.9 million	20.3 million
ATMs	2,291	2,182



# > Innovation



**Innovation is in the DNA of our culture, and in 2023 our innovation strategy was strengthened with new strategic alliances**

that allowed us to learn from the best in the world and co-create new offerings with young talent, *big tech*, and entrepreneurs. We developed a culture of innovation based on strengthening capacities and skills in our employees and working continuously with players in the innovation ecosystem such as tech giants, startups, universities, companies from other industries, the National government, and world-class allies.

In 2023, we launched the **Innovation Faculty at UXplora University**, a program that offers a portfolio of disruptive methodologies to transform processes, solve problems, and improve value propositions for the customer.

Employees can access an internationally certified diploma program endorsed by Pearson Education to certify their knowledge in innovation. By the end of the year, we had 197 internationally certified employees.

Additionally, **we achieved 6 new initiatives in the market with startups**, filed a new patent, bringing our total patent portfolio to 4, and deployed 2 analytics projects in collaboration with Caoba (Center of Excellence and Appropriation that supports the use of *big data* and *data analytics* technologies).

Our Innovation Center, Domo i, represents the innovation ecosystem of Grupo Bolivar, a collaborative and dynamic space. **In 2023, we facilitated over 57 innovation sessions, where we co-created with more than 25 strategic allies** (such as Grupo Éxito, Samsung, and government entities such as Acueducto



**4 PATENTS**  
registered in our portfolio and 6 new initiatives with emerging companies brought to the market.

de Bogotá, the Mayor's Office of Funza, the Mayor's Office of Jamundí, Findeter, and the National Guarantee Fund, among others), and identified synergy opportunities to strengthen our value propositions for different business lines and enrich market value propositions.

## YOUNG TALENT

We have created a program called “**Innovation Cells**”, which consists of multidisciplinary teams formed by students from different universities in Colombia. For 6 months, these students apply innovation methodologies to design solutions to strategic challenges in our business lines and strengthen their knowledge in digital tools and business models. In the past 7 years, we have had the participation of 190 students, and in 2023, 33 talents were developed in this program.

Recently, during the e-Summit event organized by the Colombian Chamber of E-Commerce in Medellín, we organized the **e-Summit Hackathon**, which highlights us as a company that invests in young talent and breaking paradigms. In this activity, more than 80 university students and entrepreneurs from different institutions created disruptive solutions using innovation methodologies and technology to improve sales and user experience in the country’s e-commerce platforms.



## ENTREPRENEURSHIP AND SOCIAL INNOVATION

This year, we celebrated the 5th edition of Social Skin, a social innovation award that seeks to recognize, promote, and motivate young people with startups or ventures in Colombia and Central America that contribute to solving social and environmental problems based on the SDGs, and generate value and impact on the general well-being of the population. Out of the 797 registered projects, 23 reached the finals, and 7 of them were winners.

These projects ranged from environmental solutions to medical innovations. Through financial support and mentoring, we helped the winners understand the difficulties and growth

challenges of their ventures and develop roadmaps to address them.

**Each winner represents a step forward in our commitment to generating sustainable and socially responsible solutions.**

This year, we expanded our reach with the official launch of the Social Skin community, a digital ecosystem that allows connections between entrepreneurs, investors, mentors, and volunteers. Additionally, in partnership with Rebel Business School, we offered a training program for the non-winning entrepreneurs of Social Skin, through which we provided them with tools to advance their projects in a sustainable and debt-free manner. This comprehensive approach demonstrates our commitment not only to innovation but also to strengthening the entrepreneurial community. Additionally, we launched the “**Mano Emprendedora**” podcast in partnership with Naranja Media, aiming to share experiences and expert advice on critical topics for entrepreneurs.



### OPEN INNOVATION

Thanks to our innovative mindset and collaboration with external actors such as *big tech*, startups, accelerators, and universities, we accelerated the creation of value propositions for our customers. In 2023, we analyzed 464 startups at an international and regional level, seeking collaboration opportunities and strengthening our technological capabilities in the most innovative ecosystems in the world, such as Israel, Silicon Valley, and Asia. This has positioned us as **leaders and pioneers in innovation in our region.**

Furthermore, we carried out 14 pilot tests with startups and *big tech* companies in order to address strategic challenges in our organization. We also implemented 6 initiatives in the market using technologies such as generative artificial intelligence, virtual reality, IoT<sup>10</sup> devices, and operations automation. These initiatives improve the experience of our customers and generate operational efficiencies.

### INNOVATION AWARD

In its 14th edition, the **Grupo Bolívar 2023 Innovation Award** received 361 innovation achievements from different teams in Colombia and Central America, which implemented achievements meeting criteria such as implementation maturity, paradigm-breaking, and impact on results. 99 achievements corresponded to value proposition innovations, 211 to process innovations, and 51 to organizational innovations, according to the Oslo Manual classification.

Finally, in 2023, **we were chosen by Harvard University as a case study for the digital transformation of a bank in Colombia**, which was presented for the first time to the MBA program of this prestigious business school. Additionally, we were recognized as the No. 1 Company in the relationship with startups in the financial services category, and No. 3 in the overall category in the "Top 100 Open Startups" ranking. We also received recognition as the most

innovative corporation in the *fintech* ecosystem, according to the Fintech Unconference by Finnovating. Looking ahead, we will continue to showcase the best of our innovative DNA to uphold the name of Daviendra.



**6 NEW INITIATIVES**  
**implemented in the market with artificial intelligence, virtual reality and automatization of operations.**

<sup>10</sup> IoT: "Internet of Things" refers to the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between the devices themselves.





## > Digital Transformation

We are committed to the constant development of our digital strategy, which fully incorporates the operational processes, service, and technological components of our organization. Our strategy aims **to increase agility for decision-making and positively impact our customers**, allowing them to have memorable, reliable, simple, and user-friendly experiences across physical, analog, and virtual channels. Additionally, we seek to continuously mitigate risks and vulnerability to fraud in the mentioned channels.

In 2023, we made progress in the project of transforming our middle layer<sup>11</sup> towards cloud architecture, which brought benefits to our customers in terms of the information they can access to. We also implemented the first APIs for businesses, enabling the connection

of their systems with the Bank. Likewise, we adopted key tools in agile application development and through the implementation of the “*Journey to Cloud*”<sup>12</sup> strategy, we advanced in the migration of our cloud-linked technologies, improving the availability and agility of our systems.

In our continuous pursuit of becoming an increasingly efficient bank, **in 2023, we obtained benefits of over COP 129 billion through the implementation of a plan focused on digital and organizational transformation**, process transformation, and continuous improvement. Our efforts were mainly concentrated on fraud processes, process simplification, and other projects.

Throughout the year, we optimized and implemented over 30 operational processes that contributed to

efficiency with the support of robotization. To achieve this, we relied on our leadership skills, data and analytics, process management, automation, innovation, and technology to make the best use of resources at the lowest cost and improve the experience of our customers.

<sup>11</sup> Middle layer: refers to the intermediate layer between the presentation layer (user interface) and the data layer in a software architecture or system. It manages and coordinates communication and data exchange between the presentation layer and the data layer through a set of standards and tools, with components such as controllers, services, APIs, and data models.

<sup>12</sup> Cloud migration refers to the process of migrating business operations to a remote facility managed by an external provider, which is accessed through the internet.

As a result of the improvements implemented in our operational and service models, in 2023, we transformed the second-line claims handling process through the customer experience cycle closure. This allowed us to increase the *Net Promoter Score* (NPS) metric from 63 to 73. Additionally, we increased first-line claims handling from 75% to 80%, resulting in an NPS of 90 points, thanks to the strengthening of tools, attributions, and protocols for our assisted channels and support community.

In 2023, we stood out for continuing our digital initiatives based on *blockchain* technology. **Furthermore, we brought technology to the coffee ecosystem with “Agropass,” in collaboration with the National Federation of Coffee Growers of Colombia.** Through this, we demonstrated that it is possible to disperse resources in closed ecosystems with specific purposes.



Similarly, **in 2023, we contributed to the reactivation of the real estate sector** by leveraging our expertise to build “MIA,” the first virtual real estate advisor implemented in Ciencuadras’ sales channels. MIA manages and profiles customers over the phone and through WhatsApp to help them find their dream home. MIA is our first sales assistant with generative artificial intelligence.

Through this technology, we also developed the first virtual assistant called “Vivi.” With the advancements achieved through this initiative, **we are the first bank in Colombia to implement a production-ready virtual assistant solution that provides services and customer support using generative artificial intelligence.**

From the sustainability front, we supported the environmental care strategy and the digital strategy, which is why 99.75% of financial and transaction statements (168 million) were delivered digitally for consultation, with only 0.25% delivered in paper format. Additionally, we reduced hardware obsolescence and migrated to the cloud, resulting in a reduction of 56.6 tons of CO<sub>2</sub> annually, corresponding to the consumption of decommissioned servers, which has helped decrease our environmental footprint. Actions like these reflect **our commitment to sustainability by minimizing resource waste and adopting more efficient and environmentally friendly technologies.**

## MIA

**This year we developed the first real estate virtual assistant using generative artificial intelligence.**

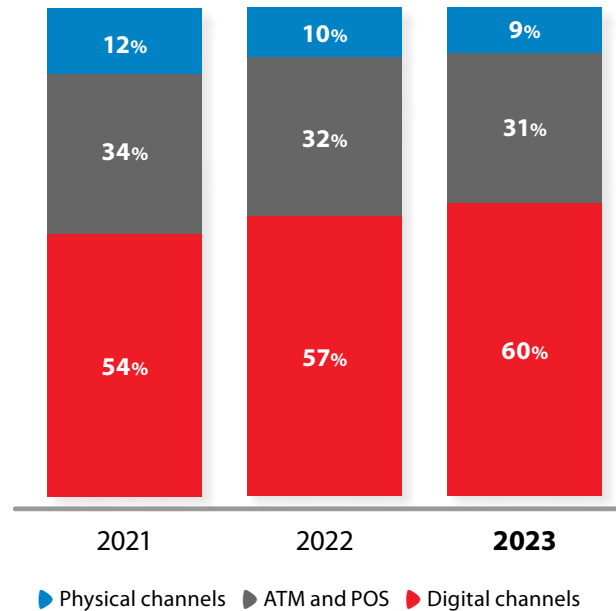




We will continue to incorporate innovative and disruptive technologies to enhance our products and services, optimize more internal processes, and further strengthen our digital offering. **Digital transformation and technology equip us to lead the way towards the future of the financial sector**, setting a milestone in service excellence and customer satisfaction in an ever-evolving market.

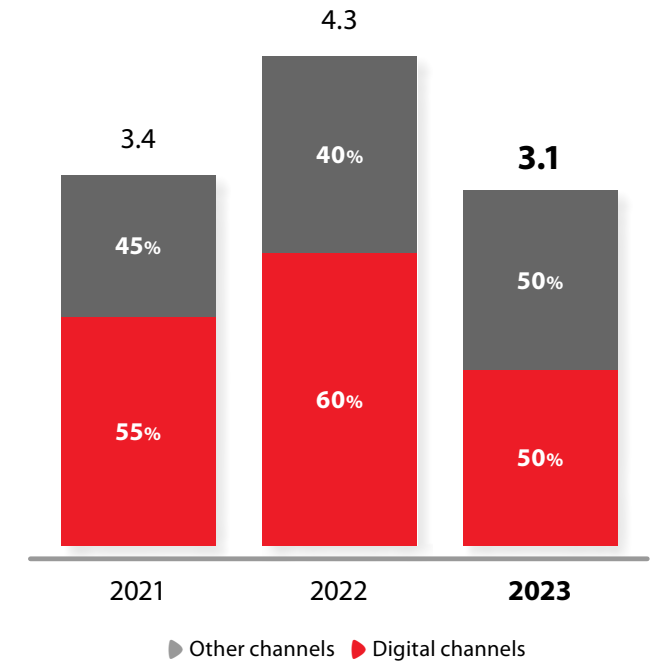
**50%**  
OF OUR PRODUCT SALES  
in Colombia were done  
through digital channels.

**Transactional mix in Colombia**



**Products sold in Colombia**

(Millions of products)







# > Banco Davivienda Colombia

We are a commercial bank incorporated under the laws of Colombia, authorized to engage in the following activities:

- ▶ Obtain deposits from the public.
- ▶ Grant loans.
- ▶ Act as a foreign exchange market intermediary.
- ▶ All other operations and investments authorized or to be authorized in the future for commercial banks.

Our services include checking and savings accounts, commercial, consumer and mortgage loans, debit and credit cards, electronic wallets, mobile banking, term deposits and other services.

Our two main business segments are **commercial banking and retail banking.**

Individuals and families comprise the core of our retail banking customers; while corporations, financial institutions, small and medium-sized enterprises (SMEs), agricultural businesses, state-owned enterprises, and Government entities predominate in our commercial banking.

At the Bank, we offer comprehensive and customized financial solutions that meet the needs of our diverse customers. To achieve this, we have segmented our market into two main groups: commercial and retail.

In the **Retail** segment, the main income-generating products are personal loans, credit cards, and savings and investment products. These products and services are designed to meet the financial and investment needs of our clients. Personal loans and credit cards have peaks in usage during the year-end season, while savings and investment products generate more stable income throughout the year.



In the **Corporate** segment, the main income-generating products are commercial loans and treasury services in local and foreign currencies. These products and services are aimed at companies in various sectors of the economy, in order to help them finance their operations and manage their cash flows efficiently.

Regarding seasonal income, it is important to note that some of the income may be related to the year-end season, when there is greater consumption and, therefore, greater demand for credit, while savings and investment products generate more stable revenues throughout the year. In addition, it is common that during certain months of the year, such as July and December, the flow of remittances received by customers increases, which translates into higher income from financial services. As for corporate banking, the tourism and foreign trade sector can also generate seasonal income, especially during periods of high demand, while treasury services generate more stable revenues.

Regarding cyclical income in our bank, it is possible that it is linked to the country's economic situation. For example, during periods of economic growth, it is common for loan demand to increase, which translates into higher interest income. On the other hand, in times of economic uncertainty, clients may choose to save more and borrow less, which could reduce the bank's income. In addition, cyclical income may also

**21.8**  
**MILLION CUSTOMERS**  
 We increased our number of customers by 8.2% compared to the previous year.

be related to developments in capital markets and investment levels.

Finally, regarding occasional income, it is important to mention that this can come from various sources, such as the sale of non-strategic assets or the recovery of bad loans. These revenues can occur at any time and are not subject to a specific period of the year or market fluctuations. The sale of non-strategic assets may be related to our asset management strategy, while the recovery of bad loans may be linked to the effectiveness of our debt recovery processes or specific decisions to sell written-off loans.

By year-end 2023, Banco Davivienda S.A. served 21.8 million customers, increasing 8.2% over the previous year.

We are proud to have achieved a solid customer base in both segments. At the end of December 2023, we had close to 21.4 million customers in the retail segment and close to 412 thousand corporate customers in Colombia.







In terms of our market position, we are the **second largest credit institution operating in the Colombian financial system in terms of assets, gross loans, and deposits**. This is reflected in the steady increase in our market share, measured by loan portfolio balance, which increased from 13.4% in 2015 to 15.2%<sup>13</sup> in 2023. Similarly, we reached a 14.4%<sup>14</sup> market share in terms of deposit balances.

Davivienda goes **beyond delivering financial products** to provide our customers with unforgettable experiences: we offer them **100% digital solutions** to simplify their lives. Consequently, digital adoption continues to increase, and now 92.7% of our customers are classified as digital, compared to 76% in 2019. We positioned ourselves as leaders in the transformation of traditional banking; 60% of monetary transactions and 50% of our sales in Colombia were conducted through digital channels in 2023.

Regarding our strategic approaches, we seek to:

- ▶ To provide **greater added value** to our clients, we offer a wide range of financial products tailored to their needs, carefully assessing their risk profile in order to maintain healthy risk levels in the bank and improve the profitability of our business.
- ▶ **We offer savings and investment products** to our clients, such as high-yield accounts and term deposits, which help them increase their wealth. This also allows us to continue our efforts to restructure our liabilities into less costly segments, resulting in higher net profit for the bank.
- ▶ Expand our customer base **promoting financial inclusion**. Our goal is to attract new customers who have not previously used financial services, delivering a broad digital offer, for example through DaviPlata, which has enabled us to forge partnerships and reach populations that had not previously used any formal financial services.
- ▶ We want to position ourselves as a **key partner for SMEs**, a market segment that is still characterized by limited use of financial services. We aim to customize our products to meet the needs of SMEs and respond to market trends.

Moreover, as of 2023, Banco Davivienda Colombia had approximately 12<sup>15</sup> thousand employees at the end of 2023, 1.8% less than in 2022.

<sup>13</sup> Source: Financial Superintendence of Colombia. Figures as of December 2023.

<sup>14</sup> Source: Financial Superintendence of Colombia. Figures as of December 2023.

<sup>15</sup> Individual figures limited to our operations in Colombia as of December 2023.





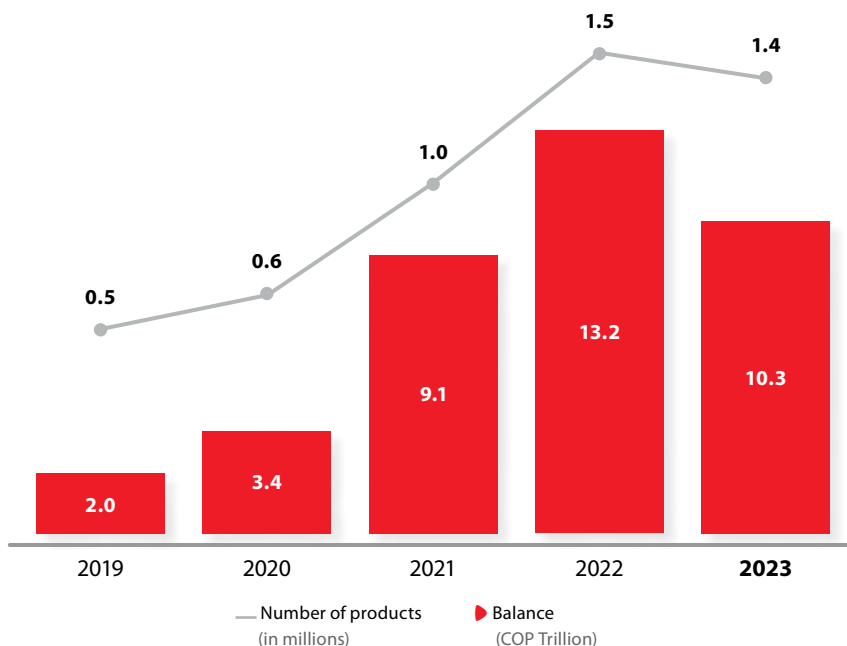
**RETAIL BANKING**

In line with our commitment to making the world our home and with the purpose of enriching the lives of our customers, individuals and families, in 2023 we implemented innovative projects focused on the development of new mobile products and the strengthening of existing ones, supported by new technologies such as artificial intelligence and big data.

In Colombia, retail banking closed with a COP 60.2 trillion<sup>16</sup> balance, decreasing by 4.2% over the year, mainly due to the consumer portfolio, which decreased as a result of the adjustments we made to our origination policies, leading to lower disbursements in a year that presented significant challenges marked by high levels of inflation and interest rates.

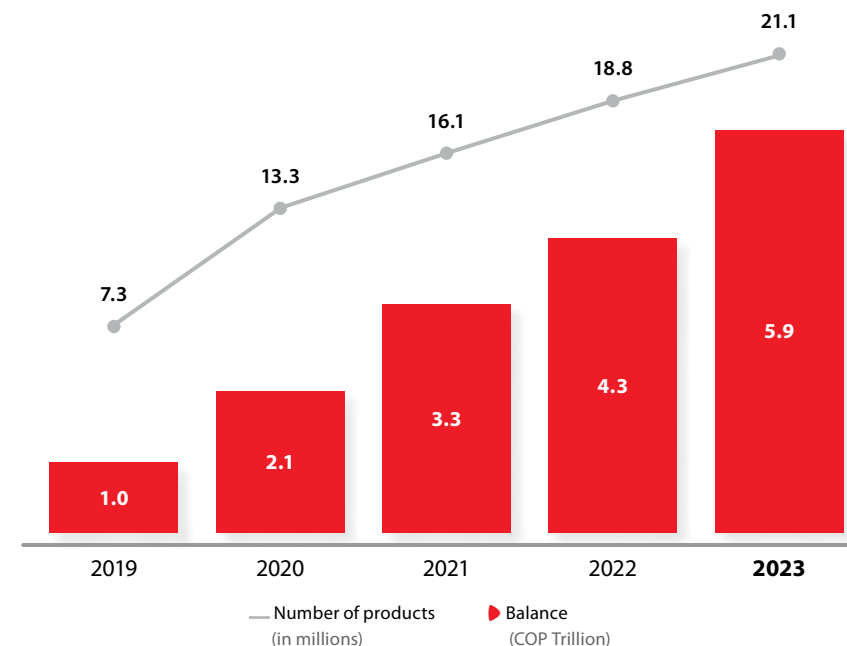
The diversification and modernization of financial practices in the country demonstrate a shift in consumer habits towards digital modalities. For this reason, we have added over 875 thousand customers to retail banking, of which 52% came through digital channels.

**Digital Loans<sup>17</sup>**



In 2023, we continued our digital transformation process and ended the year with a 65% digital sales adoption indicator and 40% digital onboarding, **maintaining our leadership in the mobile offering of the sector** with over 25 products available through our digital channels.

**Digital Deposits<sup>18</sup>**



<sup>16</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>17</sup> Digital deposits include Mobile Account, Payroll Account, Mobile Payroll Account, CDAT and DaviPlata.

<sup>18</sup> Digital loans include mobile loan, mobile debt purchase, mobile payroll debt purchase, mobile credit card, mobile payroll loans, payroll advance, nanocredit, mobile car loan.

# OVER 1 MILLION DOWNLOADS OF OUR SUPER APP.

Over 750 thousand customers use it to manage their products.



We continue to evolve, and in 2023, we had significant launches. We go beyond being a bank; that's why **we built a Super App** for all Colombians. We are present in our customers' day-to-day needs, integrating solutions from our partners through digital ecosystems. Through these ecosystems, we incorporate additional services to our financial offerings, so our customers have everything in one place.

Since its launch in November 2023, our Super App has had over 1 million downloads and has more than 750 thousand customers using it to manage their products. Additionally, over 30 thousand users registered through the Super App and are now our customers, enjoying our financial offerings and digital ecosystems.

In 2023, we also integrated generative artificial intelligence capabilities into our digital channels and provided our **customers with a more efficient, fast, and clear service through Vivi, our virtual assistant. We were able to resolve 70% of our customers' inquiries on first contact**, with just one click, video call, chat, and co-browsing, a tool that allows customers to share their application screen with our advisors to guide them in their navigation.

At Davivienda, we strive to add value to our financial services. That's why we continue to complement our offerings with benefits that respond to the digital trends of the environment, achieving better experiences that foster customer loyalty through the adoption of technologies that allow us to partner with new strategic allies from different categories.

This is how the concept of "open banking" has allowed us to expand the reach of Davipuntos, our loyalty program, by connecting with our strategic allies through APIs and strengthening our channels to offer 100% digital redemption options to our customers. Currently, our customers can use their Davipuntos in a self-managed way for various alternatives that complement their daily lives, such as:

- ▶ Payment of public and private services, unique in the market.
- ▶ Products and bonuses from well-known brands, in home, wellness, fashion and technology categories, among others.
- ▶ Tourism services: flights, lodging, ground transportation, tickets for shows, VIP lounges and international assistance, among others.
- ▶ Mandatory and voluntary insurance, now available through the Davivienda Super App.
- ▶ Transfers to credits in Rappi and Leal Coins.
- ▶ Gastronomic experiences from our "Privilegios Davivienda" program.





**COP 2.2**  
**TRILLION**  
**in 20 thousand**  
**approvals for**  
**mortgages.**

Likewise, we maintain communication with our customers by providing them with clear information and attractive offers on special dates so that they can redeem their Davipuntos points on whatever they like.

In 2023, more than 80% of the program's redemptions were made digitally, with more than 95 thousand customers using their Davipuntos points in more than 120 thousand redemptions, which represents a growth of more than 35% compared to 2022. Thus, we continue working to expand the possibilities of redemption and have a greater reach to all our customers, satisfying their expectations and needs.

Through our applications, our customers have in their hands the possibility of opening traditional, payroll and pension accounts, with product offers to finance travel, education, vehicles, investment or improve their cash flow through our portfolio purchase option. Thinking of them and our allies, we massified our specific purpose credit, through which they can access a credit with immediate disbursement to the store. At the end of the year, we had 11 allies and COP 300 million in disbursements.

Likewise, Colombians can purchase their dream home from the Super App. Our offer includes an online quota approval and, if the mortgage is new, they can advance the process 100% digitally, which includes choosing the project and insurance, signing documents and notifying the builder. This year we delivered 20 thousand approvals for the purchase of homes to Colombians totalling COP 2.2 billion.

In reference to savings and investment, we have a portfolio where our clients can open a CD, a Dafuturo voluntary

pension fund, a collective investment fund or savings with purpose (investment by objectives). Depending on the fund, our clients can access online advice or schedule their appointment from our app. In 2023, we will open close to 155 thousand savings and investment products.

We also strengthened the offer to our merchants with the interoperable QR code, which allows sending and receiving money online through electronic money deposit products or savings and checking accounts from the application of any participating financial institution, allowing more and more customers to access alternative means of payment to cash.

Finally, **the strengthening we achieved in 2023 translated into a better perception of our digital channels by our customers.** Of particular note were the ratings in the AppStore and Play Store, 4.8 and 4.3, respectively, in the last month of 2023, reflecting customer adoption and satisfaction with our main transaction channel.



## CONSUMER

The consumer portfolio in Colombia<sup>19</sup> reached a balance of COP 28.8 trillion, which represents a 16.5% annual decrease in line with our risk appetite adjustments and changes in our origination policies. Our market share in the consumer portfolio was 14.0%<sup>20</sup> as of December 2023, maintaining the second position in the financial sector in the country.

In deposits, we had a growth in balances of 11.8% compared to the previous year, mainly due to CDs, where we had a positive variation of 33.9% compared to 2022, to close the year with more than COP 17.8 trillion<sup>21</sup>.

### ► FREE AND BUSINESS CREDIT CARDS

To complement our value offer, we launched the Free card, focused on our low-income customers<sup>22</sup>, with the permanent benefit of no handling fee. With this card we want to facilitate the financing of the consumer category, allowing terms of up to 60 months. We also launched the Empresarios credit card, so that individuals with businesses and independent professionals can expand their businesses, in line with our goal of providing payment solutions to more than 5.3 million people.

**COP 10.1 TRILLION**  
**IN DEBIT CARD PAYMENTS**  
 with a 10.5% growth compared to 2022.



### ► DEBIT CARD

Our debit card portfolio reached a turnover of COP 10.1 trillion<sup>23</sup> in 2023, an increase of 10.5% over the previous year. In 2023 **we launched the Bank's first 100% digital debit card**, an online card available for use without the issuance of a plastic; in the first month we granted more than 4 thousand. We also implemented new options in our Davivienda App that allow you to request the reissuance of the debit card, check its status, change the delivery address and assign the password online. Thanks to these options, we had more than 355 thousand interactions in the year through self-management. With these value offers, we completed 8.9 million debit cards, placing us in second place in the market.

<sup>19</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>20</sup> Source: Financial Superintendence of Colombia. Figures as of December 2023.

<sup>21</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>22</sup> They are granted the product with a quota of COP 2.3 million or less, according to their debt capacity.

<sup>23</sup> Individual figures limited to our operations in Colombia as of December 2023.

### ► GOOGLE PAY ALLIANCE

Since August 2023, our customers with debit and credit cards can use them digitally through the Google Pay e-wallet, which allows them to make purchases on Android operating system devices with NFC technology, without the need for a physical card in hand. More than 27 thousand customers have already registered their cards and made purchase transactions, exceeding COP 15 billion in turnover.

### ► VEHICLE

In 2023 we reached disbursements of COP 499.8 billion<sup>24</sup>, with a balance of COP 2.1 trillion, representing a decrease of 18.1% with respect to the previous year. We continued to promote financing for the purchase of electric and hybrid vehicles, and went from having a share of 11.1% of total disbursements in 2022 to 12.2% in 2023, with a positive social and environmental impact. We also made available the approval of vehicle credit with pledge in minutes, for Davivienda customers and non-customers.

### ► EMPLOYEES AND RETIREES

We supported the banking penetration of Colombians: in 2023 we provided benefits such as free handling fees for employees of new payroll agreements with Davivienda and employees of companies without agreements, and we opened 522 thousand new payroll accounts, representing an annual growth of 34.9%.



# 552 THOUSAND

## NEW PAYROLL ACCOUNTS

opened in 2023.  
34.9% annual growth.

### ► YOUTH

We continued to strengthen the segment with specialized products: we opened 90 thousand G-Zero accounts, with one of the lowest management fees in the market. As of December 2023, this account has the benefit of the digital debit card, which reduces plastic emissions to zero and encourages digital payments in this customer segment.

Considering that 82% of young people are in the lower-middle income range, our “Finanzas en Jeans” educational program seeks to strengthen their financial skills to promote sound financial health. In addition, those under 18 participate in the “Monetarium” program to learn basic savings and investment concepts, earning points as they go.

<sup>24</sup> Individual figures limited to our operations in Colombia as of December 2023



### ► FREELANCERS AND SMALL BUSINESS

In 2023 we generated benefits for accounts for independent individuals and individuals with businesses through “Mi Comercio”, where we granted free handling fees and other transactional benefits that facilitate the mobility of money. This allowed us to benefit 58 thousand customers and represented an annual growth of 110%, with a balance of COP 62.7 billion<sup>25</sup> as of December 2023 and a growth of 199% with respect to 2022.

### ► MORTGAGE

We seek to enable more and more Colombians to acquire their own home, especially those belonging to the most vulnerable sectors and women heads of household. As a result, in 2023 our gross mortgage portfolio in Colombia grew by 10.8%<sup>26</sup>, closing at close to COP 31.5 trillion<sup>27</sup>. In addition, **we continued to consolidate our leadership with a share of close to 26.4% in Colombia**<sup>28</sup>.

We closed 2023 with more than 50 thousand disbursements for COP 6

trillion, contributing to the construction of equity and the dream of owning their own home for more than 147 thousand Colombians.

In addition, during 2023 we focused on improving the integral user experience through collaborative ecosystems with companies of the Bolivar Group, where we redesigned the commercial pre-sales service scheme of Fiduciaria Davivienda, expanding the portfolio of products and services with national coverage and innovation in processes. This translates into improvements in the user experience and efficiencies. Additionally, we established solid alliances with companies in the sector, prioritizing the strengthening of the relationship with builders.

### ► LOW-INCOME HOUSING

At the end of the year, the low-income housing (VIS) portfolio amounted to COP 10.5 trillion<sup>29</sup>, with an annual growth of 26.7%<sup>30</sup>, which generates a positive social impact and also strengthens our relationship with builders. This group benefited, since this measure allowed for a greater flow of resources to give continuity to the projects.



At the same time, we maintained an active collaboration in government programs: “Mi Casa Ya” underwent important modifications, going from an income-based allocation model to a classification model based on Sisben IV, in which we had a participation of close to 26%<sup>31</sup> in terms of the number of subsidies granted.

### ► RESIDENTIAL LEASING

In 2023, we continued this line of housing financing for VIS and higher VIS properties, diversifying the possibilities for this segment of the population. We reached a balance of COP 14.3 trillion, with an annual growth of close to 1.0%.

### ► MOBILE MORTGAGES

In order to continue improving the experience of our customers and non-customers in the digital channel of Vivienda Móvil, we made improvements that allow users to finance the purchase of their homes from mobile devices through the Super App. Thanks to simpler processes and better response times, we reached more than 26 thousand financial approvals and 2.4 thousand disbursements by the close of 2023. We will continue working on the adoption of this channel so that more Colombians can obtain their home loan in less than 5 minutes and find the property of their choice in one place.

In line with the above, we continue to make advances in digitalization that

facilitate the opening of real estate pre-sales in a 100% digital way and the collection of down payments, among other functionalities.

The optimization of the buying, selling, leasing and residential life experience, supported by CienCuadras’ technological infrastructure, has resulted in value-added services, such as customer profiling and a notable 55% reduction in the value of appraisals for customers. Likewise, the digitalization of the signing of promissory notes and the implementation of efficient mechanisms for the transmission of information are outstanding achievements in our processes.

<sup>25</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>26</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>27</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>28</sup> Source: Financial Superintendence of Colombia. Figures as of December 2023.

<sup>29</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>30</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>31</sup> Source: Asobancaria, as of December 2023.





**17.4**  
MILLION  
USERS

1 in 2 adults in  
Colombia uses  
DaviPlata.

## DAVIPLATA

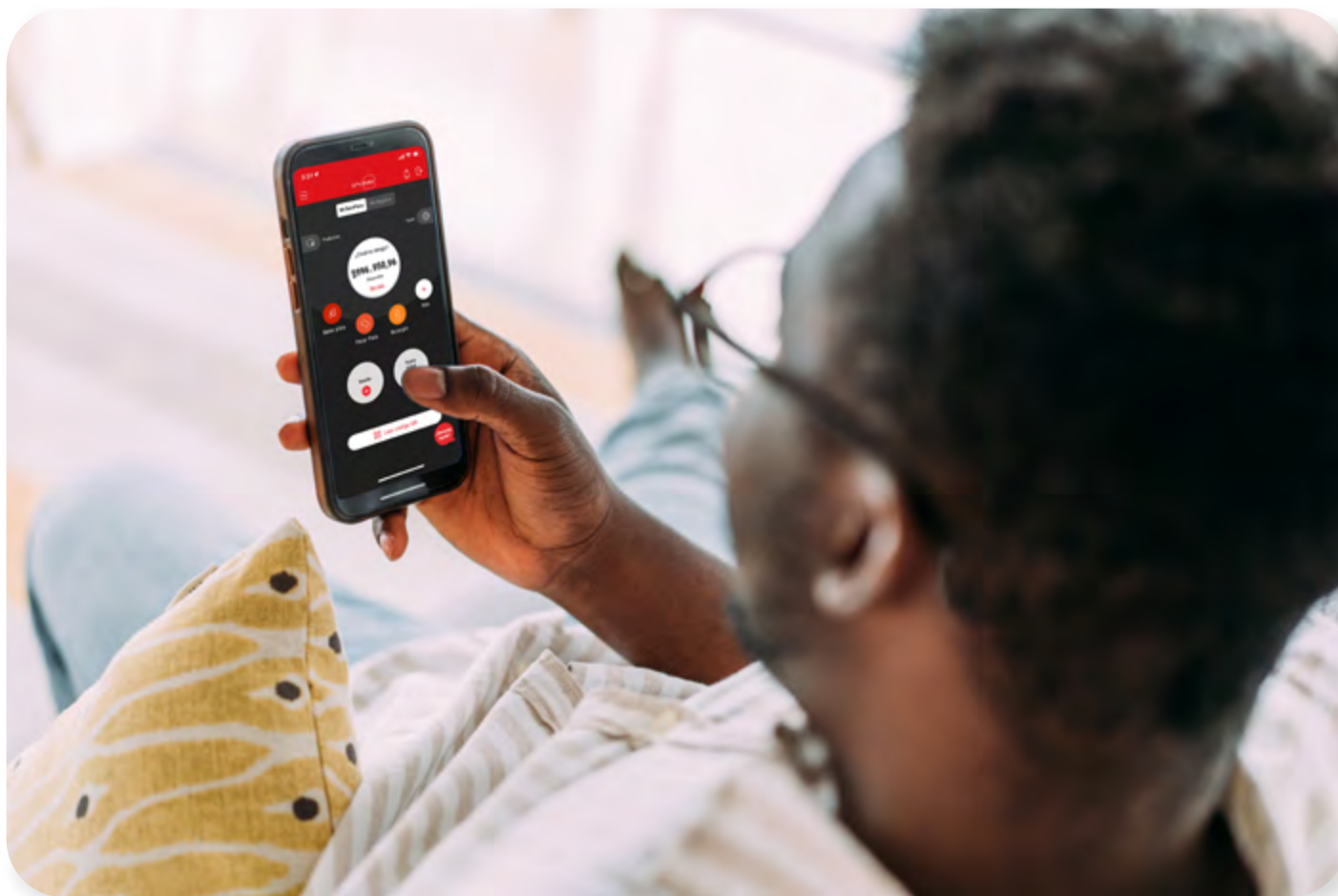
In 2023, in DaviPlata we experienced significant growth and focused on being inclusive and present in people's everyday lives, businesses, and companies.

We recorded an 11% increase in customers, reaching 17.4 million users, of which 98% are over 18 years old. This means that **1 out of every 2 adults in Colombia uses DaviPlata.** We also implemented an inclusion strategy that allowed us to reach 15% of the rural population in the country, with 7% of our customers located in rural areas, covering 99% of the national territory. It is important to highlight that 56% of DaviPlata users were women, and 4.6 million users had DaviPlata as their only financial product in 2023.

The year 2023 was particularly challenging, marked by strict interest rate policies that impacted the economy and, in turn, the consumption appetite and borrowing capacity of Colombians. Therefore, we focused on promoting savings as the first financing option, as well as providing responsible and sustainable financing through nanocredits backed by the guarantee funds FGA and FNG, which we offer digitally through the DaviPlata app, providing greater accessibility and security to our users.

As a result, we ended with a balance of COP 36 billion in DaviPlata's saving pockets, and granted *nanocredits* and *salary advances* to 58 thousand customers; for 53% of them, this was their first loan, while 18% of the total corresponds to micro-businesses that belong to the "popular economy."





## DAVIPLATA

**COP 11.7 trillion in total payments as of 2023, increasing by 75% compared to the previous year.**

This year, we made progress in expanding the acceptance of DaviPlata as a payment method, with 415 million successful monetary transactions and a 28% increase compared to 2022. We recorded deposits of COP 1 trillion and a 26% growth in total revenues. Turnover reached COP 11.7 trillion, with a 75% annual growth, highlighting services such as top-ups, utility bill payments, interoperable QR purchases, and virtual cards.

In the Business segment, we stood out by offering a secure and timely payment service. In 2023, 41 thousand companies made 13 million payroll and recurring payments to 1.6 million customers, and we expanded our business with compensation funds and companies with mass hiring and high employee turnover. Additionally, DaviPlata became the digital wallet that brought the most remittances to Colombia, with 140 thousand Colombians receiving money during 2023, mainly from countries such as the United States, Spain, and Chile.

We continued to be strategic allies of the National government and local administrations in the distribution of subsidies: we handed out subsidies of COP 1.1 trillion to 1.8 million beneficiaries of the VAT refund, Ministry of Education, Guaranteed Minimum Income, and Youth in Action programs. Thanks to improvements in our registration schemes, we succeeded in banking 90% of the beneficiaries of this last program, a total of 270 thousand young people.

We reached 2.7 million merchants, of which 2.4 million (88.9%) are small businesses; of the total, 1 million have interoperable QR codes, making us leaders with a 76% market share. Additionally, merchant turnover grew by 102%, reaching COP 7.2 trillion in the year. We also implemented a QR code to verify sales, unique in the country, increasing security and trust in the transactional process of our merchants. Thanks to our portfolio of 1.9 million virtual cards, we ended the year with a total turnover of COP 276 billion, representing a 9% increase.



This year, we brought the Ecosystem with Social and Environmental Impact model to 6 Colombian municipalities, reducing the use of cash and adding tourism approaches in 3 new municipalities. In total, we ended with over 51 thousand customers and transactions worth over COP 129 billion, promoting strategies to reduce the use of cash at the municipal level.

The key strategy this year was “Let’s paint Colombia with Davivienda red.” We reached neighborhood businesses, informal

vendors, entrepreneurs, taxi drivers, and catalog sellers with “Mi Negocio”, providing solutions to increase sales, expand reach to more customers, and grow their businesses. This strategy was implemented with troops, alliances, and synergies with the offices network, reaching strategic corridors and ensuring the closure of the business cycle through interoperable QR codes.

We promoted DaviPlata’s *openfinance* strategy through direct connection via APIs, benefiting businesses and providing financial products



to their customers. **We worked in partnership with chambers of commerce and regional businesses to ensure the implementation and adoption of digital channels.** Our API allows merchants to adapt to any sales channel, reducing cash usage and improving conciliation and issues related to theft to carriers.

**Our Virtual Store also experienced significant growth in turnover and customers,** thanks to the opening of our new *retail product marketplace*, offering popular *e-commerce* categories such as technology, fashion, and household items with over 40 thousand different SKUs. This new functionality strengthens our portfolio of products and services, providing a comprehensive experience to DaviPlata users. We increased turnover by 57% compared to the previous year, with sales exceeding COP 5.4 billion. Additionally, *marketplace*

transactionality increased by 152%, surpassing 230 thousand purchases. We also reduced the Cost of User Acquisition (CUA) of the Virtual Store from 27% to 1% compared to total sales, thus achieving higher campaign profitability.

In 2023, Cívica, the transportation app in the Aburrá Valley (Antioquia), experienced significant growth by adding 200 thousand new customers, reaching a total of 600 thousand. Thanks to its new features, improvements in user experience, and expansion of the partners network, we completed over 2.6 million QR-based trips on the Medellín Metro Network and enabled 2 new intermunicipal routes for QR payments. This year, we processed 4 million transactions worth over COP 61.4 billion, corresponding to utility bill payments, mobile top-ups, Cívica Card top-ups, and payments at merchants using QR codes.



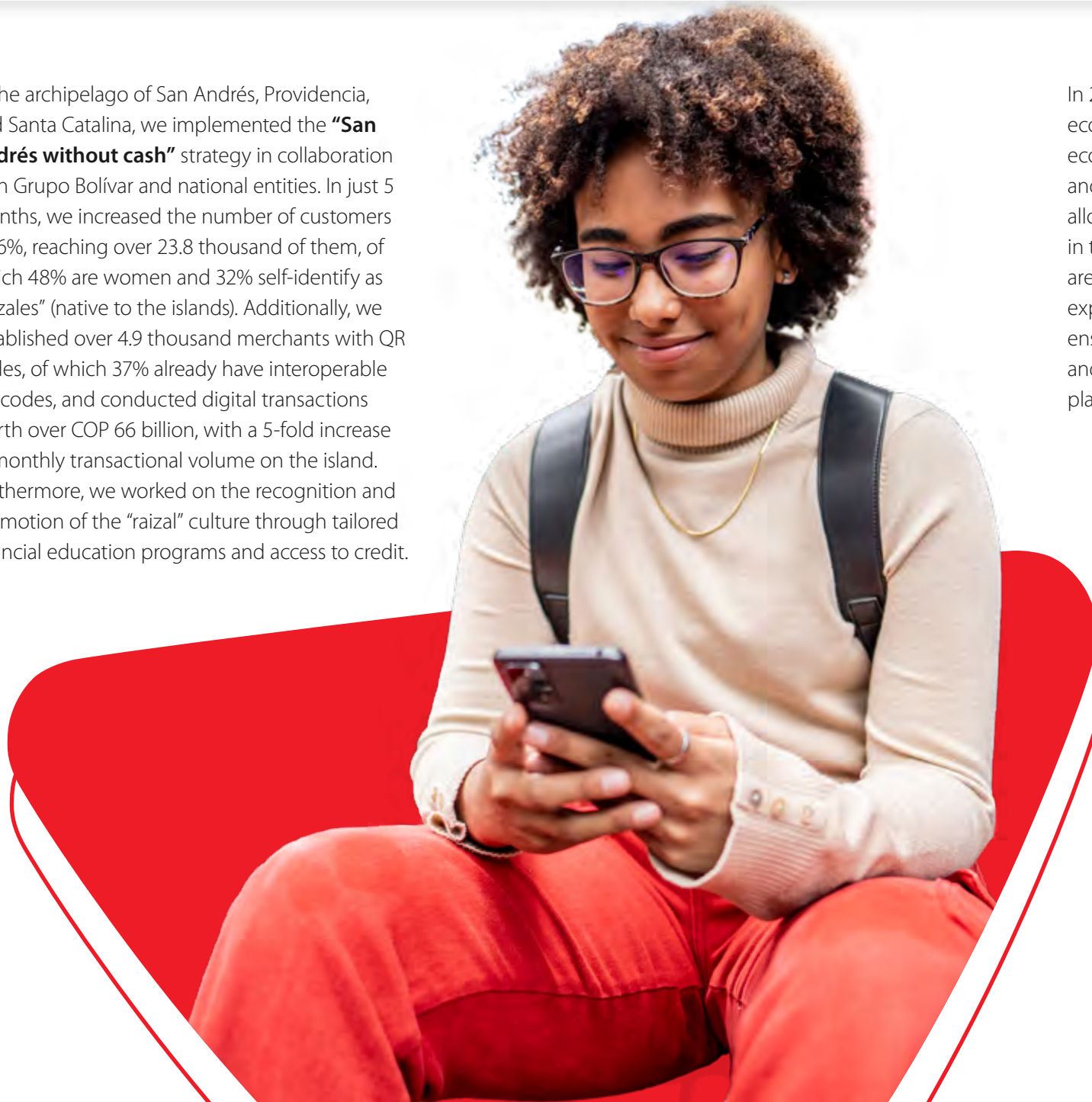


**Our Net Promoter Score (NPS) remained positive, reaching 71 points in the fourth quarter.**

Despite some events that affected this metric, we used methodologies and tools to collect customer feedback and take quick actions, such as process and functionality adjustments, anti-fraud campaigns, and prioritized bug fixes in the versions. Additionally, thanks to the implementation of a new service model with the “Need help?” button, we were able to reduce waiting times to speak with an advisor and resolve 72% of customer queries and requests through self-service channels.

In 2023, we launched the **“Youth +14” program with the aim of allowing young people between 14 and 17 years old to join DaviPlata.** Over 90 thousand minors registered, with a 70% activity rate<sup>32</sup>. The onboarding strategy was accompanied by financial education for the new users. Additionally, we reached over 94 thousand migrant customers on DaviPlata, of which 22 thousand joined in 2022 and over 34 thousand joined in 2023.

In the archipelago of San Andrés, Providencia, and Santa Catalina, we implemented the **“San Andrés without cash”** strategy in collaboration with Grupo Bolívar and national entities. In just 5 months, we increased the number of customers by 6%, reaching over 23.8 thousand of them, of which 48% are women and 32% self-identify as “raizales” (native to the islands). Additionally, we established over 4.9 thousand merchants with QR codes, of which 37% already have interoperable QR codes, and conducted digital transactions worth over COP 66 billion, with a 5-fold increase in monthly transactional volume on the island. Furthermore, we worked on the recognition and promotion of the “raizal” culture through tailored financial education programs and access to credit.



In 2024, we will continue to contribute to economic development and the popular economy as a key player in building a strong and prosperous country, driving projects that allow us to expand access to financial services in traditionally underserved communities. We are committed to providing a comprehensive experience through multiple access channels, ensuring that all communities have secure and efficient access to our services from our platform.

**COP 179  
BILLION**

**Total income in 2023, increasing by 26% compared to the previous year\*.**

\* Transactional income + Subsidy income + FTPs funding income (Funding Funds Transfer Pricing refers to income generated by DaviPlata as a result of providing funding to Davivienda).

<sup>32</sup> 90-day activity rate as of December 2023 (customers who have made transactions in the app in the last 90 days)

**COMMERCIAL BANKING**

In 2023, we continued to support companies by offering them tools to operate and reach new goals. The balance of our commercial portfolio in Colombia closed at COP 42.9 trillion<sup>33</sup>, representing 41.6% of our gross loan portfolio and a yearly decrease of 3.8%, due to a lower dynamic in the corporate and business segment, given the economic environment with high levels of inflation and interest rates, which decreased credit demand, as well as due to the perception of political uncertainty among business owners.

As of December 2023, our market share was 11.9%<sup>34</sup>, positioning us as the third largest bank in Colombia.

Our support for businesses is aligned with our digital strategy, in which we are market leaders. In 2023, we launched the new Business App, with a design based on current market trends that allows our customers to

have everything in one place. Through the Business App, our clients can make quick inquiries, receive alerts and notifications, make multi-company profile changes, open new products, receive offers and special campaigns, have personalized attention, and other benefits. All of this has allowed us to become the key channel for companies to carry out regular and simple transactions, and to support entrepreneurs in managing their businesses from anywhere with a modern and easy-to-use experience.

**CORPORATE AND BUSINESS SEGMENTS**

In Colombia, our corporate portfolio closed with a balance of COP 23.4 trillion<sup>35</sup>, and the business segment with COP 3.8 trillion<sup>36</sup>. Together, they totaled COP 27.3 trillion, with a yearly decrease of 3.2%, as a result of lower credit appetite and demand, given the local economic and political environment.

**INFRASTRUCTURE SEGMENT**

We maintained our position as a **key bank in the financing of infrastructure projects with significant impact on the development of Colombia**, supporting road, port, energy generation and transmission, and real estate projects, among others, which contribute to the competitiveness and progress of the regions. We highlight the financing of 4G roads and private initiatives, ports, and energy projects.

Due to their impact, all projects involve the participation of the Sustainability Directorate, where environmental, social, community, and governance issues are thoroughly reviewed. Additionally, these projects also go through good practice controls within the Environmental and Social Risk Management System (SARAS).

**CONSTRUCTION SEGMENT**

Once again, in 2023 we continued our **leadership in the Construction segment in Colombia**. Our portfolio balances closed with COP 6.8 trillion<sup>37</sup>,

representing a growth of 13.5% compared to the previous year and 6.6% of our gross portfolio in the country.

The year 2023 was a significant challenge for the construction sector; the construction activity faced a situation in which no large infrastructure projects of national interest were developed, since public spending was mainly focused on social programs. Likewise, a sharp drop in mortgage sales pressured the sector's activity downward. In fact, compared to 2019, mortgage sales decreased by 20% and withdrawals increased by 32%<sup>38</sup>. Therefore, we supported our clients affected by this situation to meet their obligations.

**We will continue to make efforts and reinforce policies, procedures, and capacity to continue offering banking and financial products aimed at sustainable construction.**



33 Individual figures limited to our operations in Colombia as of December 2023.

34 Source: Financial Superintendence of Colombia. Figures as of December 2023.

35 Individual figures limited to our operations in Colombia as of December 2023.

36 Individual figures limited to our operations in Colombia as of December 2023.

37 Individual figures limited to our operations in Colombia as of December 2023.

38 Sources: Camacol and DANE



# > Some Construction Projects Funded By Davivienda In Colombia, 2023



Excellence In Design  
For Greater Efficiencies  
**Edge**



**Los Nogales - La Felicidad** / VIS  
Constructora Colpatría S.A.  
Bogotá

**Park Living** / VIS  
Constructora Bolívar Bogotá S.A.  
Bogotá





**DC Home** / Mayor a VIS  
Arquitectura y Concreto S.A.S.  
Bogotá



**Reserva de Granada V** / Mayor a VIS  
Amarilo S.A.S.  
Bogotá  
**EDGE**



**Taio 138** / Mayor a VIS  
Coandes S.A.S.  
Bogotá





**Mazzaro** / VIS  
Ingeurbe S.A.S.  
Bogotá

**Uptown 127** / Mayor a VIS  
Dor Construcciones S.A.S.  
Bogotá



**Amatista - La Prosperidad** / VIS  
Constructora Capital Bogotá S.A.S.  
Madrid, Cundinamarca







Excellence In Design  
For Greater Efficiencies

**Edge**

**Valverde Olivo** / VIS  
Arpro Arquitectos e Ingenieros S.A.  
Chía, Cundinamarca



**Acqua** / Mayor a VIS  
Constructora Capital Bogotá S.A.S.  
Chía, Cundinamarca



**Entrelunas - Kerantá** / VIS  
Akila S.A.S.  
Gachancipá, Cundinamarca





**Portobelo** / Mayor a VIS  
Constructora Bolívar Cali S.A.  
Cali



**Nacar** / VIS  
Constructora Meléndez S.A.  
Cali



**Fioreli** / Mayor a VIS  
Constructora Bolívar Cali S.A.  
Jamundí, Valle del Cauca





**Ciudad del Bosque** / Mayor a VIS  
Arquitectura y Concreto S.A.S.  
Sabaneta, Antioquia



**Urbanity** / Mayor a VIS  
Constructora Capital Medellín S.A.S  
Medellín



**Allegro** / VIS  
Maz Proyectos Inmobiliarios  
Cartago, Valle del Cauca





**Conjunto Residencial Pelicano / VIS**  
Prodesa y Cía S.A.  
Barranquilla



**Conjunto Residencial Amazilia / VIS**  
Amarilo S.A.S.  
Barranquilla

**Ventura / VIS**  
Prodesa y Cía S.A.  
Soledad, Atlántico







**Gaia** / Mayor a VIS  
Amarilo S.A.S.  
Cartagena



**Aviva Sierra** / VIS  
Ospinas y Cía S.A. -  
Infante Vives S.A.S.  
Santa Marta



**Venecia Inn** / VIS  
Constructora Jiménez S.A.  
Santa Marta





**Nativo** / Diferente de vivienda  
Promotora Grupo Treinta S.A.S.  
Dibulla, corregimiento de  
Palomino, Magdalena



**Olmo** / Mayor a VIS  
Certificado Edge  
Núcleo Constructora S.A.S.  
Dosquebradas, Risaralda

**Monteverde** / VIS  
Grupo Empresarial Oikos S.A.S.  
Tunja





## SME SEGMENT

In Colombia, our SME segment closed with a balance of COP 8 trillion<sup>39</sup> and showed an annual growth of 2.3%. In a particularly challenging environment due to the economic situation experienced in 2023, we continued to take actions that allowed us to support entrepreneurs through a year with lower productive dynamics, reflecting our commitment to accompany our clients in the development of their projects.

We remain committed to being **the SMEs bank**, accompanying them at all stages of their business life cycle. We facilitate access to financial and non-financial solutions that allowed them to continue consolidating their business through our commercial support model and provided personalized advice on our product portfolio, aligned with the particular needs of each client, thus strengthening our relationship with each of them.

Resource irrigation to the market during the year allowed us to

consolidate as the third bank with the highest balance of placement in the country. We continue to count on partners such as the National Guarantee Fund and the rediscount banks Bancoldex and Findeter, allowing our clients to access development resources with simple and timely experiences.

Our transactional products were the protagonists in this segment; in collection, we had a positive increase of 14% in mobilized resources and 21.5% in the number of transactions compared to the previous year. Our digital collection channels stand out for their participation in mobilized resources, with a growth of 38.5%. Also noteworthy is the payment item, with a growth of 22.4% in mobilized resources and 11.9% in the number of transactions.

<sup>39</sup> Individual figures limited to our operations in Colombia as of December 2023.



Additionally, we launched the factoring solution, which provides our clients with benefits such as advancing the payment of their customers' invoices, improving their cash flow, obtaining immediate liquidity, tracking their negotiated invoices, and improving their accounts receivable indicators.

### OFFICIAL SEGMENT

We supported the government's investment plans through the financing of infrastructure, health, education, culture, and sports projects, among others. In this way, we also contributed to the country's economic growth and well-being.

The Official Banking segment ended 2023 with a portfolio balance of COP 1.3 trillion<sup>40</sup> and an annual growth of 8% compared to the previous year.

We will continue to work permanently to innovate and further strengthen our processes to efficiently and timely respond to the needs of our clients in this segment, maintaining ourselves as one of the banks with the highest participation in placement for territorial entities.

## AGRICULTURAL STRATEGY

We created a strategy to increase our market share and reach small producers. We had a 5% increase in the agricultural loan portfolio.



### AGRO SEGMENT

This year, we created an agricultural strategy to increase our participation and reach small producers with a new offer of financial and non-financial products. Thus, in 2023, we recorded a growth of 5% in our portfolio compared to the previous year. Our participation also increased from 13% to 14%, and we closed with a balance of COP 5.6 trillion<sup>41</sup> with Finagro portfolio; loans with our own resources closed at COP 6 billion.

As a result of our efforts, we received 2 awards from Finagro: first place in "Credit Democratization," for our work in placing Special Credit Lines for Women and Young Rural, benefiting small producers, and first place in "Productive Transformation 2023," for our performance in placing credits for food production. Additionally, we positioned ourselves as **the leading private bank for the country's small producers.**

<sup>40</sup> Individual figures limited to our operations in Colombia as of December 2023.

<sup>41</sup> Individual figures limited to our operations in Colombia as of December 2023.



# 14 THOUSAND PRODUCERS

have our **Tranquilidad Rural insurance.**

We continue committed to supporting the growth of the country's agricultural sector: in conjunction with Seguros Bolívar and the Fundación Bolívar Davivienda, we built the "Agricultural Ecosystem," a strategy to generate financial inclusion, provide technical assistance, mitigate risk, and ensure the sale of crops.

Furthermore, we promoted the use of agricultural insurance. With the Tranquilidad Rural insurance, we helped nearly 14 thousand producers mitigate the risk related to excessive rain or drought, giving them the security of recovering their investments with automatic payments to their accounts if the weather does not favor their crops.

Finally, in 2023 **we strengthened our leadership in attending to the country's small producers;** for this, we

expanded the offer with two new products: associative credit, aimed at associations, cooperatives, and organizations of the solidarity sector, to finance planting projects and other agricultural activities; and integrator credit, aimed at financing working capital and investment projects of potential clients of the SME, Business, and Corporate banking sectors, who will be responsible for the credit, and where the beneficiaries must be small businesses and small and medium producers with low incomes that operate in the agricultural business lines, mainly.

At Davivienda, we always seek innovation in our processes, and this year we achieved long-term alliances that allow us to make Colombian agriculture and agroindustry more prosperous and sustainable.





# > Wealth Management



Our Wealth Management business consists of Corredores Davivienda S.A. Comisionista de Bolsa and Fiduciaria Davivienda S.A., two companies focused on providing a diversified product offering with different investment options for our customers. To achieve this purpose, we continuously monitor the financial markets and manage several portfolios that allow our customers to obtain returns adjusted to their risk profile.

- ▶ **Corredores Davivienda:** one of the largest and most recognized Colombian companies in the sector, offers brokerage services, administration and custody of equity and fixed income instruments for a wide range of clients, from individuals to government entities.
- ▶ **Fiduciaria Davivienda:** positioned among the leading companies in the trust sector in Colombia, expands and diversifies the service portfolio of Grupo Bolívar through the design of products in investment funds and structured trusts.

In terms of business strategy, 2023 brought an important synergy between Fiduciaria Davivienda and Corredores Davivienda, allowing us to consolidate a wide portfolio of financial solutions from both entities in a single point of contact with the client in order to **offer a simpler experience and a comprehensive support tailored to the needs of our clients, including individuals and businesses.**

For example, we strengthened cross-selling procedures to enhance the value proposition of Corredores Davivienda's Private Banking segment by offering the Dafuturo Voluntary Pension Fund, managed by Fiduciaria Davivienda, to incorporate elements of tax planning.

We also reinforced the value proposition of delegated investments through funds managed by Fiduciaria Davivienda and Corredores Davivienda, in which financial market experts manage resources in accordance with each fund's policies and employ methodologies that seek proper portfolio diversification, risk mitigation and return optimization.

Thanks to the successful strategy and the strong performance of our products, the Wealth Management business of Corredores Davivienda and Fiduciaria Davivienda achieved revenues of over COP 295 billion, the highest figure in history, with a 19% increase compared to 2022. These revenues grew with a uniform trend throughout the year in most of the businesses, except for Davivienda Corredores' Investment Banking, which recorded outstanding and extraordinary revenues in the months of August and December. During the same period, the net profit of both subsidiaries totaled COP 91.7 billion, with Fiduciaria Davivienda earning COP 70.7 billion and Corredores Davivienda, COP 21.0 billion.

By the end of the year, the Wealth Management business ended with COP 67.0 trillion (USD 17.5 billion) in assets under management, of which COP 39.8 trillion (USD 10.4 billion) belong to Fiduciaria Davivienda and COP 27.2 trillion (USD 7.1 billion) to Corredores Davivienda.

In the delegated investment business, we increased our assets under management from COP 11.4 trillion to COP 14.9 trillion, representing a growth of 31%, and a 40 basis points increase in our market share, which closed at 10.6%. In terms of company breakdown, Fiduciaria Davivienda's market share in investment funds was 8.6% at the end of 2023, increasing by 27 basis points compared to the end of 2022. The market share of our Dafuturo Voluntary Pension Fund reached 8.5%, increasing by 46 basis points compared to 2022. In the case of Corredores Davivienda, its market share in investment funds was 19.7%, increasing by 56 basis points compared to 2022.

**COP 295  
BILLION**

**The highest income in  
the history of the Wealth  
Management business of  
Corredores Davivienda and  
Fiduciaria Davivienda.**

At the end of 2023, Fiduciaria Davivienda's Wealth Management business had over 363 thousand customers, representing a 9.5% increase compared to the previous year. Corredores Davivienda had approximately 109 thousand customers, showing no significant changes compared to 2022. In total, the Wealth Management segment had 482 thousand customers (including common customers), showing a 6.9% increase compared to the previous year.

**We continue to make progress in the digital transformation of our Wealth Management businesses and innovating with solutions that offer our clients the opportunity to invest in investment funds digitally,** with the option of contacting an advisor via videocall if they seek personalized advice without sacrificing the virtual experience. As a result, by the end of the year, 91% of all transactions related to funds and 93% of transactions associated with Dafuturo were conducted through digital channels.

We worked to consolidate an offering designed for each customer segment, through which they were able to take advantage of market opportunities that arose during the year.





## Wealth Management, an offering designed for each customer segment

Regarding collective investment funds, we launched 4 diversified funds that aimed to provide investors with access to a portfolio aligned with their risk profile. Additionally, we structured the "Artificial Intelligence Protected Capital Note" investment fund to offer our clients the potential upside of advancements in this technology. This fund attracted COP 25 billion in contributions, making it the collective investment fund with the highest fundraising in the industry for funds launched in 2023 with assets other than fixed income.

In Corredores Davivienda, we achieved a milestone with the launch of the largest private debt fund in Colombia, with commitments of COP 1.4 trillion. This fund offers sophisticated investors the opportunity to participate in the country's economic and social development by providing loans to companies in the Colombian corporate segment, leveraging Davivienda's expertise in this sector.

Regarding our alternative fund management, the approach of the Alternativa 120 collective investment fund stood out in this segment by maintaining a controlled volatility and offering our clients a diversifying investment alternative, thanks to its low correlation with traditional investments. In 2023, we achieved notable results by registering a 12.3% growth in assets under management.

In the Real Estate Fund, we worked with the consultant ERM (Environmental Resources Management) to strengthen the fund's sustainability, including important aspects such as portfolio characterization, formulation and development of materiality assessment and definition of sustainability guidelines and strategy.

Our Dafuturo Voluntary Pension Fund reached record figures, surpassing COP 2.8 trillion with a 23.7% growth compared to the previous year. We created 17 portfolios during 2023, among which we highlight:

- ▶ Exposure to credit risk by investing in economic rights with the new Alternativa 120 portfolio.
- ▶ Exposure to an Artificial Intelligence portfolio guaranteeing capital through a structured note.
- ▶ The creation of 6 funds designed for our Private Banking clients to delegate their family wealth and build portfolios tailored to their investment objectives and risk profile, while also obtaining tax benefits on their returns.

In other businesses, our Investment Banking operation had a remarkable performance by structuring the listing of Almacenes Éxito S.A.'s Brazilian Depositary Receipts (BDR) program in the Brazilian market and American Depositary Receipts (ADR)<sup>42</sup> program in the United States. This operation had an approximate value of COP 6 trillion and was a milestone for our Investment Banking and for the capital market, as it made Almacenes Éxito S.A. the first Colombian company listed in three markets. In addition, we participated in bond placements for companies such as Isagen S.A. E.S.P., Finesa S.A. BIC and Carvajal S.A., among others, with a value close to COP 1.2 trillion. We also provided advisory services in public acquisition offers and structured and corporate finance.

**COP 2,8 TRILLION**  
 record figure for the Dafuturo  
 Voluntary Pension Fund with  
 a 23.7% growth in 2023.

<sup>42</sup> They are certificates of deposit of transferable securities of an open-end company or similar.



## USD 115 MILLION

in assets under management by  
Davivienda Advisors, a subsidiary  
of Davivienda Corredores.

Furthermore, to complement our investment offering abroad and to meet the requests of our clients who wanted to have their investment accounts in the United States, **we launched Davivienda Advisors, an international subsidiary of Davivienda Corredores** that holds a registered investment advisor license under the supervision of the Securities and Exchange Commission (SEC). As of December 2023, it managed assets totalling USD 115 million (COP 439 billion).

In 2024, we will continue working on integrating the product offerings of Corredores Davivienda and Fiduciaria Davivienda with Banco Davivienda, so that our clients can meet their savings, investment and credit

needs in one place with a seamless experience. Simultaneously, in the investment front, we will promote the use of delegated management models through funds with our clients, so that they can benefit from expert management, investment diversification and professional risk management.

By the end of 2023, Fiduciaria Davivienda had 274 employees, representing a 0.4% increase compared to the previous year. Corredores Davivienda had 498 employees, a reduction of 5.1% compared to 2022. Thus, our Wealth Management division had a total of 772 employees, which represents a 3.3% reduction compared to the previous year.



## RESPONSIBLE INVESTMENT

*High ratings: In 2023, between 85% and 90% of Banco Davivienda, Davivienda Corredores and Fiduciaria Davivienda's sustainable (ESG) portfolios were rated as "outstanding" and "acceptable".*

ESG factors (environmental, social, and corporate governance) are criteria that are taken into account in the evaluation of a company's environmental performance and corporate practices. At Davivienda, **we are committed to including these factors in investment evaluations and better risk management.** We aim to build portfolios that adhere to the best ESG practices, as we recognize that from our role we can contribute to a healthy economic, social and environmental development.

This commitment is reflected in our responsible investment policy, which applies not only to proprietary portfolios and third-party portfolios but also to marketable assets whose results are shared with clients for decision-making purposes. In July 2023, we updated the policy to include a more comprehensive description of the ESG factors considered in investments, the relationship-building actions in asset management and the associated compliance management. This update was approved by the respective committees and boards of directors, and can be consulted at: <https://sostenibilidad.davivienda.com/>



In the framework of our commitment to integrating sustainability criteria into our investment decisions, at Davivienda and our subsidiaries Fiduciaria Davivienda and Corredores Davivienda, we adhered to the United Nations Principles for Responsible Investment (PRI) in November 2022.

Currently, in the evaluation of investments, we integrate ESG considerations through an internal questionnaire focused on three dimensions:

- ▶ **Environmental factors:** Related to efficient use of resources (eco-efficiency), biodiversity, environmental programs, greenhouse gas emissions, climate change and responsible procurement.
- ▶ **Social factors:** Related to human rights, labor practices, financial inclusion, human capital development and philanthropy.
- ▶ **Corporate governance factors:** Related to the composition and structure of governing bodies, risk management, code of conduct and sustainable financing policies.

In 2023, we evaluated 224 issuers. Each factor considered in the questionnaire has a differentiated weighting for the real sector and the financial sector, resulting in a final rating that allows us to classify issuers into different categories (outstanding, acceptable, deficient or insufficient). The results are presented to authorized decision-making bodies to select issuers deemed acceptable for investment portfolios.

The evaluation was based on the information reported in the 2022 management or sustainability reports of each issuer or with direct information provided in the survey and other channels that allow us to expand and complement the information obtained from the internal evaluation, mainly for those issuers considered relevant or special cases at the local level.

To monitor the different portfolios, we have implemented a "heat map" that allows us to visualize the composition according to the mentioned ESG rating criteria. As a result, as of December 2023, the portfolios were composed as follows:



## Portfolios' composition

**Banco Davivienda**  
 (including Davivienda's Miami branch): The proprietary position portfolio was composed of 85.1% issuers rated as "outstanding" and "acceptable".

**Corredores Davivienda**  
 The proprietary and third-party managed portfolios were composed of 86% issuers rated as "outstanding" and "acceptable", excluding assets that, according to responsible investment policy, are outside the ESG evaluation.

**Fiduciaria Davivienda**  
 The proprietary and third-party managed portfolios were composed of 90% issuers rated as "outstanding" and "acceptable".

**224**  
**ISSUERS**  
 assessed and rated in 2023.



**We continue working on the implementation of methodologies for:**

Identifying climate change risks, and characterizing and managing the Bank's investment portfolio in relation to transition risks and estimating invested GHG emissions, the results of which are presented in detail in the TCFD report.

Measurement based on the Global Standard for Accounting and Reporting of GHG for the Financial Industry, developed by the Partnership for Carbon Accounting Financials (PCAF).

Strengthening capabilities to estimate carbon measurements in the Bank's portfolios, aiming to have a first exercise of estimating invested GHG emissions and carbon intensity by the end of 2023. In 2024, we will continue expanding this scope, incorporating the estimation of investments in sovereigns and other previously not included assets.

Developing an expanded survey on climate issues to determine the climate maturity of issuers classified in the most carbon-intensive sectors. This process will allow us to have a better relationship with these issuers and understand the progress and opportunities in investment portfolios.

Additionally, different working groups were held and we defined the governance for the development and verification of the PRI report, as this is our first voluntary year. The score obtained in this first assessment will allow us to identify gaps and prioritize work plans. At the end of the year, we received the results of our first PRI assessment with information from 2022.

Regarding the identification of transition risks, it is worth noting that for the Bank (including Davivienda Miami), in 2023, 0.86% of the exposure was in sectors with high and medium sensitivity to these risks.

The financed emissions of fixed income and equity assets for the Bank as of the end of 2023 amounted to 79.3 thousand tons CO<sub>2</sub>e. This is equivalent, in terms of emission intensity, to 0.026 tons CO<sub>2</sub>e per COP 1 million invested. For more details, please refer to the TCFD annex.

# International Banking

Our international operation includes subsidiaries in Honduras, El Salvador, Costa Rica and Panama, which generate their income from a variety of financial products and services offered in each country, based on an effective value proposition for our multi-Latin customers. Our portfolio of products and services is designed to meet the needs of individuals, families, and businesses in these Central American communities, complying with the regulations of each country.

Through our operations in these 4 countries, **we provide value-generating services** such as loans, letters of credit, debit and credit cards, term deposits, savings and checking accounts, international transfers, online banking services, insurance and leasing.

Our business is subject to some seasonal factors. For example, during certain seasons, there is usually an increase in demand for

services such as credit cards and travel loans. Likewise, in certain countries, there is a higher level of commercial activity in the last quarter of the year, which can have a positive impact on our financial results.

On the other hand, our business is also subject to cyclical factors. During periods of economic recession, there may be an increase in loan delinquency levels and a decrease in

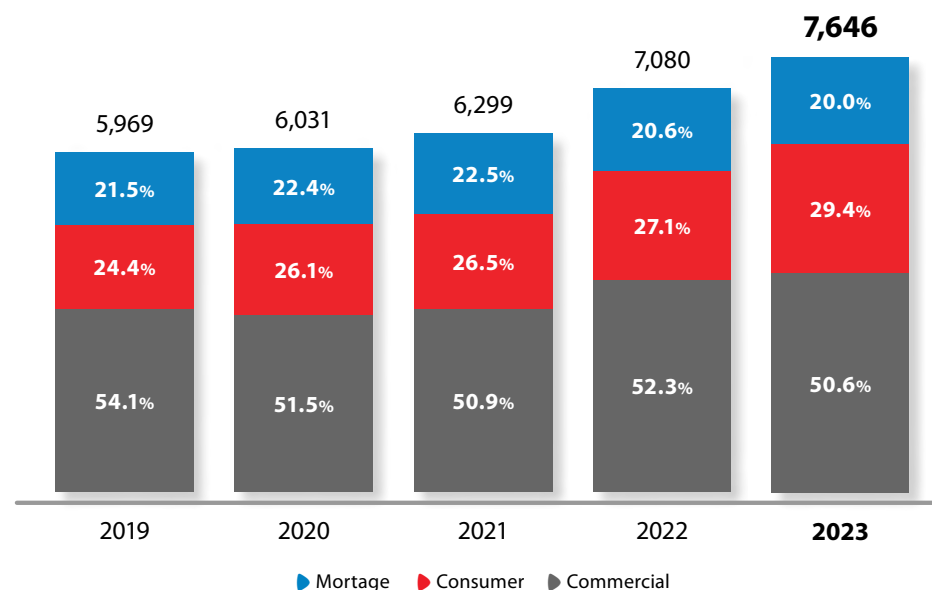
demand for some products and services. However, thanks to our strong financial position and the diversification of our portfolio, we are in a position to face these challenges and continue offering quality service to our Central American customers.

**Thanks to our contribution to the economic growth of the region through our financial products and services for individuals and businesses, our portfolio reached USD 7.6 billion at the end of the year,** with an annual

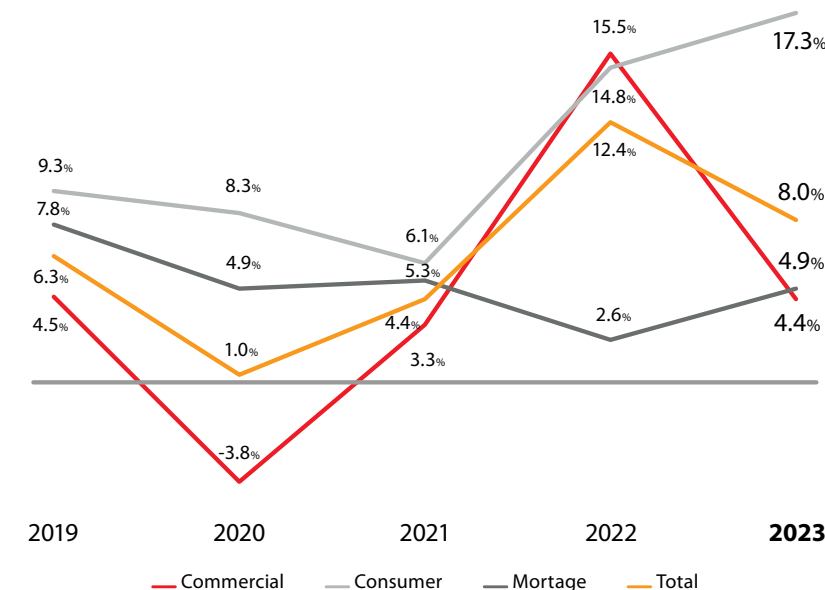
growth of 8.0%. The commercial portfolio grew by 4.4% up to USD 3.9 billion, driven by growth in Costa Rica (9.7%) and Honduras (16.0%). The Retail Banking portfolio closed with a balance of USD 3.8 billion, representing a growth of 11.9%, mainly due to a 29.1% increase in the consumer portfolio in Honduras. On the other hand, deposits reached USD 7.8 billion, with an annual growth of 10.4%, while demand deposits grew by 3.3% and term deposits increased by 20.7%.

## Gross Loans by segment

(in USD million, except percentages)



## Gross Loans growth by segment





We achieved a gross financial margin of USD 473 million, which increased by 10.5%, driven by the growth in financial income and partially offset by higher financial costs due to the widespread increase in interest rates. Provision expenses increased by 67.5%, while non-financial income did not show significant changes.

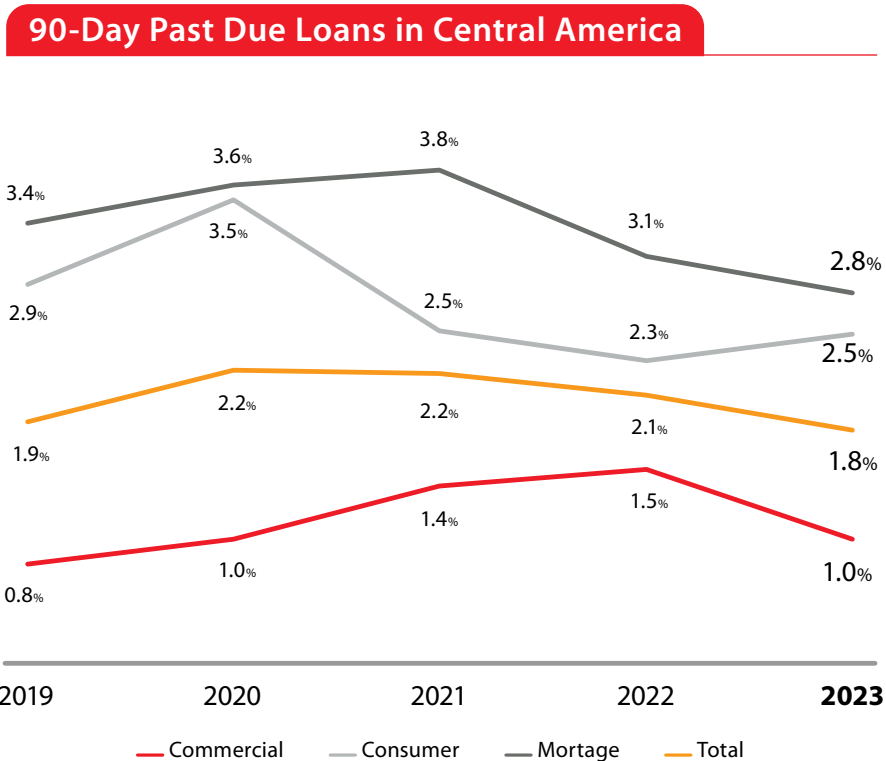
Operating expenses grew by 13.0%, mainly due to salary increases and the appreciation of the Costa Rican colón. Income from foreign exchange and derivatives had a negative result due to the 12.5% appreciation of the Costa Rican colón against the US dollar during the year. As a result, we had a profit of USD 81.4 million in 2023.

In 2023, we faced the challenge of maintaining stability in the asset quality indicators in different jurisdictions. Despite the macroeconomic movements, we managed to maintain delinquency indicators comparable to pre-

pandemic periods, similar to those of 2022. At the end of 2023, 90-day PDLs comprised 1.8% of gross loans.

Overall, asset quality improved in Panama and Costa Rica, especially in the commercial and mortgage

segments. El Salvador experienced a deterioration with an increase in delinquencies in the consumer and mortgage segments, while asset quality in Honduras remained stable.





**WE ARE A LEADING BANK IN CENTRAL AMERICA**

Our results have positioned us as a reference in the Central American market, reaching thousands of households and businesses with simple, reliable and friendly services and products. We closed 2023 with 413 thousand customers in Honduras, 860 thousand in El Salvador, 381 thousand in Costa Rica and 21 thousand in Panama, for a total of 1.7 million customers. This figure represents an increase of 8.7% compared to the previous year.

Our market share in the loan portfolio was 7.8% in Honduras, 15% in El Salvador, and 8.0% in Costa Rica. We highlight the increase in the mortgage loan portfolio share in El Salvador by 50 basis points, and in the consumer loan portfolio in Honduras by 190 basis points.

Regarding deposit market share, we increased by 50 basis points in Honduras and maintained a stable position in El Salvador (13.6%). In contrast, in Costa Rica, we reduced

**1.7 MILLION CUSTOMERS**

**in Central America, 8.7% more compared to the previous year.**

our market share by 30 basis points, mainly in term deposits, whose share decreased from 9.8% in 2022 to 8.5% in 2023.

We have demonstrated that we are a leader focused on customer satisfaction and loyalty, especially in the commercial sector, as we have achieved high Net Promoter Scores (NPS) in the Central American countries where we operate. The values of this indicator reflect our dedication to understanding customer needs and providing exceptional service.

In Costa Rica, the NPS was 80, consolidating our leadership position. In Honduras, El Salvador, and Panama, the NPS scores were 69, 64, and 71, respectively, showing solid results compared to the competition.

The introduction of analytical models has provided us with new insights, highlighting key indicators such as First Contact Resolution (FCR), which measures efficiency in resolving inquiries from the first contact.

Furthermore, we have initiated the implementation of the Voice of the Customer (VOC) desk framework to identify and address the issues our customers face at different contact points, strengthening their experience and meeting their expectations across our various channels.

**These initiatives demonstrate our ongoing commitment to improving customer satisfaction, utilizing advanced data analytics and innovative strategies** to adapt and effectively respond to the changing needs of the financial market.



## DIGITAL TRANSFORMATION IN OUR CENTRAL AMERICAN OPERATION

We continue to make progress in our digital transformation, as **we are pioneers in delivering a digital offering in Central America**. We are driving the adoption of products such as mobile credit cards, mobile payroll loans and balance transfers. We have issued over 14,800 credit cards and disbursed mobile payroll loans amounting to USD 4 million in the first 6 months since their launch. Thanks to this transformation, we have increased the proportion of sales through our mobile products from 28% in 2022 to 31% in 2023, allowing us to maintain our leadership in the region with a comprehensive mobile offering. Additionally, in 2023, we reached a 69% digital customer base in the region.

### With regards to our Commercial Banking segment, we have made significant progress in the digitization of our services.

In this segment, the migration to the cloud has allowed us to improve the management of our technological resources and increase the stability of our main transactional channel, Online Banking. Thanks to this process, **we have improved response times for transactional and inquiry services**, contributing to a 17% growth in transaction amounts in this segment during 2023.



**69%**  
**OF OUR CUSTOMERS**  
**are digital in our Central**  
**American subsidiaries.**

We also made progress in the commercialization of specialized payment solutions, providing our customers with tools to support payment management and treasury reconciliation in real-time. These solutions had a positive impact on the experience of our corporate clients, who made over 887 thousand host-to-host (H2H) payments in 2023, representing a 24% increase

in transaction amounts through this channel across the region. In the multi-Latin customer segment, our Regional Business Portal experienced a 7% increase in transaction volume.

In El Salvador, we led the digital adoption with a wide range of products that accounted for 56% of sales for our Retail Banking segment. Additionally, we promoted financial inclusion through DaviPlata, which facilitated the receipt of remittances totaling over USD 8 million and experienced a 25% growth. Similarly, we implemented a digital payment ecosystem in the municipality of Quezaltepeque and strengthened our strategy for secure contactless payments with the interoperable QR **Quickpay Davivienda**, which recorded over 36 thousand transactions, equivalent to a 124% growth compared to the previous year. We also innovated with **QR Quickpay Lite Davivienda** for small businesses and entrepreneurs, offering a payment and monitoring option through WhatsApp.

In Costa Rica, we achieved over 30% of our product placements through digital channels. Additionally, we consolidated our P2P payment application, SINPE Móvil en Línea, with over 2 million transactions and an annual growth of 103%. The digitally included Commercial Banking products continued to gain relevance in the Costa Rican market. It is worth noting that **20% of participation and compliance guarantees were generated through Online Banking.**

In Honduras, as of the end of 2023, 47% of our active customers were digital, enjoying instant access to their accounts and fast payment services, and having greater control over their finances. And, as cybersecurity is a priority, we implemented robust measures to protect information and ensure secure transactions. In terms of digital sales, we achieved significant percentages in our Retail Banking segment: 29% in total, 28% in payment methods and 38% in salary advances.

In Panama, the digital sales indicator for the Retail Banking segment reached

68%, which represents a positive difference of 10 basis points compared to the established goal for the year. 69% of our customers were digital, and the usage of the Davivienda App grew by 22% compared to 2022, while Online Banking increased by 29%.

### NEW PRODUCTS LAUNCHED

During 2023, we remained committed to providing enriching experiences for individuals and businesses in Central America with new products that are simple, reliable, and user-friendly.

The Commercial Banking segment strengthened its value proposition with new functionalities in online banking, such as **Digital Disbursements**, which generated over USD 85 million in working capital resource utilization through this channel, catering to both large enterprises and SMEs. We also improved the international transfer service with **Swift GPI** functionality, allowing customers to check the status of their operations online and have efficient communication with their payment recipients.

In terms of experience and security, we enhanced the verification mechanisms in Costa Rica and deployed them for use in the Regional Business Portal, aiming to provide a better experience for our multi-Latin customers. Additionally, we made improvements in connection services to offer

specialized payment methods to customers with regional presence. These enhancements enabled us to address the needs of our customers with advanced technological structures and improve treasury and accounting operational management.





## Davivienda's presence in Central America. 2023 highlights:



### DAVIVIENDA HONDURAS

We continue to expand our portfolio of digital products with the **Digital Remittances Account and mobile payroll with balance transfers**. This provides our customers with more options for personalized experiences, convenience and efficiency in their day-to-day financial management.



### DAVIVIENDA EL SALVADOR

We launched the **Portfolio along with mobile payroll**, which includes the possibility of balance transfers in a single request. We also implemented the option hiring and disbursing **Salary SOS** through the Davivienda App to provide an offering that easily covers our customers' cash needs. In terms of liabilities, we moved the process of opening **Fixed-Term Deposits** to our mobile application.

### DAVIVIENDA COSTA RICA

We continue to strengthen our digital strategy: with the launch of our alliance with **Google Pay**, our customers can now make secure contactless payments directly from their Android mobile devices using NFC technology. This complements the offering of Apple Pay launched in 2022.

We also continue to transform and strengthen our portfolio of services and products with the implementation of the **Mobile Payroll Deduction Loan**, targeting clients of companies that have payroll agreements with Davivienda. Additionally, we have enabled the option to apply for the **FarmaValue credit card** through the Davivienda



App, allowing our customers to save 5% on purchases made at any FarmaValue store nationwide.

Furthermore, we have solidified the offering of the **Pymes Davivienda team in Costa Rica**, with over 90% of digital customers. For the third consecutive year, we have surpassed our goals, achieving a 28% growth in the loan portfolio, a 27% increase in deposits, and a 62% rise in commission income. Parallel to our financial offerings, we continue with **Trampolín Comercial Davivienda**, our business support program, providing training to over 250 small and medium-sized entrepreneurs to strengthen their management.



### DAVIVIENDA PANAMÁ

In 2023, **debt consolidation and International Savings Account** were added to our digital product offering. This positions us as **the No. 1 bank in Panama with the best and most comprehensive range of digital products**, offering 10 products that provide 100% self-service experiences for our customers.

In the Commercial Banking segment, we have developed new liability products for our corporate and business customers. Notably, the **High-yield Checking Account** stands out, combining attractive daily balance profitability with the flexibility, convenience, liquidity, management and transaction capabilities of a traditional checking account. Additionally, we offer the **Concentration Account**, designed for companies with centralized treasury or managing multiple accounts with different purposes. This account allows the consolidation of funds at the end of the day into a primary account, providing profitability to surplus balances.



### SUSTAINABILITY RESULTS HIGHLIGHTS

In 2023, our focus shifted towards sustainable finance management, emphasizing inclusion, prosperity and natural capital through innovative solutions in savings, financing, payment methods, investment and insurance services. This aims to contribute to a more sustainable, prosperous, and competitive economy.

Detailed information about our green and social financing portfolio is available in sections 8.1. Green Financing and 7.1. Social Financing of this report.

Additionally, our international subsidiaries employed approximately 4.3 thousand people, representing a 2.3% increase compared to the previous year.

**4.3**  
**THOUSAND EMPLOYEES**  
in our international  
subsidiaries.



# > Corporación Financiera Davivienda



Corporación Financiera Davivienda S.A. is a credit institution, subsidiary of Banco Davivienda and established in 2019, which focuses on encouraging the country's economic development by promoting and supporting real sector companies with high potential for long-term sustainable growth. The Corporation aims to contribute to job creation and the strengthening of sustainable business development.

In 2023, Corporación Financiera Davivienda continued to support the development of entrepreneurship by investing directly in projects or through investment funds. For this purpose, **Datio Inversiones was created, a new investment vehicle focused on the development of real estate projects**, in which two investments were made for COP 37 billion, reaching a total investment portfolio value of COP 505 billion, representing an increase of COP 110 billion (22%) compared to 2022.

91% percent of the Corporation's investment portfolio is composed of

Colombian companies and companies from other 9 countries represent the remaining 9%. Investment growth is leveraged by capital and the Corporation had COP 426 billion in equity at the end of 2023.

To reduce exposure to income seasonality, the Corporation has a diversified investment portfolio. Regarding business cyclicity, a decrease in income may be experienced during periods of economic recession. However, during periods of economic boom, the demand for resources may increase significantly, allowing the Corporation to obtain profits.

In 2023, Corporación Financiera Davivienda recorded a negative net profit of COP 105 billion, due to its participation in early stages of companies that are still in investment and development phases and have not reached their break-even point.

In the future, the Corporation will continue to invest in opportunities that allow the development of Banco Davivienda's strategy.



As of December 2023, there were 5 financial corporations operating in the Colombian financial system, with assets totalling COP 30.7 trillion and equity totalling around COP 15.3 trillion, which represented a growth of 11.3% and 1.6%, respectively, compared to the same month of the previous year. Currently, the Corporation holds a market share of 1.4% in assets and 2.8% in equity<sup>43</sup>.

Finally, as of December 2023, the Corporation had 12 employees (6 women and 6 men), representing a 9% increase compared to the previous year.

<sup>43</sup> Figures as of December 2023.



# 4. TRUST

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*



## TRUST

We build **trusting relationships** with our stakeholders and ensure that we always act with **ethics and transparency** under the highest standards of **good corporate governance**. We manage and anticipate **risks**, including emerging risks, information risks, and other risks inherent to the businesses we operate.



## > Integrated risk management

*The integrated risk management of the Bank and its subsidiaries is based on a governance structure aimed at achieving strategic objectives.*

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### GENERAL FRAMEWORK

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On a basis of risk management, administration and control that supports business growth and opportunities, our efforts are focused on compliance with the strategy and control of associated risks.

Macro-processing or business lines that are more representative in the strategy or that generate greater exposures to risks are accompanied by specialized areas responsible for determining the effectiveness of risk management.

Each unit has different dimensions of risk and different operational complexities. Therefore,

there are business units with associated risks that need to be analyzed more thoroughly. In each case all other risks identified in the business are integrated.

Similarly, each business cycle has different dimensions, which are managed by specialized teams using vertical risk; its function is to assess the strategic, technical and operational risks in a comprehensive manner. At the same time, risk cross-sections are responsible for assessing the common and independent risks of the nature of their origin generated in the processes that support the business units.



# Integrated risk management framework

Our superior purpose:  
**Enriching Life With Integrity**

**Strategic management**

Strategic risk ▶  
Technical risk ▶  
Operational risk ▶



**Operational risk** ▶

- ▶ Technology
- ▶ Business continuity
- ▶ Third parties and allies

**Fraud risk** ▶

- ▶ Cybersecurity
- ▶ Information security
- ▶ Authentication
- ▶ Internal fraud

**Environmental, social and climate change risks**

**Asset and liability management**

**Country risk**

**Money laundering prevention - Regulatory compliance - Internal control**

**Audit**



# THREE DEFENSE LINES

involving all areas of the organization to identify and control risks.

The integrated risk management of the Bank and its subsidiaries is aligned with the corporate risk management of the Grupo Empresarial Bolívar, which involves analysis of present and future exposures, the framework for managing them and the impact on the implementation of strategic objectives.

The implementation of the integrated Risk Management model is carried out within a clear framework of segregation of duties in order to achieve timely identification of risks and independence between risk management and control functions. To this end, three lines of defense have been defined involving the participation of all areas of the organization:

► **First line of defense: Business lines, operations and commercial.** Business, commercial and operations functions that carry out the identification, evaluation, control and primary monitors of the risks to which they are exposed, taking as guidance the guidelines and policies issued by the areas of risk and compliance.

► **Second line of defense: Risk areas, internal control and regulatory compliance.** Promote and protect the appropriate control scheme on risk management through independent monitoring of exposure levels, compliance with the levels of risk, capital and liquidity of appetite levels approved by the Board of Directors.

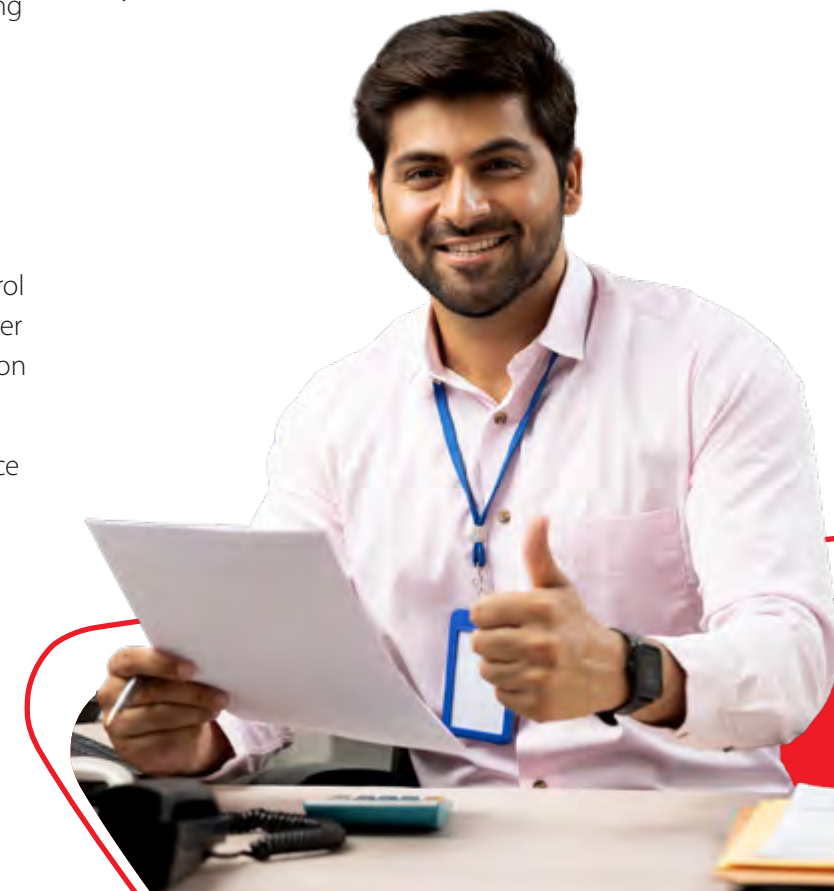
► **Third line of defense: Internal and external audits.** Independent evaluation of integrated risk management through the review of the effectiveness and efficiency of internal processes and controls.

Emphasizing the management performed by the third line of defense within the risk management and control structure defined in Davivienda, it should be noted that both the Internal Audit and the External Audit (the latter in charge of the Statutory Auditor) periodically carry out independent evaluation processes of each of the specialized risk management systems and, in particular, the integrated risk management, seeking to assess the degree of effectiveness of risk management and identifying recommendations that contribute to compliance with such management. It has direct access to the Board of Directors and the Audit Committee, ensuring adequate follow-up and control of risk management compliance, in order to safeguard the solvency and reputation of the organization.

In 2023, the Internal Audit, in compliance with the Statute and Audit Policies, deployed the annual plan approved by the Audit Committee, based on the independent risk assessment. The audit work was executed reporting the findings and opportunities for

improvement on the different aspects of the Internal Control System (ICS) and risk management, with their respective action plans.

Finally, the External Audit issues a consolidated concept on its independent evaluation of the integrated Risk Management, which is published in the Notes to the Bank's Financial Statements at year-end.





## GOVERNANCE STRUCTURE

*Our organizational structure is designed to respond to business development needs and adequate risk and compliance management.*

We have the following risk management bodies:

### Structure of committees and collegiate bodies

#### Board of Directors

They are the main risk managers at the Bank and Subsidiaries. These evaluate the risks associated with the business and support the work of the control bodies on issues related to integrated Risk Management, within the regulatory parameters. They define risk policies and risk appetite, and are responsible for ensuring that they are met.

#### Compliance Committee

It is a supporting body that reports to the Board of Directors and is responsible for validating and monitoring the implementation and execution of the Anti-Money Laundering and Counter-Terrorism Financing Risk Management Program in line with the guidelines provided by the Senior Management of Banco Davivienda, in accordance with current regulations and best market practices.

#### Strategic Alignment Committee

It is a supporting body to the President of Banco Davivienda and the Executive Vice Presidents, which is responsible for monitoring the strategic focus areas of the Organization, in line with the guidelines of the Board of Directors.

#### Audit Committee

It is a supporting body that reports to the Board of Directors and is responsible for overseeing the activities of internal audit and external audit in terms of evaluating the methodology and implementation of the risk management model and the internal control system of Banco Davivienda. It issues recommendations on risk management carried out by the different risk committees.

#### Corporate Risk Committee

It is a supporting body that reports to the Board of Directors and is composed of 3 of its members, whose main responsibility is to ensure the proper functioning and levels of risk exposure in Davivienda. This responsibility is carried out through the monitoring and supervision of tools that allow visualizing the overall exposure of the Entity and prioritizing work fronts. This Committee monitors the risk profile and confirms its alignment with the risk appetite framework, evaluates the impacts on the implementation of regulatory changes related to risks, reviews the most relevant aspects of specialized risk functions, as well as monitoring the results of stress tests.

#### Risk Specific Committees

These are defined based on the types of risks, and their main function is to manage the risks under their responsibility through the monitoring of controls and policies that allow identifying compliance with the risk appetite, reviewing the impacts of current and potential risks, and making timely decisions and escalating them to the necessary bodies such as the Presidency, the Corporate Risk Committee, and the Board of Directors.

**MANAGEMENT TEAM RESPONSIBLE FOR RISK MANAGEMENT**

▶ **Álvaro José Cobo Quintero<sup>44</sup>**

**Executive VP. Risk**

Leads the compliance and execution of Banco Davivienda’s integrated risk management, including the principles and philosophy of risk culture. It is independent from the business units, which it advises and supervises through the risk control model. It reports directly to the President, the Corporate Risk Committee and the Board of Directors.

▶ **María Carolina Restrepo Frasser**  
**Executive VP. Financial Risks of Grupo Empresarial Bolívar**

She is responsible for identifying, measuring, managing, and ensuring that market, liquidity, credit, conduct, and operational risks of treasury operations are within the defined risk appetite, both for proprietary portfolios and third-party resources. She operates independently from the business units and has a direct reporting line to the Presidency and the Board of Directors.

▶ **Liliana Alvis Cruz**

**VP Compliance**

She manages and coordinates the compliance program, including the risks associated with money laundering and terrorist financing. Additionally, her responsibilities include promoting, developing, and ensuring compliance with specific risk prevention and mitigation procedures. She reports directly to the Presidency, the Board of Directors, and the Compliance Committee.

▶ **Danilo A. Cortés Cortés**

**VP Audit**

He is in charge of independently evaluating the risk and compliance areas, as well as the methodology and implementation of the Bank’s integrated Risk Management model. It has a direct reporting line to the Audit Committee and the Board of Directors, escalating the results of the audit on the functioning of controls, the status of risks and recommendations to management.

**MAIN RISKS**

The main risks are the macro risk categories used to monitor and control exposures that have the greatest impact on the organization. The main risks, which are discussed in this section, are regularly reported to the Board of Directors and Risk Committees. The Risk Management section provides a more detailed picture of how risks are managed.



**Risks and mitigation actions**

Category	Behavior - Risk performance	Major mitigation actions
<b>Credit risk</b>	The persistence of significant increase in inflation, high interest rates and slowdown in the economy during 2023 resulted in a deterioration in the expected level of portfolio losses, as well as an increase in asset quality indicators and lower growth dynamics.	<ul style="list-style-type: none"> <li>▶ Adjustments to originating policies.</li> <li>▶ Strengthening in the collection models.</li> <li>▶ Continuous monitoring of the measures implemented.</li> <li>▶ Proactive sectoral review to address sectors with impaired circumstances (high rates, El Niño phenomenon etc.)</li> </ul>
<b>Operational risk</b>	The highest operational risk has been focused on fraud due to the theft of customers’ digital identity, where through social engineering the customer’s biometric data and their credentials are compromised to enter digital channels, thus materializing fraud in opening asset products or in purchasing transactions or transfers.	<ul style="list-style-type: none"> <li>▶ Strengthening of analytics in risk engines.</li> <li>▶ Implementation of a new facial biometric identification tool as a method of authentication for our customers.</li> <li>▶ Enhancement of transactional flows such as card data viewing and card provisioning in wallets.</li> </ul>

<sup>44</sup> According to the organizational changes approved by the Board of Directors in December 2023, Álvaro José Cobo Quintero assumed the role of Executive Vice President of Risk effective from January 1, 2024.



Category	Behavior - Risk performance	Major mitigation actions
<b>Liquidity risk</b>	<p>Due to the economic slowdown and high interest rates, low loan portfolio growth levels were presented, so no pressure was presented on short- and long-term liquidity indicators.</p> <p>The liquidity risk remained stable during the year, complying with internal and regulatory indicators in each company.</p>	<ul style="list-style-type: none"> <li>▶ Permanent availability of high-quality liquid assets, in accordance with the balance sheet, strategy and risk appetite structure.</li> <li>▶ Prospective management where future contractual and non-contractual requirements are estimated at different time and scenarios, in order to ensure the sufficiency of liquid assets and anticipate possible changes.</li> <li>▶ Continuous monitoring of the composition and structure of the enclosure of each company, to ensure the capacity to finance structural assets.</li> </ul>
<b>Market risk</b>	<p>Due to the high volatility of capital markets during 2023, no additional directional positions were taken in the risk factors to which the portfolio is exposed, and market risk remained stable.</p> <p>The exposition during the year remained within the limits of appetite, complying with the defined control scheme for each business model.</p>	<ul style="list-style-type: none"> <li>▶ Daily measurement and monitoring of market risk management metrics, early warnings and compliance with risk appetite limits.</li> <li>▶ Analysis and tracking of profits according to the budget and the tolerated level of exposure.</li> <li>▶ Segmentation of risk strategies and profiles by business model.</li> </ul>
<b>Risk of Assets Laundering and Terrorism Financing</b>	<p>The risk management of Asset Laundering and Terrorism Financing during 2023 was strengthened according to the existing context, executed according to the established methodology.</p> <p>The implementation and strengthening of policies, procedures and technologies allowed the detection and mitigation of illicit activities in risk factors, highlighting that no relevant risk events materialized during the period were presented.</p>	<ul style="list-style-type: none"> <li>▶ Implementation of operational controls and execution of operations monitoring through rules that allow the identification of unusual and/or suspicious patterns related to LAFT and PADM.</li> </ul>
<b>Country risk</b>	<p>The country risk remains stable by 2023, but is constantly monitored, ensuring that the diversification strategy is aligned with appetite and risk policies.</p> <p>To date, the investment destination countries have not shown any warning signs as to factors that may impact their economic, political, legal and environmental situation.</p>	<ul style="list-style-type: none"> <li>▶ Early warning scheme to events or systemic situations involving changes in the country risk profile.</li> <li>▶ Interdisciplinary Bureau that analyses the economic, political, legal and environmental context of investment destination countries.</li> </ul>



## STRESS TESTS

Stress tests are an exercise that seeks to identify the risks to which the Bank is exposed and which, if they materialize, may affect its viability. The results of these tests are used to identify risks and to define the appetite framework within which the business plan is developed.

Within the framework of the stress tests, the Stress Testing Scheme (STS) is developed under the guidelines of Chapter XXVIII of the Basic Accounting and Financial Circular. This scheme seeks to identify the vulnerabilities of the entities, enrich the decision-making process for risk management, examine the quantity and quality of their capital, liquidity, assets and liabilities according to their risk profile, as well as assess the viability of their business plans. In this way, the STS helps to strengthen risk management and complements the capital adequacy assessment

processes. Based on the results of this exercise, the loss absorption capacity of the capital components is sized and adapted to the current and potential risks faced by the entity in the development of its business plan.

The Bank develops the STS in accordance with the timelines established by the Financial Superintendency of Colombia. The results obtained are evaluated throughout the year, becoming a reference point to follow up on the actual evolution of solvency ratios and other projected indicators, and thus evaluate possible future scenarios of the Bank to enrich risk management.

In 2023 the Bank conducted the STS assuming an environment of economic recession, high inflation, with slow growth, without reaching the target range of the Central Bank, high interest rates and unemployment. This environment causes a generalized

affectation of the portfolio, especially the consumer portfolio. In addition, a cyber-attack is assumed to materialize. On the other hand, there are also adverse effects due to restrictions in access to local and international funding. The results are used for the development of preventive and corrective mitigating measures that broaden the Bank's action framework to face real stress scenarios.

## RISK APPETITE FRAMEWORK

For Davivienda, it is essential to identify and evaluate the current and potential risks inherent to the activities carried out in the normal course of business for their proper management. **The Risk Appetite Framework identifies those risks, and evaluates and defines whether they are assumed, mitigated, avoided or transferred.**

# STRESS TESTING FRAMEWORK

our benchmark for evaluating future scenarios and enriching risk management.

From Davivienda's taxonomy, the risks to which the entity is exposed in the development of its activities are classified into three main axes: Financial, non-financial and strategic risks. These risks are systematically evaluated through the entity's risk profile, which establishes a set of metrics that allow the Risk Committees and Board of Directors to actively monitor the risk appetite.

These risk metrics are delimited by specific zones that allow determining, through quantitative and qualitative

analysis, the entity's risk exposure level. These metrics are expressed in terms of capital, liquidity, volatility and profitability.

Despite the great challenges of 2023 in the economic outlook, the anticipated and active management of risks allowed Davivienda **to maintain capital and liquidity levels in accordance with the risk appetite, and maintains its active management focused on the credit quality of the loan portfolio and the operational risk** associated with the Bank's activities.





## RISK MANAGEMENT SYSTEM

- 1 Strategic risk
- 2 Credit risk
- 3 Market Risk
- 4 Liquidity Risk
- 5 Operational Risk
- 6 Country Risk
- 7 Risk of Money Laundering (ML) and Terrorist Financing (TF), Anti-Corruption Program and Foreign Account Tax Compliance Act (FATCA/ CRS Standard)
- 8 Fraud Risk
- 9 IT Security and Cybersecurity
- 10 Data protection and privacy risks
- 11 Technological risk
- 12 Risks of Third Parties and Allies
- 13 Business Continuity
- 14 Compliance Risk
- 15 Environmental, Social and Climate Change Risk
- 16 Reputational risks and brand management
- 17 Emerging Risks

### STRATEGIC RISK

For Davivienda, strategic risk is understood as the possible deviation from the expected results as a consequence of strategic decisions, the improper application of said decisions and/or the lack of response capacity to changes in the environment.

Strategic risk management is a continuous process that incorporates both control of strategy execution and

integrated and systematic evaluation of strategic decisions, in both cases seeking to ensure compliance with the Bank's strategic objectives.

In order to fulfill this purpose, in 2023, efforts focused mainly on strengthening the proactive monitoring scheme of the defined strategic focuses and the identification of changes in the environment. The scheme is based on **four dimensions** to measure the **performance** and execution of the **strategic plan**:

- 1 **Growth**
- 2 **Profitability**
- 3 **Risk**
- 4 **Service**

On the other hand, governance was reformulated around strategy management, giving it attributes of flexibility and transversality, aligning it with the changing and adaptive nature of the strategy. This structure facilitated the systematic evaluation of strategic decisions by enabling top-down and bottom-up feedback schemes throughout the system.

The year 2023, being a challenging year in the economic environment with a scenario of high interest rates and inflation, required a timely follow-up of the behavior of our loan portfolio, defining this as one of the main strategic focuses. In the different committees and Board of Directors, a particular strategic follow-up was carried out in order to take the necessary corrective measures.

### CREDIT RISK

Its function is to comprehensively assess the strategic, technical and operational risk associated with the credit cycle. It also supports the management of transversal risks derived from the processes associated with the business (operational risks, fraud, technology, asset and liability management, compliance and internal control, as well as environmental, social and climate change risks).

Credit risk is defined as the possibility that a borrower or counterparty does not comply with its obligations according to the agreed terms, negatively affecting the value of the Bank's loan portfolio. This risk is mitigated through the due diversification of portfolios in economic sectors and portfolio segments, the use of collaterals in some types of loans and through the parameters defined in the risk approval.

The objective of credit risk management is to maximize the bank's profitability, adjusting to the

desired risk levels. This objective is achieved by maintaining expected loss levels within acceptable parameters, without ignoring other uncertainty phenomena that may affect the result of the portfolio. Integral credit risk management also includes the strategic and operational risks associated with the credit cycle.

Credit risk management is a logical and systematic process, which starting from the context of the processes associated with the credit cycle and the stages described above, allows identifying, analyzing, evaluating, controlling, monitoring and communicating the risks associated with the lines of business, products, services and markets **where the Bank develops the credit business plan, seeking to obtain opportunities for improvement in the processes, as well as the prevention or mitigation of both credit and operating losses associated with the credit cycle.** The above implies a risk management cycle by stages as follows:



## Identification

**1** Stage that allows determining the risks (current and potential) inherent to the activities developed or planned to be developed according to the definitions of the Bank's strategic plan or the compliance with the regulations in place in the credit cycle. This is a stage that must be carried out in the case of implementation of changes in the business plan, entry into new markets, channels, products and/or services.

## Measurement

**2** Stage that allows quantifying and/or evaluating the exposure to credit and operational risk associated with all stages of the credit cycle as well as the impact and consequence at the time of its materialization. Risk quantification incorporates the following factors:

### a. Likelihood

Quantification of likelihood of default of the different segments as well as situations and uncertainty shocks that may modify them.

### b. Risk Impact

Quantification of the magnitude of losses taking into account not only the probability of default but also the exposure and loss given default to quantify the expected and/or incurred loss and its impact on the bank's results.

### c. Velocity

Measurement of the time at which the impact of the risk begins to materialize after the occurrence of the risk.

### d. Duration

Persistence of the event of default on the results of the bank.

## Control

**3** During this stage, the mechanisms tending to mitigate and manage the materialization of the risks associated with the credit cycle must be established. These mechanisms refer to the policies, procedures and methodologies associated with the credit cycle: origination, deepening and recovery. It also includes the operational controls to ensure that they are duly implemented. The controls should make it possible to know the degree of compliance with the established regulatory thresholds and/or limits, as well as to have updated, reliable, timely and complete information for decision making.

## Monitoring

**4** Carry out permanent and effective monitoring of risk sources in the credit cycle, deviations from limits and/or thresholds, the effectiveness of the controls implemented and the possible impact of the materialization of risks. Such deviations are detected through portfolio monitoring, and then they are corrected by the appropriate government agencies.

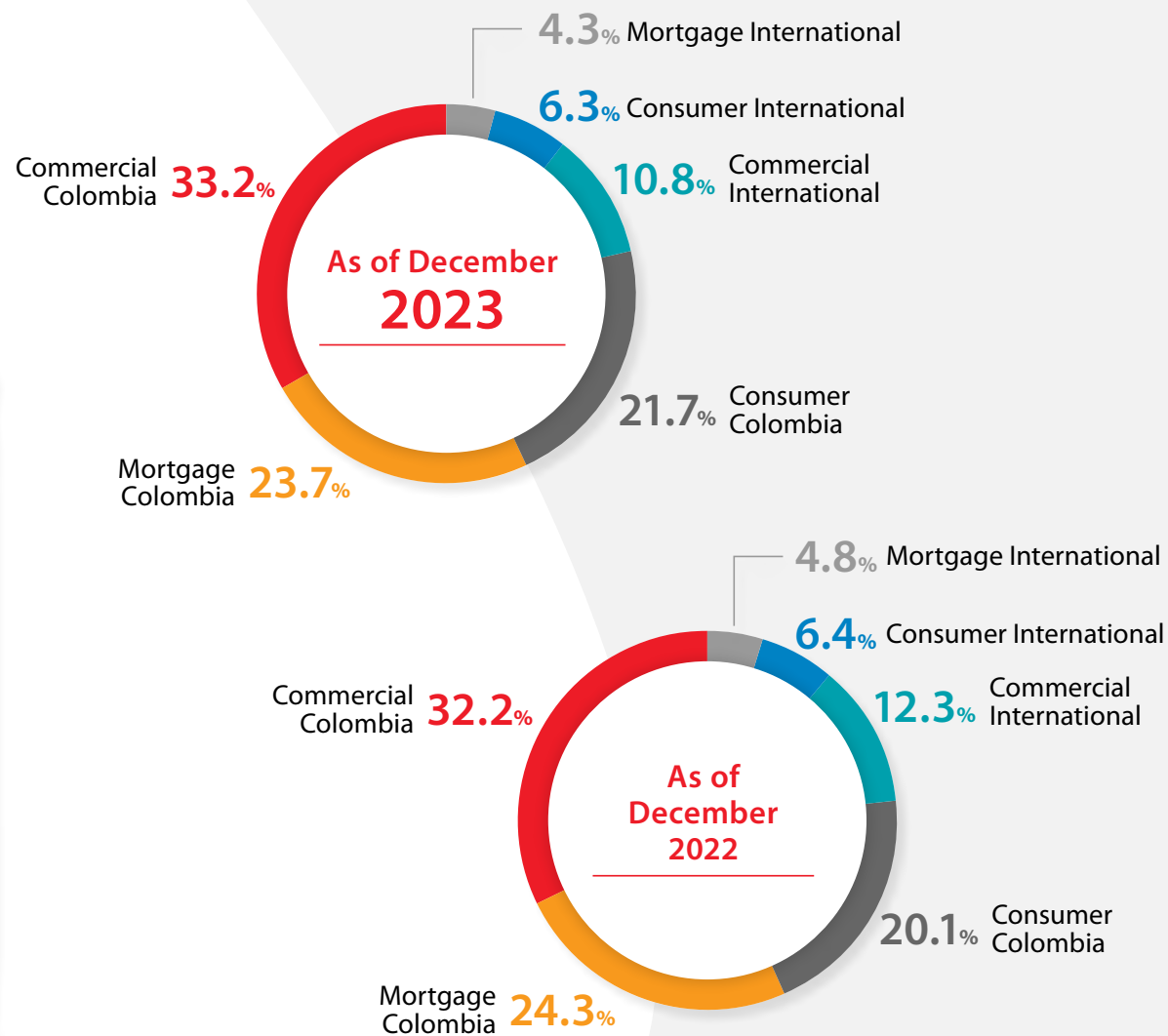
2023 posed a challenge for Credit Risk management in the bank, as factors such as a significant increase in inflation, high interest rates, and economic slowdown resulted in a deterioration in the expected level of loan portfolio losses, as well as an increase in quality indicators and a lower growth momentum.

**Loan portfolio and growth as of December 2023**

The loan portfolio registered a value of COP 135,974,561, at the end of 2023. The contribution of Davivienda Colombia to this value was 79%. The contribution of Davivienda International Subsidiaries was 21%. The distribution is as follows:



**Distribution by portfolio segment  
December 2023 vs. December 2022 (Consolidated)**







So far this year, the loan portfolio has shown a decrease of -6.09% compared to December 31, 2022, when the Colombian loan portfolio decreased -3.6%, mainly leveraged by the consumer banking segment, which presented a negative variation of 16.2%. The loan portfolio of international subsidiaries (expressed in Colombian pesos) presented a reduction of -14.3%.

### Distribution of the loan portfolio by segments (Consolidated)

(In COP millions, except percentages)

Loan Portfolio per Operating Segment	31 December 2023	31 December 2022	Variation		Share
			COP	Percentage	
<b>Davivienda Colombia</b>	<b>106,791,294</b>	<b>110,750,466</b>	<b>-3,959,173</b>	<b>-3.57%</b>	<b>79%</b>
Commercial	45,161,915	46,582,802	-1,420,887	-3.05%	33%
Consumer	29,443,776	35,135,227	-5,691,451	-16.20%	22%
Mortgage	32,185,603	29,032,438	3,153,165	10.86%	24%
<b>International Subsidiaries</b>	<b>29,183,269</b>	<b>34,036,858</b>	<b>-4,853,588</b>	<b>-14.26%</b>	<b>21%</b>
Commercial	14,744,816	17,801,018	-3,056,203	-17.17%	11%
Consumer	8,602,189	9,231,781	-629,592	-6.82%	6%
Mortgage	5,836,264	7,004,059	-1,167,793	-16.67%	4%
<b>Total</b>	<b>135,974,563</b>	<b>144,787,324</b>	<b>-8,812,761</b>	<b>-6.09%</b>	<b>100%</b>

The challenging economic environment in Colombia, influenced by inflation, high interest rates and a slowdown in the economy, has affected credit risk management mainly in the consumer portfolio, where the impact of these factors caused a deterioration in the expected level of loan portfolio losses, as well as an increase in asset quality indicators and a lower growth dynamic, where a negative variation is observed at the end of 2023 for this segment.

The influence of the aforementioned macroeconomic factors on the debtors' payment capacity has led to adjustments in loan portfolio management, especially in unsecured personal loans. These changes have improved the behavior of recent vintages, generating a positive reconfiguration in client profiles towards medium-low risk levels, with less impact on their financial burden. However, the monthly results for the total consumer portfolio continue to be affected by the behavior of previous disbursements, taking into account their weight compared to recent disbursements.

As for the commercial portfolio, more pronounced deteriorations were observed at the end of the year, attributed to the

mentioned macroeconomic factors. In order to efficiently address these situations, the corresponding areas have strengthened strategies, adjusting origination policies, follow-up and collection measures. Sectors such as residential construction, agriculture and livestock, trade, energy commercialization and health are the sectors with the highest level of deterioration within the commercial portfolio.

With respect to the International Subsidiaries, the gross loan portfolio presented a reduction of -14.2% expressed in pesos, and an increase of 8.0% seen in dollars. This differential behavior is explained by the appreciation of the peso against the dollar. In 2023 for Central America, there was a greater growth dynamic in the Consumer segment, especially in Payroll and Credit Cards. In the Commercial Banking segment, the Corporate segment presented the greatest dynamism. The subsidiary with the highest growth was Honduras, especially in the Retail Banking segment, followed by Costa Rica in the Commercial Banking segment.

By 2024, credit risk management efforts will be focused on addressing the following challenges:

**1**

**Enhance loan portfolio growth in low-risk segments and deepen the use of collaterals.**

**2**

**Continue permanent monitoring of origination processes and calibrations as necessary. Monitoring of new disbursements.**

**3**

**Strengthening of segmentation and collection management models.**

**Asset Quality and Coverage by Segment**

The past due loans over 90 days indicator at the end of 2023 was 4.94%. It was 181 basis points higher than the figure recorded at the end of 2022. The asset quality indicator of the commercial portfolio was 3.79%, increasing 103 basis points compared to the figure registered in December 2022, mainly explained by deteriorations due to rolling in construction projects, which have presented problems in the execution and payment of debt, as well as customers belonging to the Services and Commerce sectors that have not complied with the different normalization agreements.

On the other hand, the asset quality indicator for the consumer portfolio closed at 6.97%, reflecting an increase mainly explained by the deterioration of disbursements in 2022 and to a lesser extent by the decrease in the growth rate presented by the segment during 2023, a factor that is expected to be maintained in the coming periods given the decrease in disbursements due to the adjustment of origination policies.

With regards to the mortgage portfolio, the asset quality indicator presented an increase of 104 basis points when compared

to the figure recorded at the end of 2022. The aforementioned is the result of the impact on the payment capacity of some clients due to the aforementioned factors, particularly the increase in interest rates at the time of disbursement. Measures have been implemented to reduce exposure to high-risk profiles with greater impact in line with these factors.

The coverage level for the 90-day past due loans was 90.5% at the end of 2023. This represents a decrease of 49 percentage points compared to the level observed at the end of 2022, as shown in the following table:

**PDL and Coverage Ratio (Consolidated)**

(90 day PDL and Coverage ratios)

	31 December 2023	December 2022
Consumer	6.97%	3.23%
Commercial	3.79%	2.76%
Mortgage	4.69%	3.65%
<b>Total PDL</b>	<b>4.94%</b>	<b>3.13%</b>
<b>Total coverage</b>	<b>90.5%</b>	<b>139.5%</b>



- ▶ **PDL > 90:** Past due loans over 90 days / Gross Loan Portfolio.
- ▶ **Coverage:** P&L provision expenses + equity provisions / Past due loans over 90 days.





**MARKET RISK**

The Board of Directors, the Financial Risk Committee (CRF), the Investment and Risk Committees of the Collective Investment Funds and the Asset and Liability Management Committee (C-GAP) of each agency of Grupo Bolívar (as applicable), are the bodies in charge of defining institutional policies in relation to exposure to different financial risks, taking into account that said policies are consistent with the financial and operational structure of each of the entities, as well as with their strategy and corporate objectives. Likewise, there is a local ALCO Committee in each of the international subsidiaries that must ratify the decisions made in the GAP ME Committee. They also have to approve the structure of risk limits at the business level and to monitor the strategies.

Market risk management consists of identifying, measuring, monitoring and controlling the risks arising from fluctuations in interest rates, exchange rates, prices, indices and other risk factors to which an organization has exposure.

The following are the strategic principles that govern the market risk management of the Grupo Bolívar companies:

**Consistency between expected profits and tolerated exposure level.**

**Participation in markets and products about which the organization has deep knowledge and management tools.**

**Segmentation of strategies and risk profiles by business model.**

**Management at consolidated and disaggregated levels.**

The Bank and its subsidiaries participate through their investment portfolio in the capital market, in the money market and in the foreign exchange market. **Managed portfolios are made up of a series of assets that diversify the sources of income and the risks assumed.**

Those risks are framed within a series of **limits and early warnings** that seek to maintain the risk profile of the balance sheet and the risk/return ratio.

The measurement and control of the limits and alerts that ensure that the investment portfolio is within the risk appetite defined for each of the companies is performed on a daily basis. In case any deviation from the policies defined by the corporate governance is foreseen, a joint management is carried out with each of the treasury departments to ensure compliance with the limits and the management of early warnings.

There are 2 types of limits for market risk management:

▶ **Limits based on the business model** (structural portfolios and trading portfolios). Among the measures used are Value at Risk, DV01, duration and early loss warnings.

▶ **Limits by risk factor** (interest rate and exchange rate). The risks associated with interest rate and exchange rate are identified specifically for balance sheet structure management. The interest rate is managed through the reading of the balance sheet interest rate matching and the quantification of the sensitivity to its movements; and the exchange rate is managed through foreign exchange hedging strategies that seek to reduce the sensitivity of the CET1 ratio. The coverage is defined according to the balance sheet structure, depth of the markets for each currency and based on a prospective analysis of the economies and the market situation.

**COP 18.5 TRILLION**  
Consolidated investment portfolio in 2023.

**Consolidated portfolio balances by business model (Consolidated)**

(In COP millions, except percentages)

Business Model	December 2023	December 2022	Variation	
			COP	Percentage
Trading	2,095,210	1,787,801	307,409	17.2%
Structural	16,390,675	16,073,932	316,743	2.0%
Liquidity Reserve	11,373,513	11,712,415	-338,902	-2.9%
Balance Sheet Management	5,017,162	4,361,516	655,646	15.0%
<b>Total</b>	<b>18,485,885</b>	<b>17,861,733</b>	<b>624,152</b>	<b>3.5%</b>



**Structural investments account for 89% of the portfolio, which ratifies the conservative profile of the investment portfolio of Banco Davivienda and its subsidiaries.** With respect to the variations observed in the period, trading increased its position by 17%, an ordinary movement of this portfolio insofar as it is based on short-term strategies. The structural portfolio grew by 2%, mainly explained by the balance sheet risk management business model, which involves the constitution of structural investments.





The year 2023 was characterized by high volatility in the capital markets, largely generated by the change in the monetary policy approach in response to inflationary behavior. Likewise, the Colombian peso presented a 21% revaluation, impacting the volatility of foreign currency positions.

The level of exposure of the Consolidated Balance Sheet at market prices remained on average at COP 457.5 billion, according to the standard model of the Financial Superintendence of Colombia.

**Value at risk (VaR) as of December 31, 2023 (Consolidated)**

(In COP millions)

	Minimum	Average	Maximum	Final
Interest Rate	243,110	327,392	370,632	243,110
Exchange Rate	15,029	98,348	252,509	15,029
Shares	7,014	7,970	9,476	9,476
Mutual Funds	18,394	23,839	33,523	19,617
<b>VaR</b>	<b>287,232</b>	<b>457,550</b>	<b>618,208</b>	<b>287,232</b>

**LIQUIDITY RISK**

Liquidity risk is the likelihood of not being able to fully meet, in a timely and efficient manner, expected and unexpected cash flows, current and future, without affecting the course of daily operations or the financial condition of the organization. This contingency (funding liquidity risk) is evidenced in the insufficiency of available liquid assets and/or in the need to assume unusual funding costs. In turn, the capability of the organizations to generate or unwind financial positions at market prices

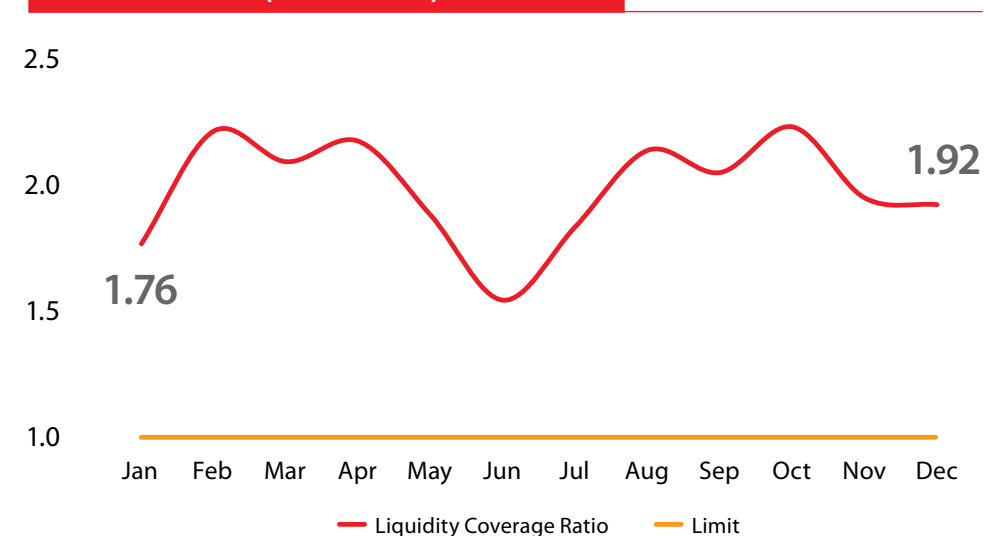
is limited either because there is no adequate market depth or because of drastic changes in rates and prices (market liquidity risk). Similarly, for businesses that are funded through deposits, liquidity risk includes the capability to generate a stable long-term funding structure in order to maintain non-liquid assets, in accordance with the business strategy, and to be able to meet unanticipated stress situations.



The methodologies used to estimate liquidity risk, for short-term purposes, consist in calculating the cash flows of active, passive and off-balance sheet positions in different periods of time, allowing permanent monitoring of the liquidity gap. For long-term management, the methodologies focus on the analysis of funding sources, their composition at the segment and product level, and the characterization of assets and liabilities that do not have defined permanence conditions.

**During 2023, Banco Davivienda maintained an average liquid asset surplus of COP 8.2 trillion, sufficiently complying with the short-term liquidity indicator** under the methodology defined by the Superintendency of Finance. This dynamic was mainly due to the low loan portfolio growth as a result of the economic slowdown and the increase in interest rates as a consequence of the contractionary policy of Banco de la República to control inflation.

**Evolution of the Liquidity Coverage Ratio in 2023 (Individual)**

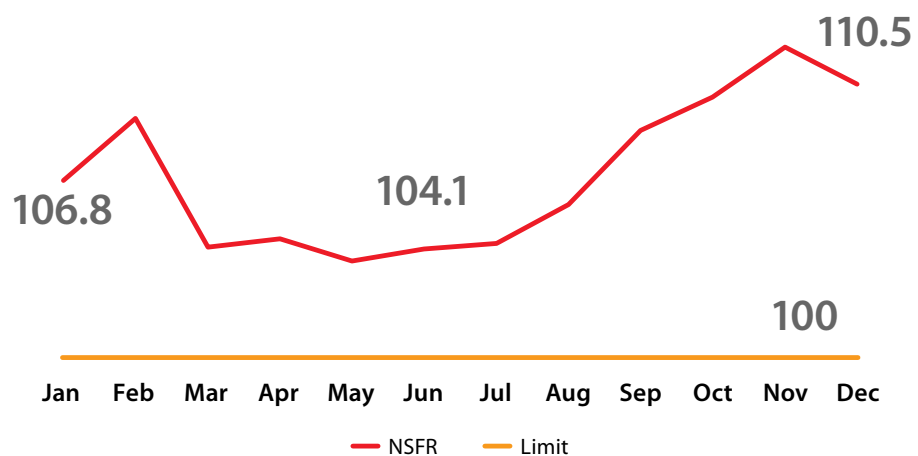




Regarding long-term liquidity, the net stable funding ratio (NSFR) experienced an increase throughout the year, rising from 108.0% in December 2022 to 110.5% in December 2023. This can be attributed to the low pressure of loan portfolio growth and the strategy implemented by Banco Davivienda to expand the share of stable funding within the total funding.

Regarding the liquidity of the subsidiaries, on average during 2023, the desired level of liquid assets was maintained in each of the companies. The average Consolidated Regulatory Exposure Indicator (IEC) during 2023 was USD 1,690 million.

**NSFR evolution 2023 (Individual)**



**OPERATIONAL RISK**

Strategies have been developed by the Operational Risk team, **aimed at strengthening culture and preventive risk management**, with special emphasis on the management of controls that cover the most relevant operational risks that may affect the sustainability, continuity, the service, the strategy and solvency of our businesses. On the other hand, **differentiated and intensive monitoring of risks continues in accordance with corporate risk objectives**, control of operational risk tolerance and compliance with operational risk regulations that incorporate value into the regulatory operational risk when the solvency calculation is carried out.

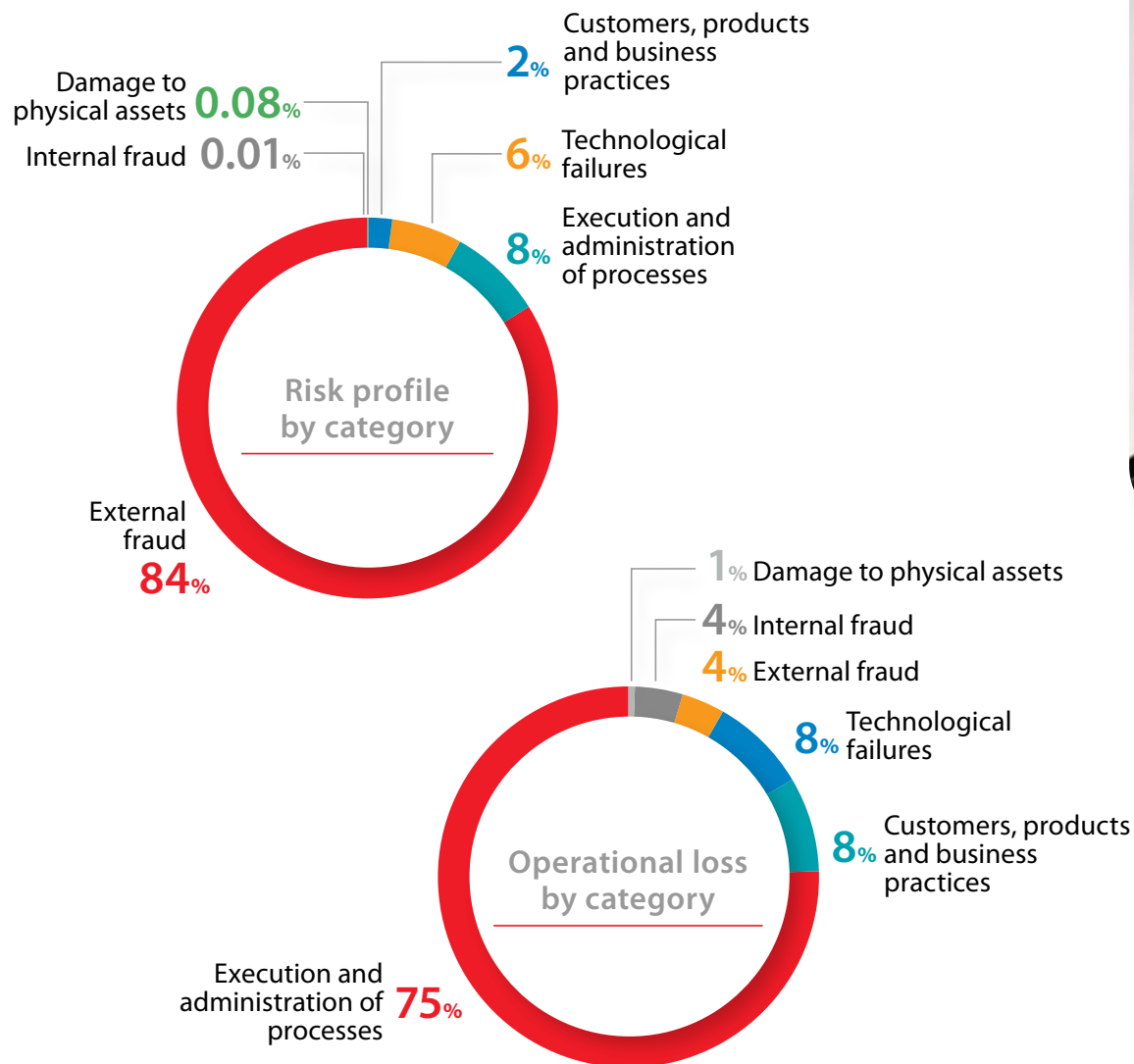
The operational risk model allows a systematic monitoring of controls in their design, evidence and especially the achievement of the expected results in the processes and business. Likewise, **our operational risk and control model allows covering the accounting financial impact processes, the lines of business, channels, operation and technology.**

As part of the operational risk management strategy, we continue to strengthen our technological structure so that the operational risk core tool includes risk and control assessments that integrate experience in risk monitoring, as well as loss events and quantitative figures. **We have adopted the analytical capacity as a fundamental basis for the assurance of information, documentation and application of models and methodologies that contribute to the achievement of the risk management and control strategy.**

In the case that events occur, a cause analysis is carried out for those risks with the greatest impact, in order to determine and develop the action plans that are required, which are duly monitored by the units and committees designated for that purpose.

In compliance with the corporate risk strategy approved by the Board of Directors and in accordance with the regulatory framework, the managerial actions implemented using **the Operational Risk methodology are in accordance with the expected objectives** prioritizing risks based on rating criteria of probability of occurrence and impact, including economic, customer, legal, process and information risks.

**Risk profile of the Bank and operational losses according to operational risk event categories (Consolidated)**



During the year 2023 there were losses due to operational risk events. For these events, the typologies with the greatest impact were identified, especially for fraud and processes. Actions for mitigation and treatment were generated based on the typologies. They focused on identifying the root cause in order to determine solutions through the use of tools and operational controls. Additionally, through the Operational Risk Committee, the risk profile is monitored, the main operational risk losses and the improvement actions are established for their closure.





## COUNTRY RISK

With the entry into force in June 2023 of Chapter XXXI of the Basic Accounting and Financial Circular where the integrated Risk Management System (SIAR, for its Spanish acronym) is framed, the Financial Superintendency of Colombia incorporates new regulations for the management of Country Risk, which is applicable to the Bank given its exposure to capital investments domiciled in countries other than Colombia.

Under the regulatory concept, Country Risk is understood as the probability of incurring losses by virtue of financial operations abroad, given the detriment of the economic, socio-political, legal and environmental conditions of the countries receiving such operations. Under this concept, financial operations refer to capital investments abroad made by the Bank directly and indirectly.

Thus, Davivienda recognizes the Country Risk to which it is exposed during the complete cycle of the investment, understanding that

according to the scope of application of the foreign financial operations, at present, the Bank maintains direct capital exposure in the subsidiaries domiciled in Costa Rica, Panama, El Salvador and Honduras. Likewise, the Bank maintains indirect exposure in Panama and the United States, through the subsidiaries of Davivienda Corredores S.A.

From a risk management standpoint, the exposure to Country Risk contributes to Davivienda's diversification strategy to provide stability to the organization's income in the long term and to operate as a hedge in stress scenarios faced by Colombia as its main operating jurisdiction. In this sense, it seeks to develop business activities in jurisdictions whose economies have low or opposite correlation variables. This strategy is framed in a scheme of risk management and control policies, a risk appetite framework, concentration metrics by country, geographic area and currency; and a corporate governance that

guides decision making, through committees specialized in country risk management and under the umbrella of the Board of Directors.

**Davivienda's exposure to Country Risk did not suffer significant changes or novelties during the year 2023**, complying with the defined risk profile guidelines and maintaining the early warning monitoring that allows timely and efficient identification of deviations to such risk profile.

# COUNTRY RISK CONTRIBUTION

**Our diversification strategy that provides long-term income stability.**

## **RISK OF MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF), ANTI-CORRUPTION PROGRAM AND FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA/CRS STANDARD)**

**Banco Davivienda is committed to contributing and strengthening the fight against financial crimes and organized crime structures**, through the implementation and maintenance of the Money Laundering and Terrorist Financing Risk Management System (SARLAFT), which prevents, controls and adequately manages the associated risks, following and incorporating the instructions given by the Basic Legal Circular Part I Title IV Chapter IV issued by the Financial Superintendence of Colombia (SFC), as well as international standards of good practices.

In the course of 2023, the firm commitment has been maintained in the prevention of LAFT, covering policies, procedures and technologies that allow mitigating and managing the associated risks, highlighting that there were no relevant risk events materialized.

Likewise, during the year, strengthening processes related to the LA-FT risk methodology were carried out, taking into account the good practices shared by the regulator and the reports of national and international entities, which generated an optimization in the establishment of the internal and external context, the identification of risks, their evaluation, control and monitoring.

As part of the process of detecting unusual and suspicious operations, **the monitoring rules were revised and the techniques used were adjusted, making the process more efficient and accurate.**

The annual training plan was implemented, focused on increasing staff members' knowledge of the threats, prevention and control of ML-TF risk. These training activities were supported by different methodologies and were developed according to the target group.

## **AS A FUNDAMENTAL PILLAR**

**of the Anti-Corruption Program, the Bank is committed to zero tolerance for the materialization of the associated risks.**

Additionally, within the framework of the National Day for the Prevention of Money Laundering organized by the United Nations Office on Drugs and Crime (UNODC), held in October 2023, the awarding of the digital campaign contest focused on building a safer and more transparent future took place, announcing Banco Davivienda as the first place winner in the "Financial Sector" category with the campaign "La ropa es lo único que se lava" (Clothes are the only thing to be 'laundered').

**Extra-Situ supervision visits were made by the Superintendencia**

**Financiera de Colombia (SFC), which were satisfactory and allowed for the exchange of knowledge and information.** As for external reports and requirements from authorities, these were met within the agreed deadlines in accordance with the guidelines issued by the regulator.

The Bank has adopted an organizational culture, policies, controls and procedures to comply with the guidelines established by the Foreign Account Tax Act (FATCA) and the OECD's Common Reporting Standard (CRS). The

adoption, implementation and follow-up of the FATCA/CRS Fiscal Transparency Program allows for adequate coverage of risks and controls, leveraged on document management, training, technological infrastructure, monitoring plan, remediation management, as well as the generation and submission of Fiscal Transparency Law reports to the DIAN/IRS.

As a fundamental pillar of the Anticorruption Program, the Bank has adopted a commitment of zero tolerance to the materialization of the associated risks, through the generation of policies that prohibit bribery in any of its forms, either directly or indirectly through its employees, collaborators, customers, suppliers and other stakeholders, as well as those that regulate the events of conflict of interest that may arise in relation to a public official or a private person, for this purpose, the program includes procedures and controls that ensure compliance with the defined policies.



## FRAUD RISK

In order to proactively manage the risk of fraud, Banco Davivienda has implemented the Fraud Risk Management System (SARFRA, for its acronym in Spanish), understanding fraud as any illegal action involving deception, concealment or violation of trust, with the purpose of appropriating monetary resources, goods, services and/or individual advantages. This rigorous approach is aligned with the

regulatory framework of the Integrated Risk Management System (SIAR) in the Operational Risk Management system.

Integrated management encompasses all phases of the fraud management cycle, from prevention and detection to mitigation, analysis, governance, investigation, prosecution and deterrence. In this process, rigorous controls and policies are established, generating reports that address both fraud management and fraud-related expenses, which are evaluated in comparison with the budgetary projection defined by the Bank.

Detailed reports on the expense derived from the materialization of fraud are intrinsic to Operational Risk management and are submitted for follow-up and control to the Cybersecurity and Transactional Fraud Prevention Committee. The purpose of these reports **is to support decision making focused on protecting the organization, its customers, shareholders and other stakeholders, seeking a balance between fraud prevention and the impact on the customer and the business.**

During 2023, the Bank has adopted an analytical approach, leading to the creation

of models based on Artificial Intelligence techniques in order to proactively manage fraud risk. This new approach has contributed to a reduction of more than COP 58 billion in frauds occurred, representing a 37% decrease compared to 2022. In the same period, it successfully completed the implementation of fraud prevention tools, especially designed for digital products, thus strengthening the transactional security of customers and improving the fraud prevention, mitigation and risk management model. This joint effort has resulted in a **35% reduction in the materialization of fraud through digital channels.**

The Bank has faced notable challenges in designing strategies to prevent and mitigate fraud arising from customer impersonation. These challenges have been addressed by strengthening authentication systems, such as facial biometrics, associated with linkage and transactional challenges for customers. In addition, the ability to validate information recorded by customers or fraudsters at the time of first login has been expanded. Another challenge has been the integration of new tools to reduce and contain technological fraud in the various transactional channels.

**COP 58**  
**BILLION**

**Fraud reduction with the analytical approach we adopt for its management.**

Although this process is in a strengthening stage, a 35% reduction in the materialization of fraud through digital channels has been achieved compared to 2022.

Finally, one of the most relevant causes of fraud origination that the Bank has faced this year has been the Social Engineering typology. For this challenge, **the Bank is working on the implementation of analytical models, online transactional rules, strengthening of technical tools to strengthen authentication methods and challenges of customer identity confirmation and continuous design of tools that allow the reduction of this amount.**



### IT Security and Cybersecurity

During 2023, in terms of Information Security and Cybersecurity, **the Bank and its subsidiaries focused their management on strengthening governance, protection capabilities, threat detection and incident response to support the development of business strategies**, seeking to ensure the confidentiality, integrity and availability of information of the Bank and its subsidiaries.

Improvement of the cyber resilience posture, evaluating and improving the level of maturity in cybersecurity for which a methodology was developed and executed, aligned with the

best practices of the industry and with the requirements of the Financial Superintendence of Colombia.

On the other hand, as a result of the continuous management of risk assessment and treatment, action plans have been established to improve the security posture of the Bank and its subsidiaries and technological and process updates have been made to maintain a holistic view of Security and Cybersecurity, increase the ability to prevent and detect threats in a timely manner, as well as to respond and recover from possible cyber attacks.

**TECHNOLOGICAL UPGRADE,**  
**risk assessment and treatment management to increase the capacity to prevent and detect threats.**

## Featured projects

Strengthening of incident response procedures through the implementation of technology for searching, tracking and incident response.

Application of analytical techniques in order to identify security breaches or deviation of controls implemented in the area of Information Security and Cybersecurity.

Continuity is given to the Personal Data Protection Program where the program is articulated with risk management.

Continuity of the program for the protection of information assets, carrying out a complete review of risks and controls.

Execution of specialized security tests to evaluate the Organization's security posture.

Through statutory auditing, the independent evaluation exercise continues to be carried out with the purpose of improving the level of maturity in cybersecurity management.

The review and assurance of the SWIFT environment continues, this validation of compliance with the Swift controls framework for 2023 was carried out with the support of internal audit, ending satisfactorily with the actions closed against the situations identified.

Execution of cybersecurity and information leakage prevention plans.

In terms of culture, we continue with the ongoing implementation of the training and awareness program through different communication channels to employees and third parties, creating awareness and commitment to the protection of information and mitigation of associated risks.



## CODE OF ETHICS

We rely on this and other documents to manage data protection and privacy risks.

Thanks to the Bank's synergies with the control entities, **it complies with the regulatory and normative requirements of the different normative Circulars on information security.** Additionally, internal follow-up monitoring is performed to identify the level of compliance and possible risks associated with legal compliance.

Likewise, the Bank continues with the review of market trends, new threats, tools and control mechanisms that allow mitigating risks and maintaining acceptable levels thereof, thus supporting the delivery of products and services with adequate levels of security to our customers.



### DATA PROTECTION AND PRIVACY RISKS

Davivienda manages the risks to the rights and freedoms applicable to any processing of personal data of the different stakeholders, both in corporate processes and in the development of new business models within the corresponding legal and regulatory framework. This risk management of customers' personal data and the personal data treatment policy are part of our **integrated corporate risk management system and also part of our internal control system.** In order to identify and evaluate these risks, Davivienda defined and documented a methodology, aligned with the definitions it established for operational risk. To define this Data Protection Impact Assessment methodology, Davivienda took as a source the "Guide for the Implementation of the Principle of Demonstrated Responsibility" of the Superintendence of Industry and Commerce and the "Guide for Risk Management and Impact Assessment in Personal Data Processing" of the Spanish Data Protection Agency.

Applying the principle of **"Privacy by design and by default"** and using the Data Protection Impact Assessment methodology, we evaluated the risks related to the protection of personal data of business processes in which, after a preliminary analysis, a medium or high risk level associated with the treatment of personal data was identified; likewise, this evaluation also covers the projects that are part of the annual portfolio.

As part of the risk management of the treatment of personal data, Davivienda relies on the corporate "Code of Ethics" of Grupo Bolívar, taking into account that it states the expected and unexpected behaviors of the collaborators, including the obligation to maintain the confidentiality of business information and personal data of customers, It is also supported by the "Internal Work Regulations", where it is established that this data will not be disclosed without authorization unless it is a legal requirement and that this duty applies even after the termination of the contractual relationship of the former employee with Davivienda.

This regulation establishes sanctions when a collaborator fails to comply with his/her obligations, immediately suspending his/her access to company and client information. Depending on the seriousness of the situation in which the offending collaborator is involved, he/she will be judicially denounced and sanctioned in accordance with the corresponding regulations.

This demonstrates Davivienda's commitment to the protection of personal data and the privacy rights of customers, in this regard, only **allows regulatory and judicial requirements of information related to the privacy of customers to be met.**

Taking into account that in the development of the supply chain related to financial products and services offered by Davivienda it is necessary the transmission or transfer of personal data to third parties, at the time of linking our customers, the request for their knowledge and authorization is made explicit to carry out this circulation of personal data.

**Davivienda applies zero tolerance measures to the leakage of personal data and privacy of customers** in compliance with its duty to protect their privacy and secure their

information by safeguarding the confidentiality, integrity and availability of personal data of customers during their collection, storage, use and disposal in compliance with the "Personal Data Protection Act" and other complementary legal and regulatory standards.

**During 2023 there were no security incidents related to personal data filtration** and all the requirements of the supervisory and control entities in this regard were met.

As a result of the monitoring of personal data protection risk management in 2023, the Personal Data Processing Policy published on Davivienda's website was updated, covering aspects related to new processing purposes for personal data and the updating of the authorization for the processing of biometric data. A Privacy Notice was also published in the network of service offices.

Annually, the internal audit develops a review of compliance with the personal data protection policy, generating recommendations to strengthen this compliance. The Executive Committee on Information Security and Cybersecurity was informed of relevant issues related to personal data protection, mitigation controls and action plans for their implementation.



Finally, **the personal data protection retraining plan was executed**, which covered all employees and was part of Davivienda's regulatory awareness program for 2023.

Finally, **by 2023 there were no events related to the illegal request of corporate or customer information, or any legal**

**or regulatory violation.** However, Davivienda received eleven complaints from regulatory agencies related to customer privacy. In response to these complaints, the corresponding measures were taken to address the situations presented.

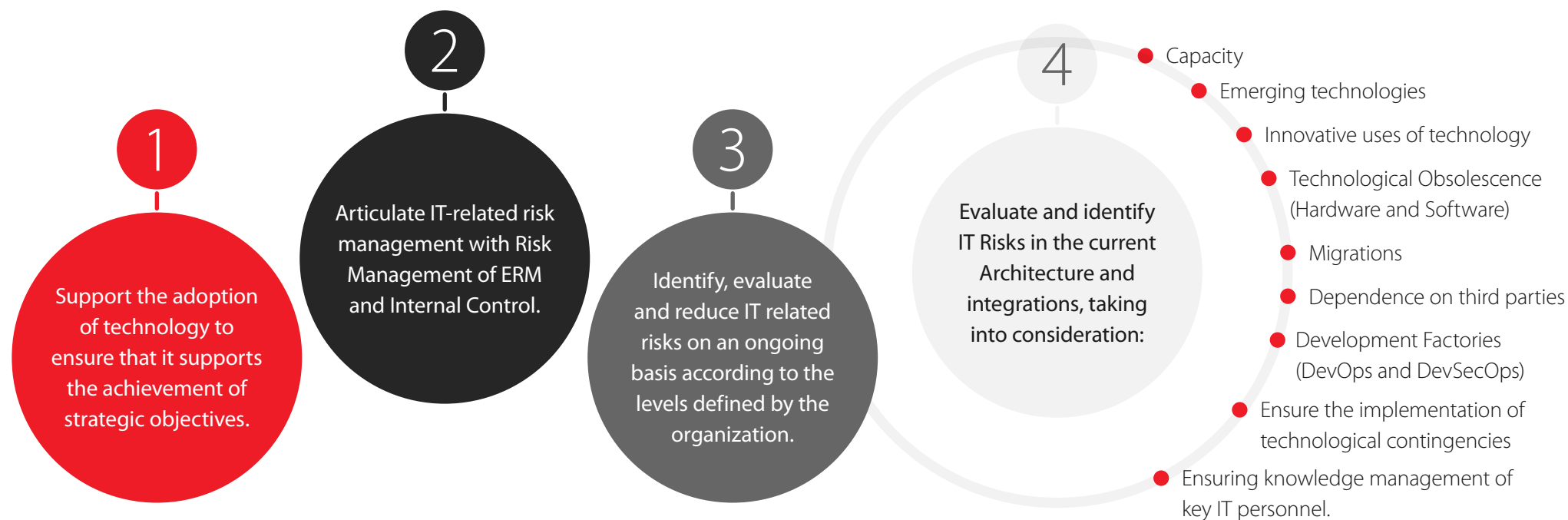


### TECHNOLOGICAL RISK

Its purpose is to identify, evaluate and monitor the risks derived from the use and implementation of technology to which the technological platform is exposed at the head office, Central America and national subsidiaries, considering three main factors at the *on-premise* and *cloud* infrastructure level (machines, networks and databases), the logical components of the systems (applications, information systems, data) and finally those risks associated with their management.

In 2023, technological risks, causes and controls documented in the risk management system (Sigar) were reviewed, rethinking what was identified, under a maturity model and generating a proposal that was applied with the Technology teams through a Risk Assessment, where scope, policy, process and operational reality are evaluated, This way **we proceed with the implementation of controls on technology management processes, within the framework of best practices that allow us to evaluate the dimensions of availability, reliability, performance, functionality and regulatory compliance of the platforms that support business processes**, contributing in:

## Controls regarding technology management processes - Contributions



The main management was focused on monitoring and adjusting controls over the Technologies made available in the different cloud and On-Premise infrastructure providers, their integrations under the implementations of Software as a Service (SaaS), Infrastructure as a Service (IaaS) and Platform as a Service (PaaS), the DevOps - DevSecOps development cycle and the remote access of employees to data, applications and resources for the development of their work,

and, at the same time, maintaining the criteria of availability, performance, functionality, reliability and regulatory compliance. This was done through the application of the technological risk methodology, guaranteeing that the services made available are supported by reliable infrastructures, as part of the actions implemented.

As part of the actions taken to achieve the aforementioned goals, **several processes**

**have been structured and implemented, keeping the technological contingency and business continuity strategies up to date**, with the support of state-of-the-art technologies that guarantee the assurance of the technological ecosystem and allow linking the Bank's systems with those of its third-party allies. The harmonization of internal developments with local norms and international standards has provided the reference framework and the necessary foundations for a formal and effective practice in Technology Risk Management.

## RISKS OF THIRD PARTIES AND ALLIES

Risks of Third Parties and Allies performs its role as second line of defense and in favor of the strategy, development and growth of the Organization in the processes of Davivienda and its **Subsidiaries. We have updated and strengthened our supplier management framework, to ensure that the risks associated with the supply chain are adequately assessed and managed.**

In 2023, we adopted a risk approach with a focus on those suppliers classified as critical that may present a higher level of exposure for our organization and for the services we provide to our customers. In this regard, the monitoring of these suppliers has been reinforced to ensure that risks related to Information Security, Technological Risk (Software Development), Transactional Risk, Personal Data Protection, Business Continuity, Fraud Risk, Internal Control, Physical Security, Operational Risk and Service Risk are monitored.

Monitoring is performed by means of the Servicenow tool, VRM (Vendor Risk Management). We use it to consolidate the

different types of assessments defined by facilitating the verification of the mitigants of each of the aforementioned risks. This allows us to have a general overview of the internal control of each of these third parties classified as critical.

Regarding the training and development of our suppliers, in 2023 an awareness site was launched where they can access and view digital content on the main risks related to Information Security, Cybersecurity, and Insurance, providing coverage to suppliers classified as critical who provide services to the Organization.

This has generated results that translate into **the improvement of risk management, safety and control schemes by suppliers and other related third parties**, preventing the occurrence of risks and optimizing their management in the event these incidents take place. The alignment and articulation of efforts between the different parties has allowed the interests, objectives and goals of each one to be satisfied, understanding that proper risk management results in benefits for our stakeholders.

## AWARENESS SITE

Enabled for our critical suppliers with content on information security risks and cybersecurity.

## BUSINESS CONTINUITY

Continuity Management for 2023 was oriented towards deepening and strengthening the response plans of the organization's continuity plan, the crisis management scheme and the monitoring and response to traditional and emerging risks.

Activations of the different risk scenarios were carried out, maturing the existing strategies. Likewise, new risk scenarios that materialized during the year were linked to the financial sector and control entities.





**Business Continuity Plan**

The Business Continuity plans were strengthened by including high-impact risks, maturing the defined strategies and raising awareness of the teams responsible for critical processes and recovery areas.

In 2023 we worked together with the learning area to carry out the training continuity management through our Xplora tool. The main objective of the program was to communicate the methodology that our Organization employs to manage high-impact crisis events that could significantly affect our operation. The training was extended to all levels of the Organization while ensuring the understanding of the plans and protocols defined in the Continuity Management.

► **Technological Contingency - Medellín Alternate Computing Center.** In 2023, all of the entity's critical services were activated from the alternate computing center in the city of Medellín; we deepened the knowledge of the continuity plans of critical third parties for

technology and we strengthened the preparation of response teams. In August, we carried out the DRP test in which the entity's critical channels and processes were successfully attended from the Alternate Computing center.

- **Critical Third-Party Strategy.** By 2023 we also deepened the knowledge and testing of the Continuity plans of third parties that support the critical processes of the Organization. Along with the financial sector and Asobancaria, we analyzed common suppliers with an emphasis on response and recovery plans.
- **Alternate Site Work Strategy.** In 2023 we activated the alternate site strategy, facilitating the integrated execution of all critical processes and providing complete coverage to 100% of critical areas and officials. Likewise, this approach has proven to be effective in the different current risk scenarios, contributing to the strengthening of the strategy through the alternate site scheme (remote work).

► **People Strategy.** This strategy contemplates three fronts aimed at guaranteeing the safety of officials through the emergency plan, the execution of the entity's critical processes in the absence of critical personnel, and the communication scheme that allows us to notify or alert our people about an emergency or the materialization of company risks.

- In the emergency plan, we carried out drills and trainings to reinforce the awareness of officials and their families. On the critical people front, the assignment and knowledge of backup officials was ratified, certifying that they are prepared to execute the processes in the absence of the main official, and, in the communication scheme, it was possible to contact all the people within the defined parameters.
- **Training and Awareness.** During 2023 we worked together with the learning area to do the continuity management training using the Xplora tool. The main objective of this program was to communicate the methodology that the

Organization uses to manage high-impact crisis events that could significantly affect its operation. The training was extended to all levels of the Organization, ensuring the understanding of the plans and protocols defined in Continuity Management.

**Business Continuity Risk Management**

During 2023, emerging risk scenarios related to natural disasters, such as volcanic eruptions and earthquakes, were incorporated. Given the high probability of a volcanic eruption, **the Organization activated the crisis management scheme, the different plans and recovery teams.** In addition, drills were carried out with employees and families in the areas that could be affected; actions were coordinated with the sector and government agencies, and satellite communication mechanisms were activated.

**EMERGING RISKS SCENARIO**  
 We incorporated new emerging risks related to natural disasters.



**The earthquake risk mitigation program in the city of Bogota continued to be strengthened.**

On this front, an integrated exercise was carried out in which the scheme defined to guarantee the supply of cash at national level when Bogotá is affected by a catastrophic event was activated; it also included the payment of cash to individuals in the city of Bogotá at a distribution point set up by the national government.

The activation of the scheme contemplates a customer authentication and cash payment point supported by cloud-based information and satellite communication infrastructure. **The result of the exercise was successful** from programming to operational and accounting reconciliation, thus increasing the level of maturity and the organization's preparedness for high impact events.

**Crisis Management**

As part of the preparation and strengthening of the Organization's crisis management in 2023, new risk scenarios related to emerging risks such as volcanic eruption and earthquake were included. Likewise, the current scenarios were maintained and tools were implemented to consolidate online information for Crisis Management members.

Several risk scenarios were activated, activating the crisis governance, action protocols, recovery teams and the communication scheme with stakeholders.

In **addition, the Bank participated in a trade simulation related to the cybersecurity crisis scenario**, with the participation of the financial sector, some critical suppliers for continuity and the Financial Superintendence of Colombia. Strategic levels of financial institutions, such as presidents, vice presidents and specialized teams, Asobancaria and the SFC, as well as cyber incident response teams, participated in the drill.



### Business Continuity Management - National and International Subsidiaries

Regarding the national and Central America subsidiaries, the strategy and plan defined for 2023 was executed on the different management fronts, aligned with the methodologies and guidelines provided by the Bank in terms of the Continuity Plan, Crisis Management and Risk Management.

### COMPLIANCE RISK

During 2023, in order to contribute to the mitigation of the organization's legal risk, a total of 84 processes associated with regulations, policies and/or contracts applicable to the organization were carried out.

The Regulatory Compliance Function led and provided support in the implementation of regulations with high impact for the organization, related to fraud, insurance sales, tax, personal data protection, among others. In particular, the following issues were monitored:

# 1

## Implementation of Conduct Risk

As a result of the on-site inspection carried out by the SFC in March in which progress in the implementation of conduct risk management was verified, the Function committed to carry out, during 2023, the following activities:

**a** Identification and inventory of good practices contained in the document "Conduct Risk Supervision" of the Financial Superintendency of Colombia.

**b** Diagnosis of their application and adoption or not through Davivienda's systems, manuals and processes.

Due to the above, during 2023, 31 regulatory compliance processes related to this type of risk were initiated and support was provided in response to some requirements.

# 2

## CE 018 of 2021 - SIAR

During 2023 the organization advanced, as expected, in the implementation of the SIAR risk management system for the Bank and Corporación Financiera. The Function led, for both companies, the consolidation and presentation of progress reports and accompanied the areas in the requirements and additional requests initiated by the control entity in this matter.

# 3

## DaviPlata

As of the second half of 2023, the function concentrated its efforts on identifying compliance risk situations for DaviPlata, due to its relevance in the organization and the high visibility it has had before external control bodies. Ten follow-up processes were initiated, which are expected to continue and expand by 2024.

**84**  
**PROCESSES**  
associated with applicable standards, policies and/or contracts.

# 4

## Formalization of the Regulatory Compliance function

As a result of the inspection carried out by the SFC in August 2022, related to the Regulatory Compliance function, during 2023 the different commitments acquired with the control entity were fulfilled, in particular:

**a** Formalization of the function's regulations, which include the policy, mission, objectives, among others, a document that was submitted for approval by the Board of Directors.

**b** Definition of communication protocols, both internal and external, to inform the control bodies about events of high impact for the organization.

### Subsidiaries Management



The Regulatory Compliance Function advanced a total of 31 processes associated with rules, policies and/or contracts applicable to the organization, with emphasis on real estate trusts, advisory duties and conduct risk.



Continuing with the transfer of tools and methodology that was carried out in 2022 by the Bank to the subsidiary, during 2023 the function was strengthened in the brokerage firm, initiating 28 follow-up processes associated with regulations identified as having a high impact and whose implementation required follow-up by the Comptroller's Office.



During 2023 we continued to support compliance management in the subsidiaries Costa Rica and El Salvador, carrying out updates and improvements to our 'Compliance Go' tool to maintain their alignment with the head office.

### Organizational Structure

As of December 1, 2023, the Regulatory Compliance Function, which reported to the Risk Executive Vice-Presidency, will become part of the Legal Vice-Presidency. With this change, it is expected to continue strengthening regulatory monitoring and control in the organization, thanks to the possibility of generating synergies with, among others, the regulatory monitoring and control of requirements tasks carried out by the latter vice-presidency.

### ENVIRONMENTAL, SOCIAL AND CLIMATE CHANGE RISK

Environmental and Social Risk is part of the integrated Risk Management, which is developed within the framework of the Environmental and Climate Change Policy and the Human Rights Policy of the organization. Considering that the management of this Risk Management System contributes directly to the Bank's Sustainable Management, its approach, actions and main results are described in Chapter 2.0 Sustainable Management of this report.

### REPUTATIONAL RISKS AND BRAND MANAGEMENT

In Davivienda we have a Crisis Management scheme for incidents that may negatively affect the reputation of the Organization's brand: a Criticality Matrix aligned with action and communication protocols, a Crisis Governance, possible scenarios, an analysis of the different stages of the Crisis and a proposal of initial response messages by originator.

Additionally, we have allied experts in media and social network monitoring who are connected with the call center and the service department and act according to the crisis protocol. With the above, we seek to have mapped the possible risks to which we are exposed and have prepared actions to minimize the impact.





## EMERGING RISKS

Integrated Risk Management includes the review of the risk management processes and the allocation of resources to ensure that emerging risks are correctly identified, assessed, and controlled from the strategic management to day-to-day processes at all levels of the organization.

At Davivienda we continually review the conditions of the environment in order to identify changes that may affect the objectives and the strategy of the business. We then implement the necessary adjustments to adapt to changes in our environment.

Based on the organization's strategy and objectives, the Senior Management has identified 4 emerging risks that we have been monitored and controlled:

### 1. Challenging Economic Context

It is related to the risks and factors of economic uncertainty of a local or international nature that have an impact on macroeconomic variables in Colombia, including sudden increases in inflation, decrease in the Gross Domestic Product (GDP) and clients' payment capacity. It also includes the effects of changes -mainly upward- in interest rates. International events usually have an impact on export revenues, the direction and amount of capital flows and remittances. Domestic events are usually related to sectoral deteriorations -such as the construction sector- that may end up affecting the stability of the financial sector, supply shocks that lead to drastic changes in inflation rates, interest rates and changes in risk premiums as a result of inadequate fiscal or macroeconomic management.

At the international level, for 2024, the low growth capacity of gross domestic product in most of the developed countries associated with the increase in international interest rates that took place between the end of 2022 and 2023 in order to stabilize the increase in inflation associated with Covid-19 stands out. These increases have had the effect of reducing demand - particularly investment - and debtors' ability to pay, generating risks of low growth in economic activity. In the particular case of the United States, the increase in interest rates has affected the willingness to buy housing as well as greater restrictions on banks when granting loans. As a result of this phenomenon, there is a possibility, albeit moderate, that the banking deterioration could eventually affect the solvency of some financial institutions in that country.

In the case of local risks, for 2024 we focus on the two most important risks; risks associated with the performance of the construction sector and fiscal risks. The possibility of a significant adverse effect associated with the El Niño phenomenon also exists, but given the information available, it could cease to be relevant during the second half of the year.





In the construction sector, we observed a significant deterioration in both the building and civil works components. This situation has been caused by the confluence of several adverse factors including a significant increase in input costs, and a reduction in demand associated with the increase in interest rates as well as the lower availability of subsidies for the purchase of low-income housing. This situation has resulted in a deterioration of the financial health of the sector's entrepreneurs. Fortunately, **it is unlikely that the aforementioned events will have a considerable impact on the solvency of the financial sector or that they will have a repercussion on other sectors of the economy in such a way as to prevent economic recovery this year.**

Regarding fiscal risks, it is worth remembering that due to the effect of an increase in government expenditures associated with the pandemic -which was not accompanied by an increase in revenues- the country's fiscal position deteriorated significantly in 2021 with

the consequent loss of investment grade and increase in the country risk premium. The situation on this front has since improved thanks to compliance with the new fiscal rule, the increase in gasoline prices and the positive effects on revenue collection of the tax reform approved in 2022.

However, some events may adversely affect this situation: in November 2023 the Constitutional Court declared unconstitutional paragraph 1 of Article 19 of Law 2277 of 2022 (Tax Reform), which prohibited the deduction of royalties from the taxable income tax base of oil companies. This means a hard blow in terms of revenues for the national government to the extent that this article generated an important percentage of the total expected collection. On the other hand, based on the Government's cash flow problems that would arise especially in 2025, the Government has been considering the possibility of making modifications to the fiscal rule, which could have adverse consequences in terms of debt increase.

**To manage these risks, the Bank measures, monitors and controls the risk associated with the factors that could affect investments abroad,**

which includes analysis on the deterioration of macroeconomic, political and legal variables in different countries that are recipients of the Bank's investment. This analysis involves the participation of the Economic Studies, Corporate Credit and Legal areas of the Bank, which escalate the potential risk to the governing bodies, seeking to mitigate exposure to economic risks.

In addition, the Economic Studies department periodically analyzes international economic policy and reports to Senior Management and the Board of Directors on the main developments in the financial markets, as well as the local and international macroeconomic outlook, including projection models. Likewise, the risk committees and business areas continue to monitor the savings and payment behavior of our clients and the sectors in which they operate in order to generate the required action plans.





## 2. Risk from stronger disruptive competitors

2023 was a year in which many disruptive players disappeared and others became stronger. The offering of specialized, low-cost, 100% virtual services and products requires a profitable operation to achieve long-term sustainability. This “cleaned-up” scenario continues to be an emerging risk, as it could mean the loss of clients, a decrease in revenues and a lower market share.

However, Davivienda considers these competitors as **an opportunity to consolidate its digital transformation through new business models taking advantage of new technologies** such as artificial intelligence, open banking, blockchain and Big Data, to compete with a 100% mobile and personalized offering, but maintaining the proximity to customers through its network of offices and commercial force that ensures advice and support to customers in their life and business cycle.

**Innovation is an organizational skill that we have strengthened through a management model that accelerates innovation in the different strategies of Grupo Bolívar,** consolidating highly disruptive and high-impact solutions that face these disruptive players.

An example of this is DaviPlata, consolidating itself as the 100% mobile digital wallet, open and one click away, which facilitates the daily life of our customers with top-up functionalities, utility payments, purchases with interoperable QR and POS, payment button, virtual card and Secure Online Payments (PSE). **By the end of 2023, it has 17.4 million customers and covers 99% of the national territory.**

Likewise, Davivienda continues to ratify its position in Digital Banking in Colombia, becoming a Latin American benchmark with the most complete mobile offering in the country. Customers can acquire and manage savings, credit, investment, insurance and payment products through the new SuperApp, launched in 2023. With security and convenience in mind, Davivienda accelerated the processes to

continue accompanying its customers with friendly and simple experiences in the most important moments of their lives.

## 3. Risks associated with generative artificial intelligence

The adoption of generative artificial intelligence has been revolutionary in various fields such as art, design, and computational creativity. However, it carries some technological risks, especially in the creation of false or manipulated content, information leakage, and attacks on technological infrastructure. In contrast, it contributes to automation, source code development, original

content, improved personalization of experiences, optimization of creative processes, and the generation of innovative solutions to complex problems.

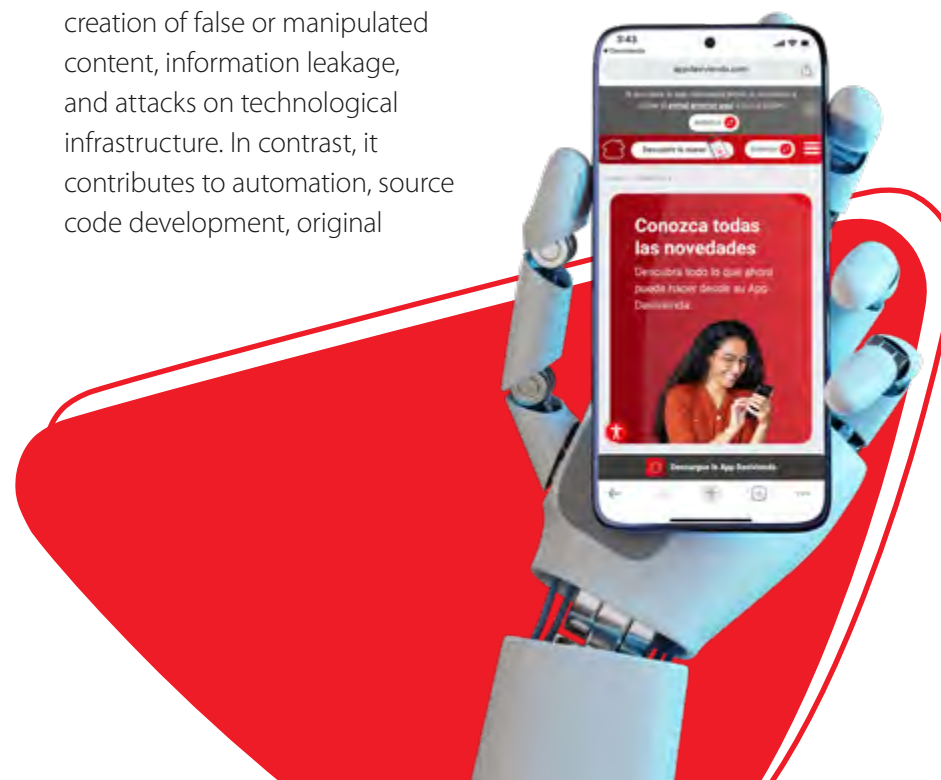
These risks pose ethical, technological, legal, and security challenges that need to be addressed to ensure responsible use of the technology.

To mitigate technological and security risks, **the Bank has**

**implemented monitoring of the infrastructure deployed in the cloud and on-premise, ensuring service availability and identifying and remedying vulnerabilities.**

In projects based on these technologies, such as virtual assistants, the Bank limits the scope of Artificial Intelligence search to the organization’s ecosystem, authorized sources, and components, to prevent biased results from internet searches. Additionally, end users are subject to navigation controls and blocking the use of external artificial intelligences that may compromise the security of the Bank’s ecosystem.

In summary, while generative artificial intelligence offers exciting innovations, it is crucial to address its technological risks through the implementation of regulations, promoting education, and advocating for ethical practices in its development and use.



#### 4. Risks associated with the use of technologies in digital ecosystems

The risk is related to the use of technology and the increasing connectivity between the technological infrastructure of companies and that of their Third Parties and Allies, accompanied by the expansion of ecosystems for the provision of digital services to customers, as well as the concentration of services in digital channels. The high connectivity and integration, which has accelerated exponentially, intensify the impact of failures in the availability of digital services, which can affect reputation and may result in regulatory sanctions.

To mitigate this **risk, the organization has promoted the implementation of robust schemes for managing new threats and emerging risk vectors.** In order to ensure the integrity, confidentiality, and availability of information, as well as the privacy of customer or user information, the effectiveness

of control and security schemes is continuously evaluated, promptly incorporating necessary adjustments or controls.

Furthermore, we have mitigated the risk of digital concentration through deployments in the cloud and various types of technological infrastructure.

Additionally, monitoring and control activities have been structured for the technologies provided by different cloud providers, both in terms of infrastructure and software, maintaining criteria for availability, performance, functionality, reliability, and regulatory compliance.



In addition, in response to the accelerated expansion of digital services, **the Bank keeps its technological contingency and business continuity strategies up to date,** enabling multi-zone and multi-region services to address minor and catastrophic situations in the event of cloud failure. Services are deployed across different cloud providers, and in the event of infrastructure failures on-premise, there is a main Data Center located in Bogotá and an Alternate Data Center in the city of Medellín, which allow us to recover technology services to ensure the provision of Bank services.

#### 5. Cyber conflict risk

This risk is caused by new and uncertain cyber attacks derived from the international context and the growing global, regional, and local political instability, which shape a new scenario of tensions that affect the dynamics of organizations. At the

local level, we have seen an increase in this risk mainly due to internal conflicts and social protests, capable of creating scenarios of confusion, deception, and misinformation that can affect organizations, especially those that make up the critical cyber infrastructure of countries, including the Bank. The materialization of these types of attacks has serious consequences on operations, availability of computer systems, service channels, and unauthorized access to sensitive Bank information.

Likewise, this cyber conflict risk can affect public or private sector entities that are commercially related to the Bank, exposing their data and financial assets to scenarios of unavailability, loss, or unauthorized transfers.

**The Bank has strengthened its security mechanisms to mitigate the materialization of these types of attacks against our corporate clients.**



### The main impacts that could be generated by the materialization of the risk are:

▶ Adverse effects on the brand (reputational risk).

▶ Regulatory sanctions and fines for non-compliance.

▶ Possible depreciation of intellectual property value.

▶ Materialization of technological fraud against our clients.

▶ Higher operational expenses for prevention of future attacks, containment, and recovery from materialized threats.

▶ Compromise of sensitive information.

▶ Possible impact on premiums to insure against future events.

To mitigate this risk, the strategy continues to be strengthened by deepening and developing different roles within the organization to prevent, protect, detect, and recover promptly from any event we are forced to face. Additionally, the adoption of new procedures, methodologies, and tools that facilitate the management of this type of risk is ongoing.



## CONTINUOUS IMPROVEMENT IN RISK MANAGEMENT

As part of the continuous improvement process at Davivienda, we have worked on tools that incorporate the strengthening of Integrated Risk Management in relation to best practices known in the market. In this process, **high-level control activities** (key controls that ensure compliance with the strategy) **and operational controls are carried out in all activities executed in the second line of defense function** to ensure process continuity and minimize the materialization of losses resulting from process errors.

In addition, an annual assessment of the suitability and effectiveness of integrated risk management is conducted, with an optimal level of analysis to understand the risk management areas where we are strong and which require further work. These areas will be incorporated into the strategic planning of the second line of defense. The suitability assessment is carried out specifically for each specialized risk function

developed in the organization, aiming to understand the level of coverage, effectiveness of risk management, and alignment with Davivienda's strategic planning.

## WE ARE ALL RISK CULTURE

In line with the business model of Grupo Bolívar and its prudent approach to risk management, guided by the appetite levels defined by the Board of Directors, the Risk Culture guideline is framed within Davivienda. This approach is directed by Senior Management in a cascading scheme that is socialized and applied by our employees, so that it reflects our behavior and best practices in risk management towards our customers, shareholders, and the general public, aiming to build and maintain long-term relationships.

In addition, the Code of Ethics of Grupo Bolívar, which is an integral part and a fundamental pillar to guide Davivienda's risk culture framework, aims, among other aspects, to increase trust and perceived value by

employees and stakeholders, and to be recognized for transparency in our management. This Code of Ethics is the guide that reflects the expected and unexpected behaviors present in our day-to-day activities, allowing us to be consistent and uphold our Principles and Values, in order to contribute to our higher purpose: Enriching lives with integrity.

These principles, values, and behaviors are reinforced by Grupo Bolívar through **virtual training experiences for all employees, which seek to raise awareness of their responsibility and commitment to these guidelines.**

These programs are complemented, within the framework of Risk Culture, with learning campaigns targeting the management bodies, regarding the best and new practices for risk management, as well as policy updates and regulatory changes, providing tools to understand how to act in the face of potential risks that impact the organization.

Board members participate in specialized training programs on various risk management topics, allowing them to strengthen decision-making based on risk analysis in an environment of constant change. For 2023, the following topics are highlighted:

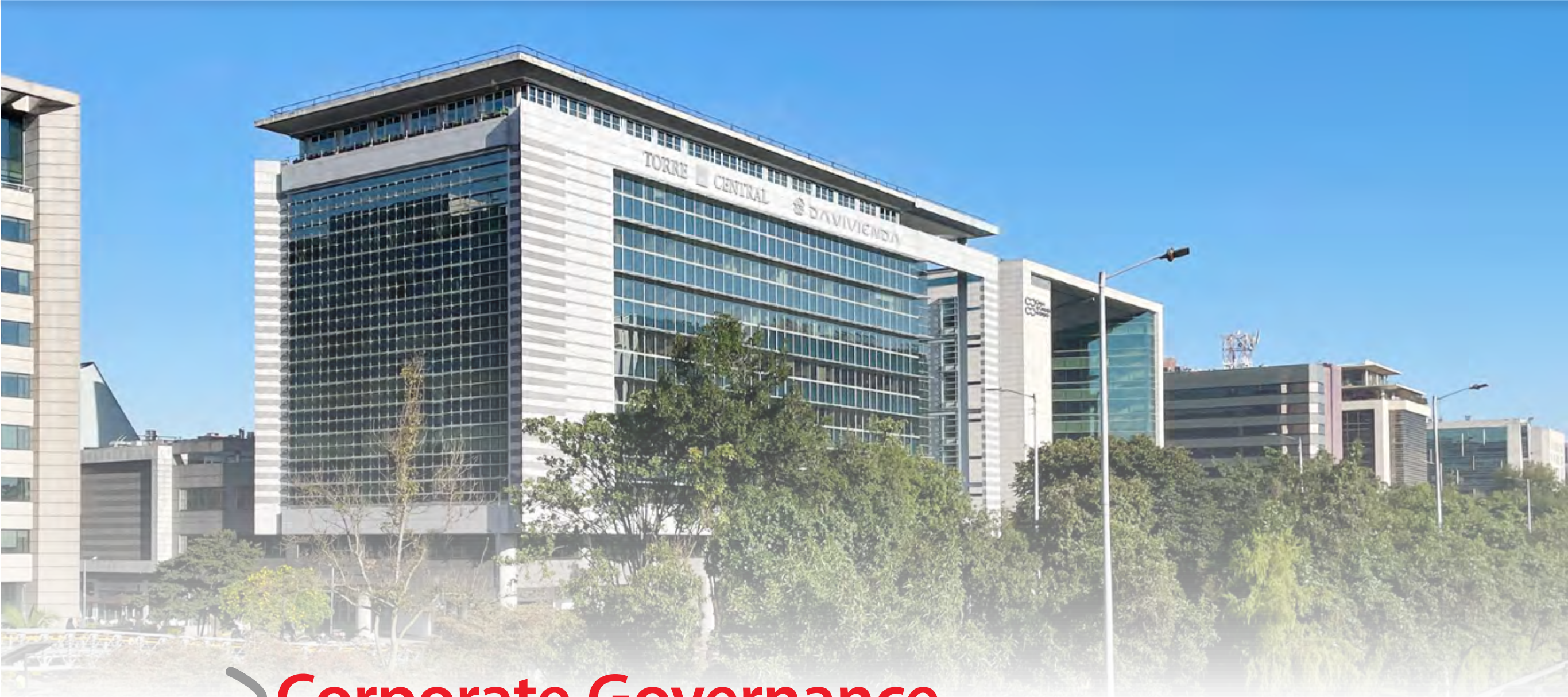
### International Standards on Anti-Corruption Programs

- ▶ Guidelines on anti-bribery and anti-corruption programs based on International Laws against corrupt and antidemocratic actors.
- ▶ New guidelines for fiscal transfer programs.
- ▶ Business challenges in the face of new corruption practices.
- ▶ New types of corruption: abuse of power, acts against democracy, and organized crime from within state institutions.
- ▶ Responsibility laws to combat human rights violations.
- ▶ Guidelines that organizations must have in place for crisis management in cases of corruption.

### Cyber resilience as a challenge in organizations

- ▶ Overview of the modus operandi of criminal gangs in cyberspace.
- ▶ Strategic decision-making on cybersecurity management.
- ▶ New cybersecurity strategies to counter new threats and trends affecting the financial system.
- ▶ Cyber resilience in the financial sector against new threats.
- ▶ Success cases and key indicators for threat detection and enhancing organizations' response capabilities.





# > Corporate Governance



Our corporate governance system is made up of principles, policies and standards that determine a set of good practices aimed at promoting that our actions are efficient, transparent and honest. They constitute our commitment to our stakeholders and the preservation of our business ethics.

Banco Davivienda is managed and administered by the General Shareholders' Meeting, the Board of Directors, the President, the Senior Management and other bodies and officials determined by the Shareholders' Meeting or the Board of Directors. Likewise, the control, disclosure and compliance bodies are considered corporate governance bodies.

# 343 REPORTS

**MANAGED BY THE  
TRANSPARENCY LINE**

**within the timeframe defined  
by the organization.**

In order to apply our corporate governance policy, we have codes, regulations, guides and manuals. The following are some of our more important documents (published on our website):

- ▶ Bylaws
- ▶ Code of ethics
- ▶ Code of Good Corporate Governance
- ▶ Regulations of the General Assembly of Shareholders
- ▶ Regulations of the Board of Directors
- ▶ Guide to Shareholders' Rights and Obligations
- ▶ Manual on Conflicts of Interest, Use of Insider Information, and Related Parties

Their implementation ensures the integrity of our management, provides us with conflict resolution mechanisms, and facilitates the accurate and timely handling of information. In addition, we have adopted the good corporate governance recommendations of the Code of Best Corporate Practices - Country Code, which are disclosed in the Country Code report published on our website.



## CODE OF ETHICS

Our Code of Ethics is an integral part of the Good Corporate Governance System adopted by the companies of Grupo Bolívar, which aims to increase the trust of our employees, clients, shareholders, and other stakeholders in the Bank and recognize us for our transparency. Our Code of Ethics includes the statement of ethics, desirable conduct, unacceptable conduct, statement of responsibilities, fraud and anti-corruption matters, commitments, among others.

## TRANSPARENCY LINE

In **2023**, 343 cases were received through the Transparency Line, which were managed within the defined timelines by the organization according to the presented typologies. 47% of the received cases were closed with Corrective Actions, requiring an action plan, support, or disciplinary process. 59% of the cases received in 2023 were through the telephone channel. For more information, please refer to the 2023 Transparency Line report, which will be published on the website <https://ir.davivienda.com/en/corporate-governance>.

# Davivienda's Ownership Structure and Shareholders

## Capital of the Company

Authorized Capital	Subscribed Capital	Paid Capital
COP 90 billion	COP 81.3 billion	COP 81.3 billion

Face value per share: COP 180.

## SUMMARY OF KNOWN SHAREHOLDER AGREEMENTS

As of the closing date of this report, no shareholder agreements have been deposited in the General Secretariat of Banco Davivienda.

# Main Companies of Grupo Bolívar



### Inversiones financieras Bolívar S.A.S.

Inversora Anagrama S.A.S.



- VC Investment S.A.S.
- Cobranzas Sigma S.A.S.
- Inversiones CFD S.A.S.
- Datio Inversiones S.A.S.

### Soluciones Bolívar S.A.S.



### Construcción y Desarrollo Bolívar S.A.S.



### Multiverciones Bolívar S.A.S.



### Otras inversoras

#### Inversoras nacionales

- Inversora Bolívar S.A.S.
- Sentido Empresarial S.A.S.
- Negocios e Inversiones Bolívar S.A.S.
- Sociedades Bolívar S.A.S.

#### Inversoras en el exterior

- Riesgo e Inversiones Bolívar Internacional S.A. (Panamá)
- Sentido Empresarial Internacional S.A. (Panamá)

International Presence



**DAVIVIENDA**

Holding Davivienda Internacional



**DAVIVIENDA**

El Salvador, Honduras, Costa Rica y Panamá



**DAVIVIENDA**

Corredores Panamá



**DAVIVIENDA**

Advisors

Note: This organizational chart is arranged according to the shareholders who hold the largest stake in the share capital of Grupo Bolívar's companies.

# Organizational structure



## Banco Davivienda - Governing Bodies

<b>Management Bodies</b>	General Assembly of Shareholders
	Board of Directors
<b>Administration Bodies</b>	President - Legal Representative
	Vice-presidents and managers (who by reason of their position act on behalf of the company)
	Tax auditor
<b>External Control Bodies</b>	Financial Superintendence of Colombia
	Self-regulator of the Stock Market
	<b>Board of Directors Support Committees</b>
	▶ Audit Committee
	▶ Corporate Governance and Sustainability Committee
	▶ Corporate Risk Committee
	▶ Compliance Committee
	<b>Support bodies for Senior Management</b>
	▶ Chairmanship Committee
	▶ Integrated Committee for Regulation and Accounting & Tax Disclosure
	▶ Risk Committees
	▶ Internal Audit
	▶ Compliance Officer
	▶ Internal Control and Regulatory Compliance
	▶ Treasury Risk Analysis and Control Department
<b>Internal Control Bodies</b>	
<b>Conflict Resolution Bodies</b>	Arbitration Court
<b>Corporate Governance Disclosure and Compliance Bodies</b>	Board of Directors
	President - Legal Representative



**COMPANIES OF GRUPO BOLÍVAR - GROUP ORGANIZATIONAL CHART**

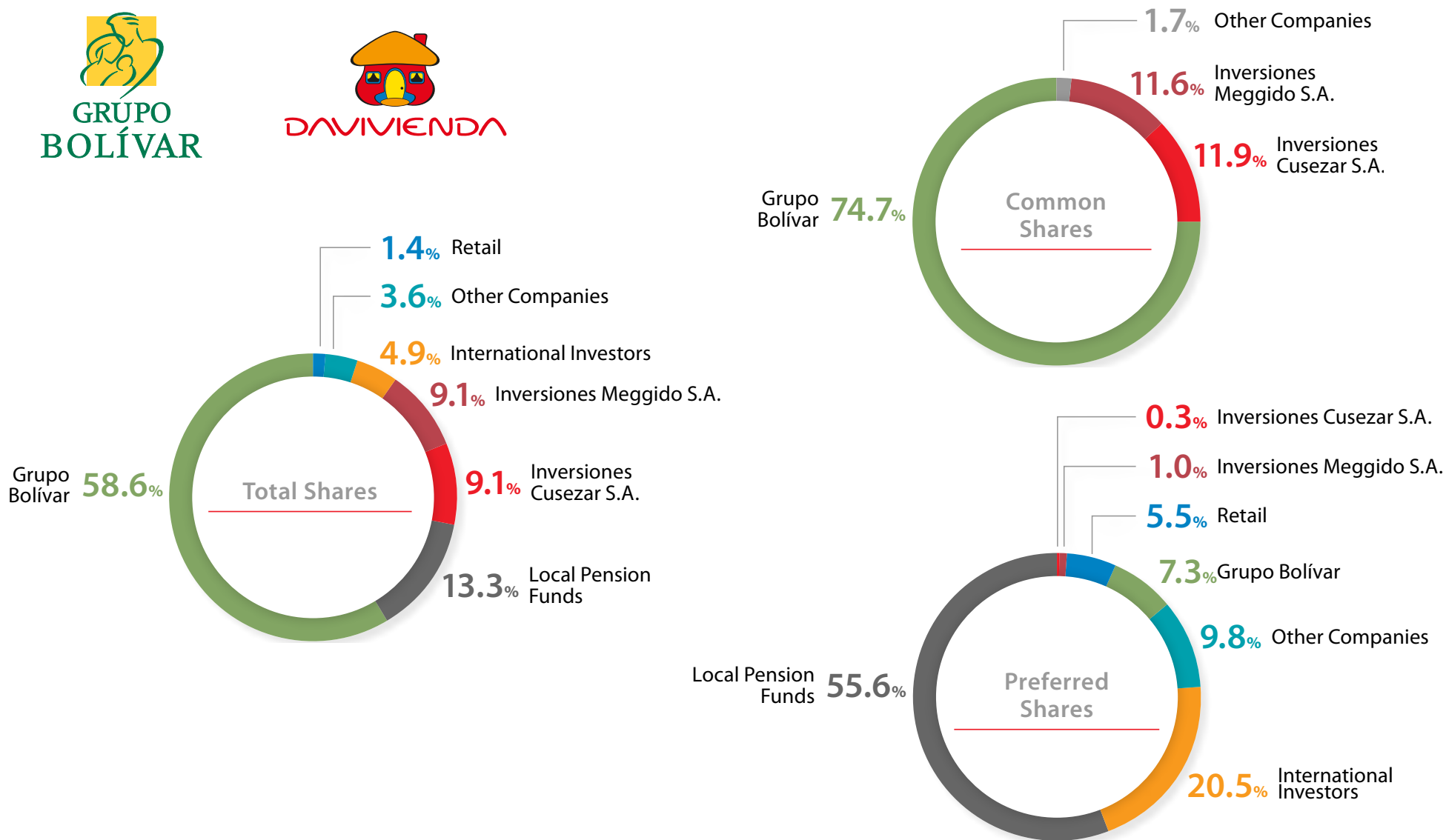
Grupo Bolívar S.A. is the parent company of the Group, and Banco Davivienda is one of its subsidiaries. Through Law 1870 of September 21, 2017, the Congress of the Republic established norms to strengthen the regulation and supervision of Financial Conglomerates in Colombia.

Resolution 0154 of 2019 issued by the Financial Superintendence of Colombia and its modifications recognized Grupo Bolívar S.A. as the Holding Company of the Bolívar Financial Conglomerate and identified the companies that, under the control of Grupo Bolívar S.A., are part of the financial conglomerate, including Banco Davivienda S.A.

**SHAREHOLDING STRUCTURE**

As of December 31, 2023, Banco Davivienda had issued a total of 451,670,413 outstanding shares, which is divided into: 343,676,929 common shares (76.09%) and 107,993,484 preferred shares (23.91%).

**Main Shareholders**



In accordance with our Code of Good Corporate Governance, directors may sell or acquire shares of the company while in office, provided that these transactions are not speculative in nature and the respective authorization procedure is carried out by the Board of Board of Directors.

As of December 31, 2023, the members of the Board of Directors and Senior Management held the following shares in the company:



**BOARD OF DIRECTORS**

Name	Number of Shares	% of Participation
<b>Carlos Guillermo Arango Uribe</b>	8	0.000002%
<b>Álvaro Carrillo Buitrago</b>	0	0%
<b>Álvaro Peláez Arango</b>	8	0.000002%
<b>Andrés Flórez Villegas</b>	0	0%
<b>Diego Molano Vega</b>	0	0%
<b>María Claudia Lacouture Pineda</b>	0	0%
<b>Ana Milena López Rocha</b>	0	0%

**SENIOR MANAGEMENT**

Name	Number of Shares	% of Participation
<b>Javier Suárez Esparragoza</b>	654	0.0001%
<b>Ricardo León Otero</b>	0	0%
<b>Maritza Pérez Bermúdez</b>	0	0%
<b>Pedro Uribe Torres</b>	0	0%
<b>Reinaldo Romero Gómez</b>	0	0%
<b>Martha Luz Echeverry</b>	0	0%
<b>Daniel Cortés McAllister</b>	0	0%
<b>Jorge Rojas Dumit</b>	0	0%
<b>Jaime Castañeda Roldán</b>	0	0%

**ANNUAL GENERAL MEETING**

On March 21, 2023, the ordinary Annual General Meeting was held with a quorum of 98.902%, representing directly or through proxies 339.9 million shares<sup>45</sup>.

The call for the meeting was published in the newspaper El Tiempo on February 17, 2023, where we informed that the meeting would be held in-person

The call, the rights and obligations of the shareholders, the characteristics of the shares, and the operating regulations of the Assembly were made known to shareholders and the market in general through the website [www.davivienda.com](http://www.davivienda.com). Additionally, for a better understanding of the matters to be discussed at the meeting, the necessary documentation was made available to shareholders on the corporate website to make the best decision. Likewise, shareholders were informed that the documents subject to the right of inspection were available at the main office of the entity 15 business days prior to the meeting.

At the meeting, the Secretary of the Assembly reminded shareholders of the instructions on how to conduct the meeting and the process for expressing their vote and making comments and questions. The Assembly was conducted in compliance with regulations, and the necessary information was provided to shareholders to make informed decisions.

The Assembly was broadcast online to Banco Davivienda shareholders, following the recommendations of the Code of Best Corporate Practices, Country Code, which states that electronic media are of great help in disclosing information.

Shareholders of Banco Davivienda are attended to through Deceval, whose shareholder attention line is 601-307-7127 in Bogotá or 01-8000 111-901 (nationwide toll-free line) to obtain information related to their shares.

<sup>45</sup> 339,902,175 shares.

For other types of information, Banco Davivienda shareholders can contact us via email at [ir@davivienda.com](mailto:ir@davivienda.com). This email address is used for information requests and communication between investors, the issuer, the board of directors, and other administrators, among others.

The information described above is published on our website, [ir.davivienda.com](http://ir.davivienda.com), through a link called "Help Center." Additionally, our investors have an exclusive channel of attention through the email address [ir@davivienda.com](mailto:ir@davivienda.com).

Furthermore, our Corporate website publishes the Guide to Shareholders' Rights and Obligations, which establishes that the Bank will ensure that all shareholders are treated fairly and equally. Therefore, it will seek to provide each shareholder with timely, quick, and complete responses to inquiries and requests related to mandatory disclosure matters.

Lastly, in compliance with current regulations, relevant information about the Bank was promptly published on the website of the Financial Superintendence of Colombia.

## MAIN DECISIONS ADOPTED AT THE ANNUAL GENERAL MEETING

During the 2023 ordinary annual General Shareholders' Meeting, the following items on the Agenda were submitted to the shareholders for their consideration. The following stood out:

- ▶ The annual report of the Bank for 2023, which includes:
    - i. Management report
    - ii. Sustainability report
    - iii. Corporate Governance report
    - iv. Year-end report, was unanimously approved
  - ▶ Discussion of the Report of the Board of Directors to the Assembly on the Internal Control System.
  - ▶ Discussion and approval of the Individual and Consolidated Financial Statements of the Company as of December 31, 2022.
  - ▶ Discussion and approval of the Statutory Audit Report on the Individual and Consolidated Financial Statements as of December 31, 2022.
  - ▶ The project for the distribution of profits in cash in the amount of COP 1,010 per share was approved, which were paid on April 12, 2023 (50%) and September 13, 2023 (50%).
- ▶ The ex-dividend period was from April 4 to 11, 2023 and from September 7 to 12, 2023.
  - ▶ The proposal to release the unencumbered occasional reserve for coverage of existing bond interest coupon and the establishment of an encumbered occasional reserve for coverage of bond interest coupons was unanimously approved.
  - ▶ The re-election of the Board of Directors for the period from April 2023 to March 2025 was unanimously approved.
    - ▶ Ana Milena López Rocha
    - ▶ Andrés Flórez Villegas
    - ▶ Álvaro Peláez Arango
    - ▶ Carlos Guillermo Arango Uribe
    - ▶ María Claudia Lacouture Pineda
    - ▶ Diego Molano Vega
    - ▶ Álvaro Carrillo Buitrago
  - ▶ The compensation of the Board of Directors for their management was unanimously approved.

## CONTACT CHANNELS

Shareholders have several exclusive and personalized contact channels, including e-mail, telephone and website.







ANA MILENA LÓPEZ ROCHA



ANDRÉS FLÓREZ VILLEGAS



ÁLVARO PELÁEZ ARANGO



CARLOS GUILLERMO ARANGO URIBE



MARÍA CLAUDIA LACOUTURE PINEDA



DIEGO MOLANO VEGA



ÁLVARO CARRILLO BUITRAGO

- ▶ KPMG SAS was unanimously elected as the Tax Auditor for the period 2023-2025.
- ▶ The Board of Directors was unanimously approved to make donations of up to COP 30.5 billion.
- ▶ The letter from the Financial Superintendence of Colombia with guidelines on the Board of Directors and Corporate Governance was unanimously noted, and the administration was delegated to analyze the recommendations provided by the Superintendence for implementation.

All the matters submitted for consideration by the General Shareholders' Meeting were unanimously approved by the attendees.

### BOARD OF DIRECTORS

**The Board of Directors determines the strategy and orientation of the Bank, and also monitors and oversees its execution.** Both the Board of Directors and the Senior Management are aware of the Bank's risk positions; consequently, they actively intervene in their management by defining measurement methodologies that identify product exposure, as well as policies, profiles, and limits.

The General Shareholders' Meeting held on March 21, 2023, unanimously decided to re-elect the Board of Directors of Banco Davivienda for the period from April 2023 to March 2025.

### Board of Directors Banco Davivienda S.A. 2023-2025

**Ana Milena López Rocha**  
Independent Member  
Since 2021

**Andrés Flórez Villegas**  
Independent Member  
Since 2017

**Álvaro Peláez Arango**  
Independent Member  
Since 2008

**Carlos Guillermo Arango Uribe**  
Shareholder-appointed member and President of the Board  
Since 1997

**María Claudia Lacouture Pineda**  
Independent Member  
Since 2022

**Diego Molano Vega**  
Independent Member  
Since 2019

**Álvaro Carrillo Buitrago**  
Shareholder-appointed Member  
Since 2022

### RESUMES OF THE MEMBERS OF THE BOARD OF DIRECTORS

In order to disclose the suitability and professional profile of the members of the Board of Directors, we have published the professional profile and experience of each of the members of the Board of Directors, the Chairman and their alternates, on the corporate website. The professional profile of the members of the Board of Directors are published on the website, following this link: <https://ir.davivienda.com/en/about/#about-davivienda>

## THE BOARD OF DIRECTORS

determines the Bank's policy and orientation and monitors and follows up on its execution.

**Professional profile of the members of the Board of Directors**

Member	Professional profile	Participation in administrative or control agencies of companies other than the bank
Carlos Guillermo Arango Uribe	Economist and President of the company Constructora Bolívar	N/A
Álvaro Carrillo Buitrago	Economist and President of Seguros Bolívar	Capitalizadora Bolívar S.A. Seguros Comerciales Bolívar.
Álvaro Peláez Arango	Civil Engineer	N/A
Andrés Flórez Villegas	Lawyer and founding partner of Flórez & Asociados jurídicos	Autovía Neiva Girardot Concessionaire FANA Foundation Hotel Artisan by Marriot Corporación Primero Colombia
Diego Molano Vega	Electronic Engineer	Compañía de Seguros Bolívar S.A. Fundación Solidaridad por Colombia
María Claudia Lacouture Pineda	Professional in Finance and International Relations	N/A
Ana Milena López Rocha	Economist	Compañía de Seguros Bolívar S.A. Cenit Transporte y Logística de Hidrocarburos

**Age of the members of the Board of Directors**

Member	Number
0-30 years of age	0
31-50 years of age	2
over 50 years of age	5

According to the criteria for determining the independence of the members of the Board of Directors mentioned in Article 15 of the Board of Directors' regulations, which can be consulted at <https://ir.davivienda.com/en/corporate-governance/> [https://ir.davivienda.com/wp-content/uploads/2022/06/DAV-Reglamento-de-Junta-Directiva-06.jun\\_.2022-jb-toc.pdf](https://ir.davivienda.com/wp-content/uploads/2022/06/DAV-Reglamento-de-Junta-Directiva-06.jun_.2022-jb-toc.pdf), they are as follows:

**REGULATORY COMPLIANCE**

**Davivienda complies with the percentage of independence required by Article 44 of Law 964 of 2005, regarding the composition of its Board of Directors.**

**A. NATIONAL STANDARDS**

For the purpose of determining the independence of the members of the Board of Directors, Davivienda S.A. adopts the criteria established in Article 44 of Law 964 of 2005, which states: "an independent person shall be understood as someone who in no case is:

1. Employee or executive of the issuer and any of its affiliates, subsidiaries or controlling companies, including those who held such positions during the year immediately prior to their appointment, except in the case of the re-election of an independent person.
2. Shareholders who directly or by virtue of an agreement lead, guide or control the majority of the voting rights of the organization or who determine the majority composition of the administrative, management or control bodies of the organization.
3. Partner or employee of associations or companies that provide advisory or consulting services to the issuer or to the companies that belong to the same economic group of which they are part, when the income for such a concept represents for them twenty percent (20%) or more of their operational income.

- 4. Employee or executive of a foundation, association or company that receives important donations from the issuer. Significant donations are considered to be those that represent more than twenty percent (20%) of the total donations received by the respective institution.
- 5. Administrator of an entity in which a legal representative of the issuer participates on the board of directors.
- 6. A person who receives from the issuer any remuneration other than fees as a member of the board of directors, the audit committee, or any other committee established by the board of directors

Furthermore, Banco Davivienda will analyze that the candidates to join the Board of Directors as independent members, have not been employees or executives of the Company or any of the Companies that make up Grupo Bolívar during the two years immediately preceding their appointment.”

Davivienda complies with the independence percentage required by Article 44 of Law 964 of 2005, which establishes that “at least twenty-five percent (25%) should be independent members.”

Banco Davivienda S.A. has defined as a best practice in Corporate Governance that its Board of Directors has a higher percentage of independent members. Currently, the Board of Directors of Banco Davivienda is composed of two women, representing 28.6%, and five independent members, representing 71%. The average tenure of the main members of the Board of Directors in 2023 was 7.8 years.

**B. INTERNATIONAL STANDARDS:**

Additionally, to determine the independence of the members of the Board of Directors, Banco Davivienda S.A. has adopted as best practice in Corporate Governance the international independence criteria of the Securities and Exchange Commission (SEC)

**INFORMATION ON ATTENDANCE AT BOARD OF DIRECTORS MEETINGS**

The average attendance percentage of the members of the Board of Directors at the meetings held in 2023 was 89%. In order to allow the participation of the Board of Directors members and properly document their decisions, meetings were conducted through virtual means.

**Member participation in Board of Directors meetings 2023**

Main members	Meeting attendance
Carlos Guillermo Arango Uribe <sup>46</sup>	25 Meetings
Álvaro Carrillo Buitrago	27 Meetings
Álvaro Peláez Arango	27 Meetings
Andrés Flórez Villegas	29 Meetings
Diego Molano Vega	29 Meetings
María Claudia Lacouture Pineda <sup>47</sup>	20 Meetings
Ana Milena López Rocha	26 Meetings

**Quorum of the Board of Directors' Meetings**

Minute No.	Date	Quorum
1074	24 January	86%
1075	01 February	86%
1076	14 February	86%
1077	24 February	100%
1078	28 February	86%
1079	14 March	86%
1080	28 March	100%
1081	11 April	86%
1082	25 April	86%
1083	10 May	100%
1084	16 May	71%
1085	30 May	86%
1086	13 June	86%

Continued on next page...

<sup>46</sup> The absences of the President of the Board of Directors from Board meetings are due to pre-informed medical sick leaves. In the meetings where he couldn't attend, by unanimous decision of the Board of Directors, Álvaro Peláez Arango acted as the meetings' president.

<sup>47</sup> The absences are due to personal and work-related situations, which were informed in advance to the Board.



**Quorum of the Board of Directors' Meetings**

1087	20 June	100%
1088	27 June	100%
1089	11 July	71%
1090	25 July	100%
1091	31 July	Clarification Minutes
1092	15 August	85%
1093	17 August	100%
1094	29 August	100%
1095	12 September	85%
1096	26 September	85%
1097	17 October	85%
1098	31 October	85%
1099	08 November	100%
1100	14 November	85%
1101	28 November	85%
1102	12 December	100%
1103	22 December	100%

The composition and frequency of the meetings have allowed this body to guide the company's progress and provide proper monitoring.

Likewise, the Board has carried out its functions based on the program defined for this body and has been supported by Committees, in accordance with regulatory and/or market requirements.

At the end of 2023, Banco Davivienda implemented a digital tool that allows exclusive access to the Board of Directors members to the documents and agenda detailing the specific topics to be discussed during each meeting. This aims to improve the timely delivery of information for decision-making.

**NEW DIGITAL TOOL**

**The Bank has implemented a new digital tool for the members of the Board of Directors to receive timely information for decision making.**

**BOARD OF DIRECTORS APPOINTMENT PROCESS**

According to Article 11 of the Regulations of the Board of Directors, the members of the Board of Directors:

*"shall be appointed by the General Shareholders' Meeting in accordance with the provisions contained in the law and the bylaws, through the electoral quotient system or as provided by law. The alternates shall be personal.*

*When a member of the Board of Directors is appointed for the first time, Banco Davivienda S.A. shall provide them with the necessary information to have specific knowledge regarding the main activities of the Bank and its sector, as well as their obligations and attributions."*

Prior to the election of a new member of the Board of Directors, the Corporate Governance and Sustainability Committee shall be obligated to verify that the candidate meets the requirements of the Financial Superintendence of Colombia and applicable regulations, and inform the results of the process to the Board of Directors.

**BOARD OF DIRECTORS REMUNERATION 2023**

In accordance with Article 27 of the Regulations of the Board of Directors, the members of the Board of Directors shall receive a remuneration determined by the General Shareholders' Meeting.

In its meeting on March 21, 2023, the General Shareholders' Meeting unanimously approved a remuneration of COP 7 million pesos, plus applicable taxes, to the members of the Board of Directors for attending each meeting.

During 2023, the total remuneration paid to the members of the Board of Directors for attending the meetings amounted to COP 908,000,000.

**MAIN RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

In accordance with Article 40 of the Bylaws and Article 7 of the Regulations of the Board of Directors, the functions of the Board of Directors can be highlighted as follows:

- ▶ Approving policies related to business guidelines and corporate structure, as well as budgets for the entity's business plans.

- ▶ Appointing and removing legal representatives of the entity and members of its committees.
- ▶ Authorizing the issuance of bonds.
- ▶ Overseeing and understanding the accounting and financial aspects of the entity.
- ▶ Monitoring the actions and potential conflicts of interest of its administrators.

The specific functions of the Board of Directors are established in Article 41 of the Company's Bylaws and Article 7 of its Operating Regulations, which can be consulted at <https://ir.davivienda.com/corporate-governance/> - <https://bit.ly/3ksRFYM>

Additionally, during 2023, the Board of Directors was presented with the main regulatory initiatives, both at the local and international levels, including legislative and other hierarchical levels, as well as the most significant regulatory changes for the sector. In particular, the Board monitored the National Development Plan, which will be in effect until 2026, the three

major reforms by the Government to the Health, Pension, and Labor Systems, institutional adjustments in governance, and the development of local government elections.

The issuance of Law 2300 stood out, which establishes measures to protect consumers' right to privacy. In this regard, it restricts the hours and channels of contact with customers through electronic means, in the context of collection, commercial, or advertising activities. Likewise, the Board remained informed about legislative projects such as protection against identity theft and negative reporting in credit bureaus due to this cause, protection against crimes related to information and data in the financial sector, prioritization of agricultural credit, arbitration for executive processes, consumer protection in e-commerce, reduction of barriers for home acquisition through financing, and the insolvency regime for non-trading individuals, which seeks to modify the procedural code.

Regarding regulations issued by the Financial Superintendence, the Circulars on the internal control system, the collection of information related to "interdependent operations" and "operational deposits" for the calculation of the Net Stable Funding Ratio, and the temporary modification of the Basic Accounting Circular to preserve the portfolio rating in consumer loans, stood out. As for the projects of External Circulars, the Board has been informed about proposals aimed at the development of Open Banking and the commercialization of technology and digital infrastructure, limits on large exposures and risk concentration, and the stress testing framework, along with the implementation of capital and liquidity self-assessment programs.

### PRESIDENT OF THE BOARD OF DIRECTORS

The President of the Board of Directors is Mr. **Carlos Guillermo Arango Uribe**. The President of the Board of Directors does not hold

any administrative position in the company. According to Article 41 of the Bank's Bylaws and Article 18 of the Regulations of the Board of Directors, the President of the Board of Directors has the following responsibilities:

### ACCORDING TO THE BYLAWS

- a. Preside over the Board of Directors meetings and manage the discussions.
- b. Ensure the execution of the Board of Directors' agreements and follow up on their assignments and decisions.
- c. Monitor the active participation of the Board of Directors members.
- d. Lead the annual evaluation process of the Board of Directors and Committees, except for their own evaluation.

### ACCORDING TO THE BOARD OF DIRECTORS REGULATIONS

- a. Preside over the Board of Directors meetings.
- b. Submit to the Board any proposals deemed appropriate for the proper functioning of the Bank, particularly those related to the operation of the Board itself and other corporate bodies, whether prepared by the President or another Board member.
- c. Make necessary recommendations to the Board of Directors on matters related to good Corporate Governance.

The above, without prejudice to the functions established in current regulations.

**THE BOARD**  
kept abreast of  
legislative projects.

## SECRETARY OF THE BOARD OF DIRECTORS

The Secretary of the Board of Directors is Mr. **Álvaro Montero Agón**, Legal Vice President and General Secretary of Banco Davivienda, in accordance with Article 60 of the Bylaws.

According to Article 20 of the Board of Directors Regulations, the Secretary of the Board of Directors has the following responsibilities:

- a.** To coordinate with the organization of the Board of Directors meetings together with the President of the Bank and attend such meetings.
- b.** To coordinate, together with the President of the Bank and the individuals designated by him, the collection and submission of information to be analyzed by the Board of Directors.
- c.** To safeguard the corporate documentation. Properly record the proceedings in the minutes book and certify the agreements during the meetings.

- d.** To ensure compliance with the legal regulations applicable to the Board of Directors and its members.

- e.** To serve as the general point of contact for the Bank's relations with executives in all matters related to the operation of the Board of Directors, in accordance with the instructions provided by the President of the Company for that purpose.

- f.** To process directors' requests regarding information and documentation on matters within the purview of the Board of Directors.

- g.** To act as Secretary in General Shareholders' Meetings, unless otherwise decided by the highest corporate body.

- h.** To inform the Board of Directors and promote the adoption of advances and trends in Corporate Governance matters.

The above, without prejudice to what is established in the bylaws and current regulations.

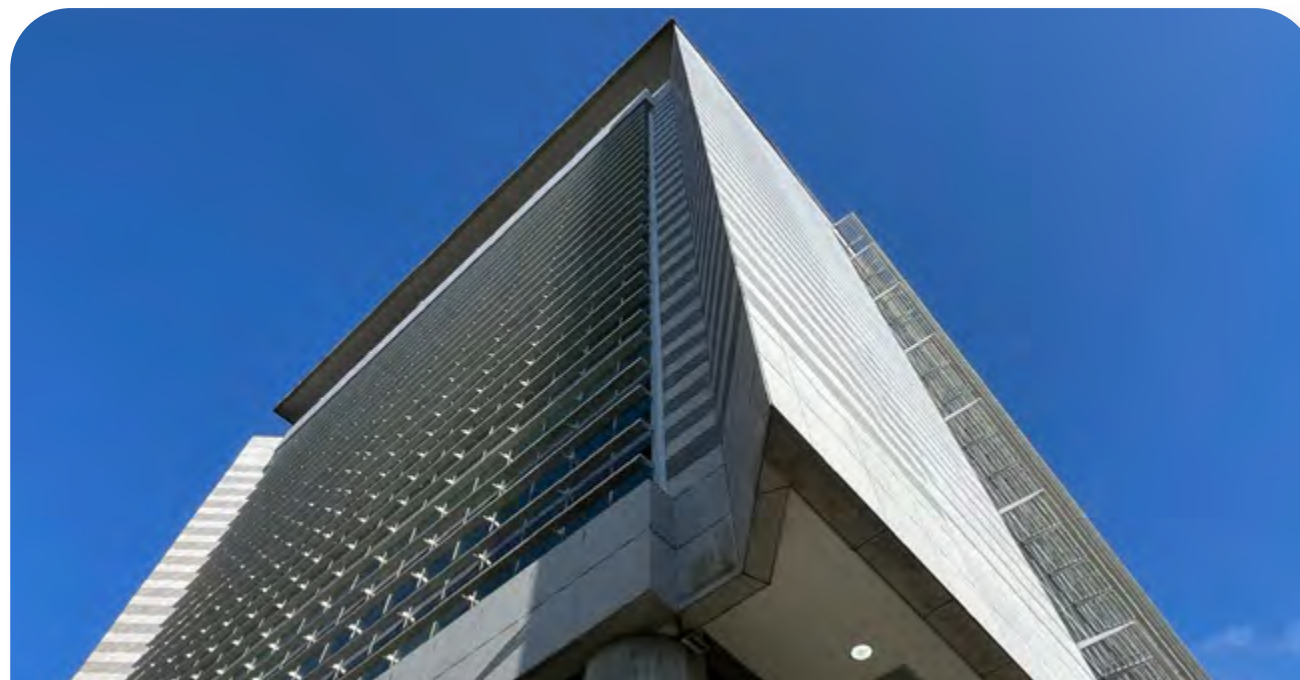
## EXTERNAL ADVISORY OF THE BOARD OF DIRECTORS

According to Article 29 of the Board of Directors Regulations, its members may request the hiring, at the Bank's expense, of legal, accounting, technical, financial, commercial, or other advisors for the analysis of specific and complex problems or issues that arise within Banco Davivienda S.A. and that require in-depth analysis by the Board of Directors.

## SELF-ASSESSMENT OF THE BOARD OF DIRECTORS AND EVALUATION OF THE BOARD OF DIRECTORS AND OF THE PRESIDENT OF THE COMPANY BY AN INDEPENDENT THIRD PARTY

In accordance with Article 25 of the Board of Directors Regulations, annual self-assessment processes are carried out by the Board of Directors. Additionally, in order to comply with international standards, the Board of Directors and the President of Banco Davivienda are evaluated by an independent third party.

In 2024, an independent expert will evaluate the performance of the Board of Directors and the President of the Company during 2023, and based on the results obtained from this evaluation, efforts will be made to improve the dynamics of the governing body.





**COMMITTEES SUPPORTING THE BOARD OF DIRECTORS**

In relation to our governance structure, the Board of Directors has established the legally required committees and others that, while not mandatory, support its management and keep it informed about the processes, structure, and risk management of each business line, allowing for proper monitoring and flow of information within the organization.

Support committees of the Board of Directors are considered those whose establishment and respective committee regulations are approved by the Board of Directors, and at least one member of these committees is a member of the Board of Directors of Banco Davivienda:

**AUDIT COMMITTEE**

This committee supports the Board of Directors in the implementation and supervision of the Entity's Internal Control System. The Audit Committee is composed of three (3) members of the Board of Directors, of which two (2) are independent.

<b>Board of Directors Support Committee</b>	<b>Topics under supervision</b>	<b>Participating Board Members</b>
<b>Audit Committee</b>	Implementation and supervision of the Internal Control System, ensuring that policies and processes are executed in accordance with the business objectives and risk tolerances selected by management.	Carlos Guillermo Arango Uribe Andrés Flórez Villegas Álvaro Peláez Arango
<b>Corporate Governance and Sustainability Committee</b>	Supervision, review and implementation of policies, guidelines and procedures regarding best practices in corporate governance and sustainability standards in the social and environmental areas, including climate issues.	Ana Milena Lopez Rocha Andrés Flórez Villegas Álvaro Peláez Arango
<b>Corporate Risk Committee</b>	Proper functioning of the Enterprise Risk Management (ERM) system, ensuring that the organization's risk levels are within the established risk appetite and have the required capital adequacy.	Ana Milena Lopez Rocha Carlos Guillermo Arango Álvaro Carrillo Buitrago
<b>Compliance Committee</b>	Money Laundering and Terrorist Financing Prevention and Control Management, in the execution of the compliance program, in relation to policies, processes, controls and corrective actions.	Andrés Flórez Villegas

**Audit Committee Members 2023**

<b>Carlos Guillermo Arango Uribe</b>	Member of the Board of Directors
<b>Andrés Flórez Villegas</b>	Independent Member of the Board of Directors
<b>Álvaro Peláez Arango</b>	Independent Member of the Board of Directors

**4 SUPPORT COMMITTEES**  
in Davivienda's Board of Directors.

**Meetings of the Audit Committee**

Minutes No.	Date 2023
133	13 February
134	10 May
135	08 August
136	20 October
137	09 November
138	14 December

The composition and operation of this Committee follow the guidelines and policies on the Internal Control System (ICS) established by External Circular 038 of 2009 issued by the Financial Superintendence of Colombia and other regulations that modify or complement it.

The functions of the Audit Committee are published on the website [www.davivienda.com](http://www.davivienda.com), <https://ir.davivienda.com/en/corporate-governance/> in the document Board of Directors Support Committee. The Committee carries out its functions based on its norms and current regulations.

**Attendance at the Audit Committee meetings**

<b>Carlos Guillermo Arango Uribe</b>	5 meetings
<b>Andrés Flórez Villegas</b>	6 meetings
<b>Álvaro Peláez Arango</b>	6 meetings

**Remuneration policy for members of the Committee**

The Board of Directors approved a remuneration of COP 4 million + VAT for the members of the Board of Directors who are part of the Committee and attend the meetings.

**Aspects to highlight about the performance of the Committee in 2023**

- ▶ Monitoring the policies established for the functioning of the Internal Control System (ICS), with particular attention to carrying out the necessary activities that ensure reasonable assurance of financial, operational, accounting, and technological management.
- ▶ Evaluation of risk reports: Biannual Risk Report, Status of main

operational risks, SARLAFT, and SAC. Additionally, the committee periodically evaluated the Cyber-risk reports.

- ▶ Knowledge of the most important communications and requirements from the Financial Superintendence of Colombia that were processed in the Bank.
- ▶ Evaluation of the processes for the preparation, presentation, and disclosure of financial information.
- ▶ Internal Audit management evaluation.
- ▶ Knowledge of the 2023 work plan with key monitoring aspects presented by the Statutory Auditor.

**Evaluation processes**

At the beginning of the year and on an annual basis, the Audit Committee carries out self-assessment processes for its members.

**CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE**

Since May 2021, the Board of Directors has unified the Corporate Governance and Sustainability Committees with the aim of developing the Bank's strategy in these two areas. This committee supports the Board of Directors in the implementation, supervision, and review of policies, guidelines, and procedures related to good corporate governance practices.

This committee is composed of five members, one member of the Board of Directors, the President of the Bank, the Executive Vice President of Risk, the Executive Vice President of Retail Banking and Marketing, and the Legal Vicepresident. In 2022, the Board of Directors appointed Javier José Suárez Esparragoza as a new member of the committee, replacing Efraín Forero Fonseca<sup>48</sup>.

<sup>48</sup> The Board of Directors approved the modification of the members of the Corporate Governance and Sustainability Committee (Act.No. 1050 of February 4, 2022).

In order to improve Corporate Governance standards, in October 2023, the Board of Directors approved a reform to the committee's regulations, which included the new composition of the Corporate Governance and Sustainability Committee, which will be composed of the following members of the Board of Directors:

The responsibilities of the Corporate Governance and Sustainability Committee are published on the website [www.davivienda.com](http://www.davivienda.com), <https://ir.davivienda.com/corporate-governance> in the document Board of Directors Supporting Committee.

The Corporate Governance and Sustainability Committee carried out its supporting tasks for the Board of Directors in relation to the implementation of good governance practices established within the organization. Likewise, the Committee fulfilled its functions within the parameters established by the Board of Directors and its regulations.

### Corporate Governance and Sustainability Committee's New Composition 2023

<b>Ana Milena López Rocha</b>	Individual Member of the Board of Directors
<b>Andrés Flórez Villegas</b>	Individual Member of the Board of Directors
<b>Álvaro Peláez Arango</b>	Individual Member of the Board of Directors

### Corporate Governance and Sustainability Committee Meetings

Minute number	Date 2023
08	15 February
09	23 February
10	25 May
11	15 December
12	26 December

### Attendance at meetings of the Corporate Governance and Sustainability Committee 2023

<b>Javier José Suárez Esparragoza</b>	4 meetings
<b>Ricardo León Otero</b>	4 meetings
<b>Álvaro Montero Agón</b>	2 meetings
<b>Ana Milena López Rocha</b>	4 meetings
<b>Maritza Pérez Bermúdez</b>	4 meetings
<b>Andrés Flórez Villegas (nuevo miembro)*</b>	1 meeting
<b>Álvaro Peláez Arango (nuevo miembro)*</b>	1 meeting

\* The Board of Directors approved the modification of the members of the Corporate Governance and Sustainability Committee (Minutes No. 1098 dated October 31).

## REFORM OF THE RULES OF PROCEDURE

The Board of Directors approved the reform of the Corporate Governance and Sustainability Committee to improve standards in this area.

### Remuneration policy for members of the Committee

Starting from October 31, 2023, the Board of Directors approved a fee of four million Colombian pesos (\$4,000,000), plus VAT, for the members of the Board of Directors for attending the Committee meetings.

### Aspects to highlight about the Committee's management during 2023

- ▶ Corporate Governance Topics:
  - ▶ Approval of the 2022 Annual Corporate Governance Report, which was presented to the Board of Directors and subsequently to the General Shareholders' Meeting on March 21, 2023.
  - ▶ Review of the results and progress of the 2022 Country Code Report.
  - ▶ Review of progress in Corporate Governance matters at Banco Davivienda.
- ▶ Sustainability Topics:
  - ▶ Monitoring the Bank's sustainability strategy in: Sustainable Finance, Eco-efficiency, Environmental and Social Programs and Projects, and Strategic Philanthropy.



- ▶ Presentation and approval of the Task Force on Climate-related Financial Disclosures (TCFD) Report for subsequent publication as an annex to the annual report to be presented at the General Shareholders' Meeting on March 21, 2023.
- ▶ Approval of the Responsible Investment Policy.
- ▶ Approval of the update to the Environmental and Climate Change Policy.
- ▶ Approval of the adherence to UNEP-FI, and thereby also to the Net Zero Banking Alliance (NZBA) and GFANZ (Glasgow Financial Alliance for Net Zero).
- ▶ Approval of the adherence to SBTi (Science Based Targets Initiative).
- ▶ Review of Banco Davivienda's progress in sustainable management.
- ▶ Results obtained by Banco Davivienda in the 2022 Dow Jones Sustainability Index (DJSI).

**CORPORATE RISK COMMITTEE**

It is a committee that provides support to the Board of Directors. It is in charge of defining guidelines on risk management and keeping the Board of Directors and Senior Management informed about the corporate risks of the Bank and its subsidiaries. To carry out this integrated management, there are other risk committees specialized in areas such as credit, market and liquidity, operations, fraud, among others.

Additionally, in compliance with recommendations from the Financial Superintendence of Colombia, on June 28, 2022, the Board of Directors approved the inclusion of the following individuals as permanent invitees to this committee:

- ▶ President of Banco Davivienda
- ▶ Executive Vice President of Risk at Banco Davivienda
- ▶ Executive Vice President of Investment Risk of Grupo Bolívar
- ▶ Executive Vice President of International Banking at Banco Davivienda
- ▶ Vice President of Compliance at Banco Davivienda

Currently, the committee does not have an evaluation process in place for its members.

The responsibilities of the Corporate Risk Committee are published on the website [www.davivienda.com](http://www.davivienda.com), <https://ir.davivienda.com/corporate-governance> in the document Board of Directors Supporting Committee.

**Meetings of the Corporate Risk Committee**

Minute number	Date 2023
41	17 March
42	04 May
43	06 July
44	07 September
45	02 November

**Meeting attendance of the Corporate Risk Committee**

Ana Milena López Rocha	3 meetings
Carlos Guillermo Arango	4 meetings
Álvaro Carrillo Buitrago	5 meetings

**Remuneration policy for members of the Committee**

The Board of Directors approved a remuneration of four million Colombian pesos (\$4,000,000), plus VAT, for the members of the Board of Directors for attending the committee meetings.

**Members of the Corporate Risk Committee 2023**

Ana Milena López Rocha	Main Member of the Board of Directors
Carlos Guillermo Arango	Main Member of the Board of Directors
Álvaro Carrillo Buitrago	Main Member of the Board of Directors

**Aspects to highlight about the Committee’s management during 2023**

During 2023, the Corporate Risk Committee’s management stood out for its monitoring and continuous support for high-impact regulatory requirements related to Enterprise Risk Management, such as the implementation of the Integrated Risk Management System (SIAR), the deployment and impact of the new Country Risk Management system, the modeling of new resolution plan guidelines, and the results of the stress testing scheme. Additionally, the Committee monitored other relevant topics that ensure optimal functioning and alignment of the strategy with integrated risk management, such as progress in business continuity management, monitoring compliance with the Entity’s risk profile, and tracking specific risk management for certain lines of business and/or subsidiaries.

**COMPLIANCE COMMITTEE**

It is a decision-making and support committee for the management carried out by the Board of Directors in terms of supervision and monitoring of the Entity’s compliance program. Its main responsibility is to support the management of the Entity in the implementation, supervision, and monitoring of the compliance

program in the prevention of Money Laundering and Financing of Terrorism.

It is composed by the President of the Bank, a member of the Board of Directors, the Commercial Executive Vice President, the Executive Vice President of Risk and Financial Control, the Executive Vice President of Retail Banking and Marketing, the Executive Vice President of Technology, the Corporate Executive Vice President, and the Vice President of Compliance.

**Members of the Compliance Committee 2023**

<b>Javier José Suárez Esparragoza</b>	Chief Executive Officer
<b>Andrés Flórez Villegas</b>	Independent Member of the Board of Directors
<b>Jorge Horacio Rojas Dumit</b>	Commercial Executive Vice President
<b>Pedro Uribe Torres</b>	Corporate Executive Vice President
<b>Ricardo León Otero</b>	Executive Vice President of Risk and Financial Control
<b>Maritza Pérez Bermúdez</b>	Executive Vice President of Retail Banking and Marketing
<b>Alberto Patricio Melo Guerrero</b>	Executive Vice President of Technology
<b>Liliana Alvis Cruz</b>	Vice President of Compliance
<b>Daniel Cortés McAllister</b>	Executive Vice President of Wealth Management and Treasury

**SUPPORT COMMITTEES**

The Board of Directors has created the legally required committees and others that, although not mandatory, support its management.

**Deputy members of the Compliance Committee 2023**

- Deputy Compliance Officer and/or Director of AML Design and Processing
- Operational Risk Vice Presidency Assistant
- Commercial Management and Logistics Department
- Vice President of Retail Banking
- Vice President of Operations
- Vice President of Corporate Credit
- Vice President of Treasury

**Guests invited to the Compliance Committee**

<b>Danilo Cortés</b>	Vice President of Auditing
<b>Carmen A. Pérez / Luis Felipe Seade Olcese</b>	Deputy Compliance Officer and/or Director of AML Design and Processing

Currently, the Compliance Committee does not have an evaluation process in place for its members.

The responsibilities of the Compliance Committee are published on the website [www.davivienda.com](http://www.davivienda.com), <https://ir.davivienda.com/corporate-governance> in the document Board of Directors Supporting Committee.

**Meetings of the Compliance Committee 2023**

**Date 2023**

27 February

06 June

26 July

01 December

**Meeting Attendance of the Compliance Committee**

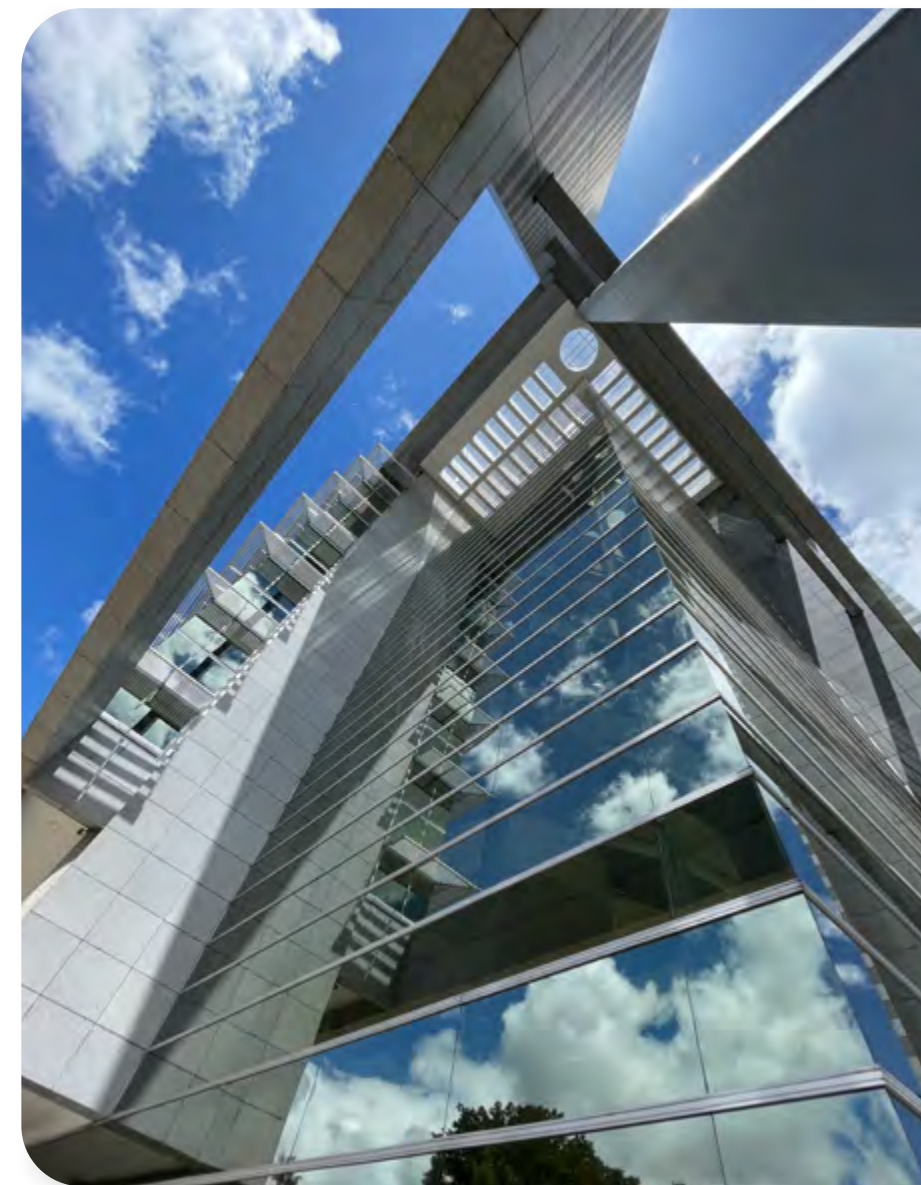
<b>Javier José Suárez Esparragoza</b>	4 Meetings
<b>Andrés Flórez Villegas</b>	4 Meetings
<b>Ricardo León Otero</b>	2 Meetings
<b>Jorge Horacio Rojas Dumit</b>	3 Meetings
<b>Maritza Pérez Bermúdez</b>	3 Meetings
<b>Liliana Alvis Cruz</b>	4 Meetings
<b>Alberto Patricio Melo Guerrero</b>	3 Meetings
<b>Daniel Cortés McAllister</b>	4 Meetings

**Remuneration policy for members of the Committee**

The Board of Directors approved a remuneration of four million Colombian pesos (\$4,000,000), plus VAT, for the members of the Board of Directors for attending the committee meetings. The other committee members do not receive remuneration.

**Aspects to highlight about the Committee's management during 2023**

Given the nature of the Compliance Committee and its role as a support committee to the Board of Directors, it has played a decisive role in carrying out improvement actions regarding the execution of the compliance program. The periodic monitoring of the results of control entities' evaluations and the establishment of work plans for non-compliance and necessary policy modifications for the program's regulatory updates have ensured that the information presented to the Board of Directors regarding the conducted management meets regulatory requirements and generates governance decisions that promote a culture of compliance.





# CEO and Senior Management

## COMPOSITION AND RESUMES OF THE MEMBERS OF SENIOR MANAGEMENT

In order to disclose the suitability of the members of the Senior Management of the Organization, we have published the professional profile and experience of each of the members of the Senior Management and the Organization's CEO on the corporate website, at the following links: [www.davivienda.com](http://www.davivienda.com), <https://ir.davivienda.com/>

### Senior Management Banco Davivienda S.A. - Professional profiles

	Professional profile	Participation in administrative or control agencies of companies other than the issuer
<b>Javier José Suárez Esparragoza</b> Chief Executive Officer	Civil Engineer	Corporación Financiera Davivienda S.A.
<b>Ricardo León Otero</b> Executive Vice President of Risk	IT Engineer	Corporación Financiera Davivienda S.A. Rappipay Promociones y Cobranzas Beta
<b>Maritza Pérez Bermúdez</b> Executive Vice President of Retail Banking and Marketing	Industrial Engineer	Rappipay
<b>Pedro Uribe Torres</b> Executive Vice President of Corporate Banking	Industrial Engineer	Fiduciaria Davivienda S.A. Corredores Davivienda S.A. Seguros Comerciales Bolívar S.A. Capitalizadora Bolívar S.A.
<b>Reinaldo Romero Gómez</b> Executive Vice President of International Banking	Industrial Engineer	Fiduciaria Davivienda S.A. Corredores Davivienda S.A.

	Professional profile	Participation in administrative or control agencies of companies other than the issuer
<b>Martha Luz Echeverry</b> Executive Vice President of Human Talent	Psychologist	N/A
<b>Patricio Melo Guerrero</b> Executive Vice President of Technology	Civil Engineer in Electronics	Fiduciaria Davivienda S.A. Corredores Davivienda S.A. Incocredito
<b>Daniel Cortés McAllister</b> Executive Vice President of Wealth Management and Treasury	Accountant and Business Administrator	Fiduciaria Davivienda S.A. Corredores Davivienda S.A. Seguros Comerciales Bolívar S.A. Capitalizadora Bolívar S.A. Santander CACEIS
<b>Jorge Rojas Dumit</b> Executive Vice President of Commercial Banking	Industrial Engineer	Fiduciaria Davivienda S.A. Corredores Davivienda S.A.
<b>Jaime Castañeda Roldán</b> Vice President of Treasury and International Business	Business Administrator	Fiduciaria Davivienda S.A. Corredores Davivienda S.A. CRCC S.A.

Senior Management Banco Davivienda S.A.		Topics under supervision
Chief Executive Officer	Javier José Suárez Esparragoza	Sustainable Strategy
Executive Vice President of Risk	Ricardo León Otero	Integrated Risk Management System Accounting Tax
Executive Vice President of Retail Banking and Marketing	Maritza Pérez Bermúdez	Innovation Means of payment Products and services retail segment
Executive Vice President of Corporate Banking	Pedro Uribe Torres	Products and services corporate segment
Executive Vice President of International Banking	Reinaldo Romero Gomez	International Subsidiaries Strategy
Executive Vice President of Human Talent	Martha Luz Echeverry	Human Talent Management Occupational Health and Safety
Executive Vice President of Technology	Patricio Melo Guerrero	Transformation and Technology Banking operations
Executive Vice President of Wealth Management and Treasury	Daniel Cortés Mcallister	Treasury Brokerage Banking
Executive Vice President of Commercial Banking	Jorge Rojas Dumit	Sales and marketing strategy
Vice President of Treasury and International Business	Jaime Castañeda Roldán	Cash Flow Liquidity Own position

## SENIOR MANAGEMENT RESPONSIBILITIES

The main functions of the members who are part of the Senior Management of Banco Davivienda are as follows:

- ▶ Analyzing the business under their responsibility, monitoring the strategy and commercial management.
- ▶ Evaluating the status of the projects under their responsibility.
- ▶ Attending and participating in the presidency committee and other strategy committees they belong to.
- ▶ Coordinating work teams to monitor the agreed goals and programs for the year.

## REMUNERATION POLICY FOR THE PRESIDENT AND SENIOR MANAGEMENT

### REMUNERATION OF THE PRESIDENT AND SENIOR MANAGEMENT

The fixed and variable compensation parameters applicable each year for all employees of the subordinate companies of the Bolivar Group, of which Banco Davivienda is a part, are discussed and approved by the Compensation Committee formed by members of the Board of Directors of the Group, and its decisions on compensation, as far as the bank is concerned, are then presented and approved by the full Board of Directors of Banco Davivienda.

For the president and senior management, the variable compensation component is the same as that applicable to the bank's other employees and is directly proportional to the financial results and strategic priorities of the bank. These, in addition to being short-term priorities, also incorporate strategies that, due to their size, mature in the medium and long term, but with concrete results and deliverables in the year. Incorporating longer-term strategic priorities within the variable compensation component allows for greater alignment between the expectations of shareholder groups and the decisions of senior management.

The fixed compensation of the president, senior management and all other bank employees consists of a fixed monthly salary that increases on the anniversary date. The increase approved by the Board of Directors each year takes into account for its calculation the inflation indicator and the minimum salary regulated by the Government. In exceptional cases, Management may submit additional merit-based increases for consideration by the Board of Directors.

The variable remuneration of the president, senior management, as well as that of all other bank employees, and which is set according to the financial expectations and strategic priorities of the bank, took into account for 2023 the performance of the following variables:

Financial results of the business:

Portfolio: Includes market share in Personal Banking and Small and Medium Business (SME) portfolio and

Sustainable portfolio share over the total portfolio, which includes, among others, the Sustainable Construction, Green Mortgages, Sustainable Agriculture, Non-Conventional Renewable Energies, Clean Production, Eco Vehicle, Social Interest Housing and SME Women's portfolio.

- ▶ Profits
- ▶ Cost of Risk
- ▶ Efficiency
- ▶ Service, measured by the Net Promoter Score (NPS) indicator
- ▶ Low cost capture and market share on amounts transacted
- ▶ Anti-fraud efforts indicator

**STRATEGIC PRIORITIES**

Includes twelve (12) priorities in aspects such as technology, service, business lines, efficiency, customer experience and commercial model, among others.

For business units, commercial teams, operations and subsidiaries, the weights of the variable compensation components are:

<b>Financial results of the business</b>	<b>40%</b>
<b>Strategic priorities</b>	<b>30%</b>
<b>Area-specific priorities</b>	<b>30%</b>

This ensures that payments are consistent with the entity's overall results.

The periodicity of the payment is annual, and in February 2023 the variable component was paid to all employees, including senior management, according to the 2022 results.

**SENIOR MANAGEMENT ASSESSMENT PROCESS**

At Davivienda, we continue our strategy of assessments between leaders and teams, enabling conversations focused on business results and personal development, promoting the construction of clear,

measurable, and shared business objectives, focused on results and development goals that allow individuals to strengthen their skills.

In this way, we have been able to strengthen the conversational practices of leaders, understand the skills, abilities, and potential of individuals to define individual development plans according to the opportunities and strengths found.

**UPDATES IN SENIOR MANAGEMENT**

In December 2023, the Board of Directors approved the following organizational changes in the members of Senior Management, which will take effect from January 1, 2024:

- ▶ Patricio Melo Guerrero, Executive Vice President of Technology and Legal Representative of the Bank, after 10 years of association with the Bank, will leave that position to enjoy his retirement.

- ▶ Ricardo León Otero will assume the role of Executive Vice President of Technology and will therefore step down from his role as Executive Vice President of Risk. Ricardo León Otero will continue to be a Legal Representative of the Bank.
- ▶ Álvaro José Cobo will assume the role of Executive Vice President of Risk and Legal Representative of the Bank.

**SENIOR MANAGEMENT SUPPORT GROUPS**

**EXECUTIVE COMMITTEE**

This is a committee that supports Senior Management and ensures the execution and monitoring of Banco Davivienda's business strategy and risk management, in accordance with the guidelines of the Board of Directors.



### Executive Committee Members 2023

Javier Suárez Esparragoza	Chief Executive Officer
Maritza Pérez Bermúdez	Executive Vice President of Retail Banking and Marketing
Ricardo León Otero	Executive Vice President of Risk
Pedro Uribe Torres	Corporate Executive Vice President
Reinaldo Romero Gómez	Executive Vice President of International Banking
Daniel Cortés McAllister	Executive Vice President of Wealth Management and Treasury
Martha Luz Echeverri	Executive Vice President of Human Talent
Alberto Patricio Melo Guerrero	Executive Vice President of Technology
Jorge Rojas Dumit	Executive Vice President of Commercial Banking

During the second semester of 2023, the Committee underwent a modification to ensure that its content is strategic, which is why it was renamed the Strategic Alignment Committee.

### INTEGRATED ACCOUNTING & TAX REGULATION AND DISCLOSURE COMMITTEE

It is a committee that supports the Board of Directors in the analysis of accounting and tax policies and procedures, in order to comply with applicable regulations in Colombia. It also ensures the assurance and validation of the disclosure of the Financial Statements.

The Accounting Committee is composed of six (6) main members and six (6) deputy members, who were:

## ASSESSMENT BETWEEN LEADERS AND TEAMS

With this strategy we encourage and promote business conversations and the fulfillment of objectives.

### Integrated Accounting & Tax Regulation and Disclosure Committee Members 2023

Juan Carlos Hernández	Accounting and Tax Vice President	Main member
Ricardo León Otero	Executive Vice President of Risk	Main member
Adriana Darwisch Puyana	Vice President of International Finance	Main member
Yaneth Riveros Hernández	Vice President of Corporate Credit	Main member
María Carolina Restrepo Frasser	Vice President of Risk at Grupo Bolívar	Main member
Paula Reyes del Toro	Credit Risk Vice President	Main member
Tatiana Saldarriaga Jiménez	Accounting Director	Deputy member
Pedro Bohórquez Gaitán	Planning and Risks Director	Deputy member
William Lenis Lara	National Director of Business Banking Standardization	Deputy member
Andrés Díaz Plazas	Risk Director	Deputy member
Juan C. Osorio Villegas	Vice President of International Credit	Deputy member
Andrés Felipe Hoyos Marín	Head of Risk Models, Methodologies and Parametrization Department	Deputy member

The Tax Committee is composed of 4 main members and 4 deputy members, who are:

**Tax Committee Members 2023**

<b>Javier Suárez Esparragoza</b>	Chief Executive Officer	Main member
<b>Ricardo León Otero</b>	Executive Vice President of Risk	Main member
<b>Juan Carlos Hernández Núñez</b>	Accounting and Tax Vice President	Main member
<b>Álvaro Montero Agón</b>	Legal Vice President	Main member
<b>Adriana Darwich Puyana</b>	Vice President of International Finance	Deputy Member
<b>William Clavijo León</b>	Head of management and tax planning	Deputy Member
<b>Reinaldo Romero Gómez</b>	Executive Vice President of International Banking	Deputy Member
<b>Pedro Uribe Torres</b>	Corporate Executive Vice President	Deputy Member

In 2023, the Integrated Accounting & Tax Regulation and Disclosure Committee fulfilled its functions within the parameters established by the Board of Directors and its regulations.

**REMUNERATION COMMITTEE**

This is a Group Committee and its duty is to establish guidelines on the remuneration of the employees of the Grupo Bolívar companies, particularly the Presidents of

the different companies, aiming for equity and consistency between their positions and those of their counterparts in the financial sector. Likewise, it seeks a balance within each of the companies, without prejudice to what each Board of Directors establishes.

The members of this Committee are José Alejandro Cortés Osorio and Bernardo Carrasco Rojas, members of the Board of Directors of Grupo Bolívar S.A.





## STATUTORY AUDITOR

### APPOINTMENT AND REMUNERATION OF THE STATUTORY AUDITOR

For the appointment of the Statutory Auditor and in compliance with the provisions of its Corporate Governance System and the Basic Legal Circular, the Audit Committee, prior to the Shareholders' Meeting, analyzed the proposals submitted by the candidates for Statutory Auditor, evaluating whether the professional profile of each candidate and the content of their proposal met the legal requirements and the needs of the Company, and presented its recommendations to the Shareholders' Meeting regarding the candidates.

**On March 18, 2021, the Company's General Shareholders' Meeting appointed KPMG S.A.S. as Statutory Auditor for the period from April 1, 2021, to March 31, 2023,** and the amount of fees to be paid to KPMG as the Statutory Auditor for the services in 2023 was COP 97,298,260.93. The Statutory Auditor certified to the General Shareholders' Meeting that the related



fees do not represent more than 10% of the operational income obtained by KPMG S.A.S. during the respective year.

### RELATIONS WITH THE STATUTORY AUDITOR

Relations with the Statutory Auditor proceeded normally during 2023, adequate conditions for the development of the auditing work were maintained and their independence was safeguarded. These conditions were supervised by the Board of Directors through the Auditing Committee.

## FINANCIAL CONSUMER OMBUDSMAN

At the Ordinary General Shareholders' Meeting held on March 23, 2022, the shareholders elected José Guillermo Peña G. (Peña González & Asociados) as the main Ombudsman and Andrés Augusto Garavito Colmenares as his deputy for the period from April 1, 2022 to March 31, 2024.

In the General Shareholders' Meeting held on March 21, 2023, it was unanimously approved to take note of the Report of the Financial Consumer Ombudsman of the Bank to the Shareholders' Meeting.

## INTERNAL CONTROL SYSTEM

The Bank currently has a control system integrated by principles of self-control, self-regulation and self-management. This identifies the elements of the internal control system throughout the structure of the organization

The Bank has an Audit Vice-Presidency, with process certification by ISO 9001:2015 standard. This Vice Presidency has the resources for the execution of their activities; therefore, adequate coverage for the evaluation of the internal control system, risk management and corporate governance of the entity is guaranteed. The Vice

Presidency reports to the Audit Committee and to the Board of Directors which ensures their independence.

Corporate risk management is a central element of our strategy, which is constantly evolving and updated in line with international best practices. **Davivienda has a General Risk Framework and management systems aimed at preserving effectiveness, efficiency, operational capacity,** and safeguarding the resources it manages. The evaluation of the Internal Control System (ICS) included the Risk Management Systems: Credit (SARC), Market (SARM), Liquidity (SARL), Operational (SARO), Anti-Money Laundering and Counter-Terrorism Financing (SARLAFT), Fraud and Transactional Risk, Information Security and Cybersecurity, Technological Risk, Environmental and Social Risks, Risks in Third Parties and Allies, and Business Continuity Internal Control System.

During 2023, the Audit Committee, delegated by the Board of Directors, monitored the Bank's risk exposure levels and their implications through reports presented by the Vice Presidencies of Audit, Risk, and Compliance, as well as by the Statutory Auditor's Office.



## TRANSACTIONS BETWEEN RELATED PARTIES

Banco Davivienda S.A. has established a chapter titled “Relationships with Related Parties” in its Manual of Conflict of Interest, Use of Privileged Information, and Related Parties. This chapter describes the guidelines and mechanisms to be followed by the entity when conducting operations with related parties.

In accordance with our Manual of Conflict of Interest, Use of Privileged Information, and Related Parties, related parties are defined as follows:

*“individual, legal entity, or investment vehicle that has a situation of control or subordination, either directly or indirectly, with respect to an entity of the Bolívar Financial Conglomerate (CFB) or belongs to the Grupo Empresarial Bolívar; capital participants or ultimate beneficiaries who own ten percent (10%) or more of the shareholding in any entity of the Bolívar Financial Conglomerate (CFB); legal entities in which any entity of the Bolívar Financial Conglomerate (CFB) is an ultimate beneficiary of ten percent*

*(10%) or more of the shareholding; legal entities that are subordinate to any of the capital participants or ultimate beneficiaries of ten percent (10%) or more of the shareholding in any entity of the Bolívar Financial Conglomerate (CFB); administrators of companies belonging to the Grupo Empresarial Bolívar; companies in which an administrator of Grupo Bolívar S.A. holds a direct or indirect ownership interest equal to or greater than 10% of the outstanding shares or membership interests; foundations or nonprofit entities in which Grupo Bolívar S.A. has a significant influence; autonomous patrimonies (PA); and Private Equity that meet the criteria set forth in Article 21 of the aforementioned Manual.*

Likewise, in the Manual of Conflict of Interest, Use of Privileged Information, and Related Parties, in the event that these types of commercial and business transactions are conducted, they must be carried out at market rates and conditions. However, if these transactions may entail a potential conflict of interest, they must be managed in accordance with the procedure established in our Manual

of Conflict of Interest, Use of Privileged Information, and Related Parties, which can be consulted on our corporate website at the following link: [www.davivienda.com/ Información para inversionistas / Gobierno Corporativo/ Manual de Conflictos de Interés y uso de Información privilegiada \(Information for investors Information / Corporate Governance / Manual on Conflicts of Interest and Use of Privileged Information\)](http://www.davivienda.com/Información para inversionistas / Gobierno Corporativo/ Manual de Conflictos de Interés y uso de Información privilegiada (Information for investors Information / Corporate Governance / Manual on Conflicts of Interest and Use of Privileged Information)).

## SPECIAL REPORT OF THE BUSINESS GROUP

The total amount of transactions entered into during 2023 is disclosed in the notes to the Financial Statements. Below is a summary of the main transactions with related parties as of December 31, 2023, with further details provided in Note 14 of the Financial Statements:

- ▶ Assets: COP 879.5 billion
- ▶ Liabilities: COP 1.17 trillion
- ▶ Income: COP 1.02 trillion
- ▶ Expenses: COP 562.1 billion

For further details on the disclosure of information in the notes to the financial statements, these are published on our website, at the following link:

<https://ir.davivienda.com/en/financial-information/>

During 2023, there were no material transactions outside the ordinary course of business or under conditions different from market conditions with our related parties. Additionally, during 2023, we did not engage in offshore operations.

## HANDLING OF CONFLICTS OF INTEREST

In order to prevent conflicts of interest in decisions to be made by shareholders, directors, senior executives, and officials of the Bank, **rules of conduct have been defined to ensure that decisions are made with the utmost objectivity and in the best interest of the Bank.**

In accordance with the above, the Manual of Conflict of Interest, Use of Privileged Information, and Related Parties contains a catalog of possible behaviors that may generate conflicts of interest and the mechanisms to manage them.

Regarding the brokerage activities carried out by the Bank in the securities market, the manual includes principles and policies that allow for the detection,

prevention, and management of potential conflicts of interest.

It is important to mention that on May 24, 2022, the Board of Directors approved modifications to the Manual of Conflict of Interest, Use of Privileged Information, and Related Parties, which include the following: the inclusion of a new chapter on “Conflicts of Interest of the Financial Conglomerate”; updating and adjusting the definition of Related Parties, the classification of transactions, and market rate criteria in accordance with the transactions conducted; the incorporation of rules of conduct regarding strategic allies of Banco Davivienda, and adjustments to special situations in the distribution of CIF (Collective Investment Funds) and VPF (Voluntary Pension Funds).

The Manual of Conflict of Interest and Use of Insider Information is published on the website at the following path: [www.davivienda.com/ Información para inversionistas / Gobierno Corporativo/ Manual de Conflictos de Interés y uso de Información privilegiada \(Investor Information / Corporate Governance / Conflict of Interest and Use of Privileged Information Manual\)](http://www.davivienda.com/Información para inversionistas / Gobierno Corporativo/ Manual de Conflictos de Interés y uso de Información privilegiada (Investor Information / Corporate Governance / Conflict of Interest and Use of Privileged Information Manual)).

**INFORMATION PROVIDED TO THE MARKET**

During 2023, the Bank disclosed timely and accurate information to shareholders, investors, and the general market regarding the company, its financial performance, corporate governance system, and relevant information. That is why the Bank has established, in addition to institutional channels, a section on its website, [www.davivienda.com](http://www.davivienda.com), to provide such information.

**COMPLAINTS REGARDING COMPLIANCE WITH THE CODE OF GOOD GOVERNANCE**

During 2023, there were no complaints about non-compliance with the Bank’s Code of Good Governance.

**OTHER RELEVANT INFORMATION**

The Bank is not aware of the existence of contracts with members of the Board of Directors, administrators, Senior Executives, or Legal Representatives, including their relatives and partners, that are of significant relevance and not derived from the ordinary course of business.

The Bank has no evidence of any conflicts, direct or indirect, between any members of the Board of Directors and the interests of the Bank.

Furthermore, during 2023, Davivienda did not attend to or participate in pending or concluded legal proceedings

related to unfair competition and/or monopolistic practices. Additionally, Davivienda did not receive fines or material sanctions from judicial or administrative authorities.

The Corporate Governance report has been presented to the Board of Directors of the Bank, and has been unanimously approved by the members of the Corporate Governance and Sustainability Committee. This report can be consulted on the corporate website, [www.davivienda.com](http://www.davivienda.com)

**REPORT ON BEST CORPORATE PRACTICES - COUNTRY CODE**

In compliance with Circular Externa 028 of 2014 from the Financial Superintendence of Colombia, we inform that the Best Corporate Practices Report - Country Code 2023 is published on the corporate website, on the following link: [www.davivienda.com](http://www.davivienda.com) / Información para inversionistas / Gobierno Corporativo/ Mejores Prácticas Corporativas-Código País 2023 (Information for investors / Corporate Governance / Corporate Best Practices Report - Country Code 2023).

**BOARD OF DIRECTORS OF SUBSIDIARIES**

The members of the Board of Directors of Davivienda Bank’s subsidiaries possess personal, professional, and complementary skills that enable them to make decisions with an objective and strategic vision.



**BOARD OF DIRECTORS IN COLOMBIA**

Supervised entities. The composition of the Boards of Directors of the national subsidiaries is as follows:

- ▶ Fiduciaria Davivienda: consists of seven (7) men and three (3) women
- ▶ Corredores Davivienda: consists of seven (7) men and three (3) women
- ▶ Corporación Financiera Davivienda: consists of six (6) men and four (4) women.

**Board of Directors Fiduciaria Davivienda S.A. 2023-2025**

	Main members	Deputy members
First line	<b>Pedro Alejandro Uribe Torres</b> Shareholder-appointed member	<b>Yaneth Riveros Hernández</b> Shareholder-appointed member
Second line	<b>Daniel Cortés McAllister</b> Shareholder-appointed member	<b>Jaime Alonso Castañeda Roldan</b> Shareholder-appointed member
Third line	<b>Patricio Melo Guerrero</b> Shareholder-appointed member	<b>Jorge Horacio Rojas Dumit</b> Shareholder-appointed member
Fourth line	<b>María Carolina Restrepo Frasser</b> Shareholder-appointed member	<b>Camilo Albán Saldarriaga</b> Shareholder-appointed member
Fifth line	<b>Roberto Holguin Fety</b> Independent Member	<b>Olga Lucía Martínez Lema</b> Independent Member

**Board of Directors Corredores Davivienda S.A. 2023-2025**


	Main members	Deputy members
First line	<b>Pedro Alejandro Uribe Torres</b> Shareholder-appointed member	<b>Yaneth Riveros Hernández</b> Shareholder-appointed member
Second line	<b>Daniel Cortés McAllister</b> Shareholder-appointed member	<b>Jaime Alonso Castañeda Roldan</b> Shareholder-appointed member
Third line	<b>Patricio Melo Guerrero</b> Shareholder-appointed member	<b>Jorge Horacio Rojas Dumit</b> Shareholder-appointed member
Fourth line	<b>María Carolina Restrepo Frasser</b> Shareholder-appointed member	<b>Camilo Albán Saldarriaga</b> Shareholder-appointed member
Fifth line	<b>Roberto Holguin Fety</b> Independent Member	<b>Olga Lucía Martínez Lema</b> Independent Member

**Board of Directors Corporación Financiera Davivienda S.A. 2022-2023**

	Main members	Deputy members
First line	<b>Javier Suárez Esparragoza</b> Shareholder-appointed member	<b>Ricardo León Otero</b> Shareholder-appointed member
Second line	<b>María Carolina Restrepo Frasser</b> Shareholder-appointed member	<b>Reinaldo Rafael Romero Gómez</b> Shareholder-appointed member
Third line	<b>Sandra Isabel Sánchez Suárez</b> Shareholder-appointed member	<b>Adriana Darwisch Puyana</b> Shareholder-appointed member
Fourth line	<b>Alfonso Vargas Wills</b> Independent Member	<b>Juan Manuel Díaz Ardila</b> Independent Member
Fifth line	<b>Jorge Enrique de Jesús Uribe Montaña</b> Independent Member	<b>Olga Lucía Martínez Lema</b> Independent Member

**REGIONAL CORPORATE GOVERNANCE**

Through our international corporate governance, we have proper control over business management and operations, allowing us to uniformly implement best practices at a regional level and ensure they are managed within the parameters set by the parent company. For this purpose, the following governance bodies have been defined:

At a regional level, with an aggregated view of operations in the region, the following instances are in place:

► **Regional Unit - Davivienda Colombia:**

led by the Executive Vice President of International Banking, it is an integral part of Davivienda Colombia and its main objective is the coordination, management, and control of the development of each of the Foreign Subsidiaries' businesses within the governance and risk appetite parameters defined by the parent company, for which it creates a specialized structure.

► **Regional Management Committee:** serves as the integrated business management body for the foreign subsidiaries, focusing on strategic matters, control, and supervision. It operates as a Regional Committee and reports to the Board of Directors of the parent company

Additionally, on August 17, 2023, the Board of Directors authorized the investment in the company Holding Davivienda Internacional S.A. (hereinafter "the Holding"), domiciled in Panama, as part of a corporate reorganization scheme.

This decision was communicated to the market through relevant information on the same day as the decision.

Through this investment, the aim is to provide greater clarity to third parties regarding the organization of the Bank, as well as to have an independent structure to finance growth and/or take advantage of business opportunities in Central America, and to more efficiently manage the capital of the International Subsidiaries, among other aspects.





On November 17, 2023, following authorization from the Financial Superintendence of Colombia and the Banking Superintendence of Panama, the Bank made a capital investment in the Holding.

At the country level, the following instances are in place for operations in each country:

1. General and Extraordinary Shareholders' Meeting (Local)
2. Board of Directors (Local)
3. Bodies and Committees supporting the Board of Directors and Senior Management (Local)

**BOARDS OF DIRECTORS OF BANKS IN CENTRAL AMERICA**

**Board of Directors of Banco Davivienda Honduras S.A.**



**5 women and 5 men**

<b>Reinaldo Rafael Romero Gómez</b> Main Shareholder-appointed Member	<b>Adriana Darwisch Puyana</b> Main Shareholder-appointed Member
<b>Rosa del Pilar Sandoval Méndez</b> Main Shareholder-appointed Member	<b>Tania Margarita Hernández Gómez</b> Main Shareholder-appointed Member
<b>Mario Fernando Vega Roa</b> Main Shareholder-appointed Member	<b>María Eugenia Brizuela de Ávila</b> Main Independent Member
<b>Juan Camilo Osorio Villegas</b> Main Shareholder-appointed Member	<b>Jorge Alberto Alvarado López</b> Main Independent Member
<b>Karen Cesia Rubio Andrade</b> Main Shareholder-appointed Member	<b>Juan Pablo Betancourt</b> Main Shareholder-appointed Member

**Board of Directors of Banco Davivienda (Panamá) s.a. and Banco Davivienda Internacional (Panamá) S.A.**



**2 women and 5 men**

<b>Juan Camilo Osorio Villegas</b> Main Shareholder-appointed Member
<b>Reinaldo Rafael Romero Gómez</b> Main Shareholder-appointed Member
<b>Adriana Darwisch Puyana</b> Main Shareholder-appointed Member
<b>Roberto Holguín Fety</b> Main Shareholder-appointed Member
<b>Federico Salazar Mejía</b> Main Shareholder-appointed Member
<b>Raúl Hernández Sosa</b> Main Independent Member
<b>María Mercedes Cuéllar López</b> Main Independent Member



**Board of Directors of Banco Davivienda Salvadoreño S.A.**

**2 women and 6 men**

**Reinaldo Rafael Romero Gómez**

Main Shareholder-appointed Member

**Moisés Castro Maceda**

Main Independent Member

**Adriana Darwisch Puyana**

Main Shareholder-appointed Member

**Gerardo José Simán Siri**

Main Shareholder-appointed Member

**Freddie Moises Frech Hasbun**

Deputy Independent Member

**María Eugenia Brizuela de Ávila**

Deputy Independent Member

**Juan Camilo Osorio Villegas**

Deputy Shareholder-appointed Member

**Mario Fernando Vega Roa**

Deputy Shareholder-appointed Member



**Board of Directors of Banco Davivienda Costa Rica S.A.**

**1 women and 7 men**

**Reinaldo Rafael Romero Gómez**

Main Shareholder-appointed Member

**Adriana Darwisch Puyana**

Main Shareholder-appointed Member

**Mario Vega Roa**

Main Shareholder-appointed Member

**Juan Camilo Osorio Villegas**

Main Shareholder-appointed Member

**Mario Pérez Cordón**

Main Independent Member

**Rodrigo Uribe Sáenz**

Main Independent Member

**Bernardo Delgado Bolaños**

Main Independent Member

**Rolando Laclé Castro**

Main Independent Member





## > Technology

Our technological strategy is primarily based on the **creation and evolution of products and services towards the digital world**, with innovative, user-friendly, and efficient options that generate value for our customers. Through our various technological tools, we aim to improve our processes and be more resource-efficient in delivering a value proposition with fast, secure, and personalized services, considering the current context of constant change, where our customers are increasingly migrating to the digital ecosystem. To achieve this, **we incorporate financial and non-financial solutions within our portfolio, as well as technological integrations with partners to provide memorable experiences.**

**We apply innovative and disruptive technologies to enhance our products and services, optimize internal processes, and move towards the development of our Digital Bank.** The implementation of infrastructure improvements is advanced and fundamental to redefining our technological architecture.

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### **BUILDING TRUST THROUGH TECHNOLOGY**

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**At Davivienda, we lead the adoption of new technologies and foster a culture of innovation across our processes, products, and services.**

By staying at the forefront of the latest technological trends, **we guide towards advanced and efficient solutions and act as a driving force for digital transformation, adapting and leveraging technological changes.**

Additionally, we develop a comprehensive technological strategy aligned with business objectives, ensuring that technology not only supports current operations but also enables new growth opportunities. We are also change agents, helping our employees adopt new technologies through training, *reskilling*, *upskilling*, mentoring, and continued support.



**TECHNOLOGY, A KEY FACTOR IN THE DEVELOPMENT OF LONG-TERM BANK OBJECTIVES**

*At Davivienda we believe that technology is a key pillar in achieving our long-term organizational objectives, which is why we leverage our technological capabilities to do so.*

We implement DevSecOps<sup>49</sup> processes, solutions, and development, security, and operations tools to ensure a better time to market<sup>50</sup>, ensuring quality and security through the continuous development and delivery of value in digital transformation.

Furthermore, we seek to improve operational efficiency and advance our sustainability goals through the reduction of obsolescence and technological modernization, leveraging innovative technologies such as generative artificial intelligence to optimize operational costs. Likewise, we aim to accelerate processes and improve operational efficiency through strategic automation and the use of *Low or Zero Code*<sup>51</sup> tools.

**Similarly, innovation and adaptability are crucial, which is why we conduct continuous technology surveillance and intelligence.** In line with this, the adoption of new technologies that allow us to generate value for both customers and the business is essential. Additionally, we aim to reinforce reliability and security through the successful implementation of Site Reliability Engineering (SRE) practices, reducing service interruptions and generating cost savings.



**OUR DIGITAL CAPABILITIES INCREASE PRODUCTIVITY**

We used our digital capabilities during 2023 to increase productivity. We employed artificial intelligence, including *Machine Learning, Deep Learning, and Generative Pre-trained Transformer AI* models, to enhance the service provided to our customers through assistants and solutions that optimize our operational processes. We implemented development and operations (*DevOps*)<sup>52</sup> practices and automation, adopting an agile *DevSecOps* development approach to ensure code control, software deployment agility, and security.

<sup>49</sup> DevSecOps: it is a management approach that combines application development, security, operations and infrastructure as code, with the main goal of automating, monitoring, and applying security through the software lifecycle.

<sup>50</sup> Time to market: It is the time that elapses from the conception of a product or service until it is launched into the market.

<sup>51</sup> Low or Zero Code: These are application design and development methods that use intuitive "drag and drop" tools that reduce or eliminate the need for traditional developers who write code.

<sup>52</sup> DevOps: it is a software development methodology and culture that seeks collaboration and communication between development (Dev) and operations (Ops) teams. Its goal is to accelerate software delivery, improve quality and process efficiency, and promote continuous automation and integration.

Furthermore, **we optimized processes with new solutions that reduced time and costs**, focusing on efficiency and effective resource utilization. We also utilized infrastructure as code to manage project development in an agile and cost-effective manner, maximizing the value of services for our internal users.

We carried out concept and process transformations with technological tools to achieve traceability, control, and efficiency, eliminating silos and promoting *end-to-end*<sup>53</sup> value streams. We implemented agile frameworks and technical agility in *Building Block*<sup>54</sup> construction, accelerating value delivery and reducing costs.

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### **PROGRESSING WITH THE SUPPORT OF ADVANCED TECHNOLOGIES**

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Over the past year, we utilized Blockchain technologies to explore new business models in the issuance of bank guarantees and in the payment and use of lower-value transactions in the coffee ecosystem.

Advances in the implementation of this technology have improved the way in which we handle transactions and data, providing greater security and efficiency in financial transactions.

Additionally, this technology allowed us **to create an immutable and distributed record of all transactions, reducing the risk of fraud and enhancing trust in our services**. This resulted in faster, more secure, and less costly solutions for money transactionality. The integration of technologies such

as Blockchain, artificial intelligence, and data management is a strategic reinvention that seeks to align our services with the context of the digital world.

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### **INVESTMENT IN TECHNOLOGY**

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We constantly ensure operational performance, always prioritizing system availability, as well as data security and integrity. In order to optimize critical operational processes and expand services, **technology**

**investments amounted to over COP 227 billion throughout 2023**. This marks a strategic transition towards a broader vision that goes beyond traditional banking boundaries.

With the support of this funding, we are exploring and developing new business models and enhancing customer interaction through the use of emerging technologies. In 2024, we will continue to invest in different technological tools to retain and improve our competitive position in various markets, as well as to enhance the security and quality of our services

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### **OPPORTUNITIES, GOALS AND FUTURE PERSPECTIVES**

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In our commitment to efficiency, we will seek to implement technologies that allow us to continuously improve, focusing on agility and quality, in

order to provide our customers with a relevant and increasingly better value proposition. For this purpose, technological architecture will be key, centered around continuous deployment and internal strengthening of our applications through the development of *know-how* or business expertise.

We will generate technological capabilities, enhancing our key applications and leveraging *Building Blocks* to improve our efficiency, boosting our Super App and New Business App, as well as our virtual assistant, Vivi.

Heading into 2024, we will continue to innovate and stand out for our excellence in information protection, maintaining trust and security as fundamental pillars in our organization.



<sup>53</sup> End-to-end: it refers to software that provides solutions to processes from the beginning to the end of the workflow.

<sup>54</sup> Building Block: it refers to a fundamental component or element used to build and develop systems, applications, or more complex solutions through modular units that can be combined and assembled in various ways to create a larger architecture or structure.

## > Tax Strategy and Policy

The analysis and permanent normative updating, allow the planning, implementation and effective adoption of decisions and risk control in tax matters. The policies and disclosures regarding these facts are included in the individual and consolidated Financial Statements at the closing of each fiscal year; which are ruled by the External Auditor, endorsed by the Board of Directors and the Legal Representative to be submitted for approval by the General Shareholders' Meeting.

This information is published on the Bank's website ([www.davivienda.com](http://www.davivienda.com)).

The approval of the tax policy of Banco Davivienda corresponds to the Board of Directors, which states that although it is intended to be permanent, it will be updated when appropriate to express the adequate fiscal orientation and the commitments that the Bank has in tax matters. Additionally, the tax report containing the Bank's commitments and the disclosure of the figures of taxes paid and the effective tax rate is contained in the notes to the Financial Statements, which are submitted to the consideration of the Board of Directors.

At the same time, in accordance with **the objective of the fiscal strategy**, it is established:

1 The Bank meets its formal and substantial obligations such as tax payments, tax returns, issuance of certifications, reports for local and international tax authorities in accordance with current regulations and established deadlines.

2 Following international practices and regulatory compliance in Colombia, the Bank and its subsidiaries carry out the necessary controls to avoid operations or transactions in non-cooperating jurisdictions, low or no taxation, which may generate tax uncertainty or be questioned by the tax authorities.





3

The Bank and its subsidiaries comply adequately and timely with both the spirit and the letter of the different tax regulations in the jurisdictions where they operate. Likewise, in collaboration with the tax authorities and other administrative control and surveillance entities, the Bank maintains an adequate relationship for the attention of requirements and supply of available information.

4

In compliance with transfer pricing provisions, transactions between related parties are carried out at market prices. Internal policies are structured under the principles of full competition, value creation, risk mitigation and benefits, in the context of local and international standards.

5

Faced with the challenges of the digital economy and transparency in the payment of taxes in the different jurisdictions, local regulations and international recommendations are taken into account.

6

The commitment to economic and social development in the countries where commercial and business operations are carried out implies the fiscal contribution or payment of taxes in the different territorial jurisdictions where the activity is carried out.

7

The Bank and its subsidiaries, based on their policies and general accounting principles and tax rules, as well as on the regulations governing these matters, make the required disclosures in an understandable, timely and transparent manner, in accordance with the economic reality.

8

In accordance with the policies, principles and rules of good governance, there is a transparent disclosure and communication to the different stakeholders, on tax compliance and tax effects on economic transactions, which is evidenced through the Financial Statements.

9

In the creation, design, structuring, launching and disclosure of financial services and products, the possible tax effects are taken into account, so that customers have the necessary and relevant information they may require about them, at the time of complying with their tax obligations.

10

For the purposes of control and management of operating risk in compliance with tax obligations, the necessary and argumentative actions are taken to ensure the substantial and formal elements, mitigating the risks that may be generated by the interpretation and application of tax regulations and the principles governing the tax system.

11

In the Financial Statements, in accordance with the tax regulations applicable in Colombia and the accounting standards, especially IAS 12 Income Tax, the tax effect of the economic results and the payment of taxes are disclosed. Likewise, the effect on the effective rate of both income tax and deferred tax is also disclosed.



# 5. SERVICE

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*



## SERVICE

We deliver **straightforward, reliable and user-friendly** experiences to all our **customers** to help them succeed in their endeavors, and we strive to expand this dedication for customer service to our **vendors**, supporting them to sustainably manage their businesses.



# > Milestones

## THE SuperApp

WAS LAUNCHED, REACHING

**1 million**

DOWNLOADS.

## Our NPS

ROSE **5 points**

COMPARED TO THE PREVIOUS YEAR, CLOSING AT

**74**

**Vivi**, OUR AI-POWERED VIRTUAL ASSISTANT, helped us to answer and solve

**70%**

OF OUR CUSTOMERS' QUERIES ON FIRST CONTACT.

SELF-SERVICE CAPABILITIES THROUGH

**digital solutions**

COMBINING OVER

**100**

service features

AND A WIDE RANGE OF MOBILE PRODUCT OFFERINGS.



# > STRATEGY

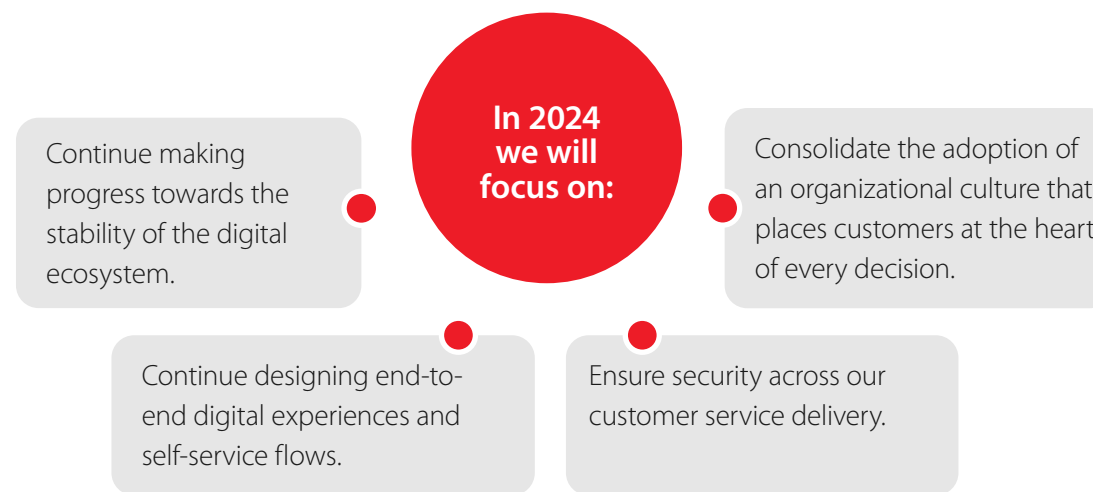
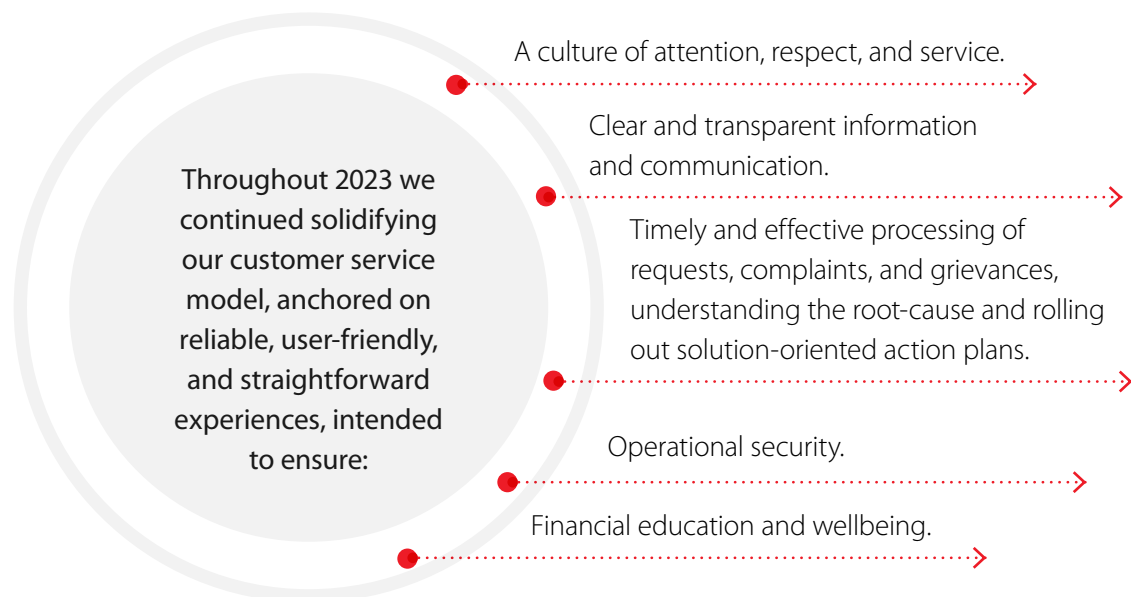
The Bank and its domestic and international subsidiaries have deployed an inter-institutional strategy to integrate Grupo Bolivar's higher purpose, "**Enriching life with integrity**", anticipating the needs and expectations of our customers and promptly and effectively solving any concerns or disagreements that may surface.

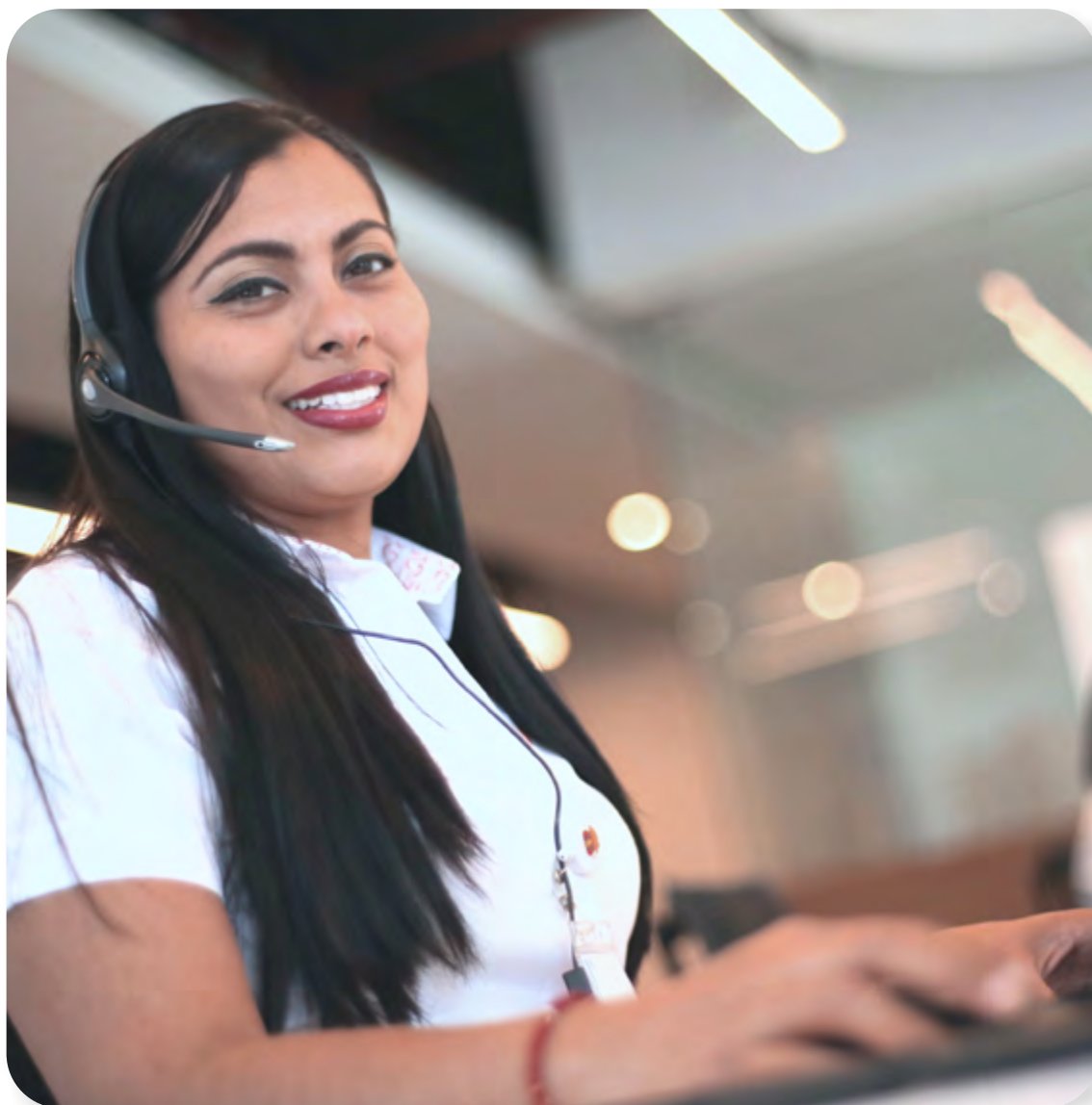
**74**  
POINTS  
Level of recommendation and satisfaction of our customers.

Our aspiration is to be a worldwide reference for customer service. Therefore, we set the Net Promoter Score (NPS) as a strategic indicator across all of our business lines, segments, products, and services, targeting 90 points score for the coming years. **Despite harsh economic and social challenges, our customer satisfaction and recommendation level rose to 74 points in 2023, up from 69 points recorded in December 2022 and 58 points reported when this indicator was measured for the first time in October 2021.**

To succeed in this objective, we draw up action plans and management indicators, guaranteeing

improvements in identified pain points, aiming at an increasingly closer relationship with our customers. We also devised a methodology to better understand our customers' sentiment and get to the root cause of each pain point more quickly and thoroughly. This methodology analyzes various customer engagements (surveys, contacts, social media comments, requests, complaints, etc.) by running descriptive analysis, structured and unstructured data analysis, cause and effect models, AI models and correlations with operational variables to measure and forecast the impact on our customers and the business.





## CUSTOMER RELATIONSHIP MANAGEMENT

We put in place a cutting-edge process for customer service that is unique in the nation. Customers may access our **website and app**, where they can seamlessly process their requests by themselves, easily accessing their portfolio and go about their business quickly and securely, with detailed information about their products and services. If these options fail to meet their needs, our customer service channels, such as **chat, call center and branch offices, are also available.**

We have equipped our customer service channels with the capabilities and tools needed to **increase first-contact resolution.** Moreover, we have built a support model around these service channels to achieve our goals of **“first-contact resolution and reduced customer effort”.** This model is shaped by a powerful knowledge base that sheds light on procedures and strategies, supported by a group of experts specialized in a wide range of subjects who assist these customer service channels. For cases in which customer service

is unable to meet the needs, the request is forwarded to the CRM and handled through a centralized area, based on the nature of the request.

**Our customer service model focuses on identifying the root cause of a customer query, complaint, or grievance.** By continuously diagnosing these issues, we are able to collaborate with the business, operations, service, and risk areas to formulate tactical or structural plans aimed at minimizing queries, complaints, and grievances, and consequently, the impact on our customers.

Senior Management is actively involved in monitoring and controlling how complaints are handled, so as to make decisions geared towards improving processes and service indicators. Furthermore, the Customer Service Department provides guidance on defining customer service policies, as do other departments that accompany this activity.



## FINANCIAL CONSUMER OMBUDSPERSON

The Financial Consumer Ombudperson oversees the protection of financial consumers rights. Queries, complaints, and grievances may also be submitted to the Financial Consumer Ombudperson, and these are handled in accordance with established procedures, just as those submitted to the Financial Superintendence of Colombia. Its duties include hearing and solving complaints, acting as mediator between consumers (customers and non-customers) and the Bank, issuing recommendations and proposing regulatory changes that may be convenient to better protect the rights of financial consumers. The report issued by the Financial Consumer Ombudperson is handled by each relevant area and submitted to the Board of Directors of the Bank.



## FINANCIAL CONSUMER

We implemented a system to ensure fair treatment, protection respect and service.

## CONSUMER PROTECTION AND MANAGEMENT

Under the regulatory framework laid down in Law 1328 of 2009, External Circular 015 of 2010 and External Circular 023 of 2021 issued by the Financial Superintendence of Colombia, the Bank put in place the Financial Consumer Service System and defined a governing framework based on the Customer Service Manual, which sets forth the Bank's policy for adequate service to financial consumers and outlines guidelines for implementing an internal culture within the Bank to ensure fair treatment, protection, respect, and service.

We are increasingly committed to ensuring the satisfaction of financial consumers. The strategy in 2023 was centered on strengthening **risk management with customer impact; transforming customer service processes and resolving queries, complaints, and grievances; defining assurance processes; and exercising control over digital transformation.**

The aim was to contribute directly towards achieving the company's objectives and service strategy, emphasizing a reliable, user-friendly, and straightforward approach to customer service.

Our training programs are targeted at two groups of employees:

Areas that interface directly with financial consumers, such as the sales force

Branch network and other Bank associates

We strive to convey differentiated content focusing on actions that enable compliance with Customer Service principles, drawing on cases that have had an impact on our relationship with financial consumers.

Over

**12.000 people** were trained on their duties when handling Queries, Complaints and Grievances.

Emphasis was placed on due diligence, sufficient and clear information during product sales, and service metrics, including NPS, and how these relate to customer perception, among other topics.

## A WORLD WITHOUT BARRIERS

We promote equality and fair treatment to financial consumers with disabilities.

The main objective of these trainings was to foster continuous communication and respect between financial consumers and Bank departments, raising awareness about regulatory updates and sharing the importance of the Financial Consumer Service System for both our employees and our customers. Under this framework, we broadened the “A world without barriers” program, designed to foster a culture of fair treatment and respect for financial consumers with disabilities, promoting

equality and advancing solutions to enable people with any form of disability to access financial services, and empowering them to achieve their goals and manage their personal and family budgets.

Customers are informed about the use of their data for secondary purposes, both in authorizations for processing personal data collected by the Bank, and in the We Want to Know You (NIC) form. It is stated that Davivienda may perform analysis, processing, research and statistical evaluation to gather information and generate insights aimed at improving products and/or services offered, whether current or future, as well as the user and/or customer experience; and to identify, offer and/or further develop potential value propositions, goods, products and/or services within a banking portfolio intended to suit personal needs. Therefore, we deem that consents and personal data processing policies set forth by the Bank enable Davivienda to use data of data subjects for secondary purposes.

Accordingly, our customers, as data subjects, grant authorization to the Bank to carry out analyses on their data, and to use such data for secondary purposes, including but not limited to improving products and services offered, customer experience, value propositions, and other to serve the needs of data subjects.



# > Managing Our Value Chain

*Our relationship with vendors is founded on empathy, respect, trust, and transparency.*



**W**e are aware that a better service stems from working closely with our vendors. Therefore, we insist on expanding the same commitment we have towards our customers to our vendors, helping them to sustainably manage their businesses. Thus, as part of our efforts to build a strong value chain, we streamlined their onboarding process, offering them a smooth experience and optimizing the enrollment system, supported by our procurement team. This approach secures process transparency and objectivity, and strengthens our connection with all vendors, laying a joint roadmap for mutual growth.

Our Code of Conduct outlines a framework that requires compliance with applicable regulations, as well as the corporate principles and values enshrined in our Code of Ethics and Code of Corporate Governance. This enables us to adopt a common philosophy across the board, forging strong relationships and adding value throughout our supply chain.

To strengthen our relationships along our value chain, we support our vendors in their efforts to become increasingly sustainable companies that acknowledge and implement best practices on social matters, particularly in terms of diversity, equity, and inclusion, and on environmental matters, making progress towards eco-efficiency. These are some of the achievements achieved by working in synergy in 2023:

By the end of the year, we relied on

**5,877**  
vendors

in Colombia and in our international subsidiaries  
Moreover, we executed contracts with

**2,415**

vendors, out of which 95% (2,297 vendors) are local companies located in Colombia and the remaining 4.9% (118 vendors) are foreign companies.

We conducted SARAS assessments on our critical vendors, in line with the Supply Chain Risk Management methodology. This tool enables us to analyze our value chain and assess the likelihood of environmental or social impact based on a range of high to low. We used this system to evaluate 84 vendors deemed as critical. 46% of them were classified in the B (medium) environmental and social risk category, 48% in the C (low) category and the remaining 6% are foreign suppliers exempt from the methodology.

This measurement enables us to take appropriate actions and to mitigate environmental and social risks.





## VENDOR DEVELOPMENT PROGRAM

As part of our support provided to vendors, moved by the firm conviction of consolidating an increasingly sustainable value chain, we devised a tool that will enable us to measure and guide our partners throughout their process towards becoming more sustainable: **Vendor ESG Diagnosis**. This product was further validated by the Chamber of Diversity, a team that brought in a comprehensive perspective for mainstreaming DEI issues, including inclusive communication and language.

Davivienda Colombia and Davivienda Central America will collaborate with the prioritized vendors in the following ways:

- ▶ Sharing our principles, raising awareness, and mobilizing actions.
- ▶ Conducting a thorough segmentation, diagnosis, and gap identification of our critical vendors

(90 of them in Colombia and 63 additional in Central America), focusing on environmental and social criteria.

- ▶ The diagnosis will lead to a roadmap aimed at bridging the gaps, particularly in DEI matters. This process will be gradually scaled up to cover 100% of our allies.
- ▶ Consolidate our vendor development program, helping them to segment, diagnose and identify gaps, and ensuring their firm adherence to our principles through awareness, training, development, and acknowledgement of their efforts.
- ▶ Inspire our supply chain to consolidate better sustainable practices, encouraging them to become leaders in this domain and sharing our DEI principles.

Under the scope of this program, we understand that it is important to recognize the efforts and results achieved by our vendors to become increasingly sustainable companies. Thus, for the third year in a row, we held the **Inspira Awards**. This year we honored our best suppliers in Colombia and Central America, drawing them closer to us so that they become our allies, inspiring them to achieve mutual growth, positively inspiring them and challenging them to achieve the extraordinary.

**Over 100 initiatives** were nominated by vendors from Colombia, Honduras, El Salvador, Costa Rica, and Panama, allowing us to pinpoint the best projects that are making a difference under three categories: Digital Transformation, Process Efficiency and Sustainability.

This year featured a new category for Colombia and our international subsidiaries: **Positive Impact**, for those allies who in addition to adding value to the Bank, also contribute to the transformation of social practices and to cleaner and safer spaces for the community through their operations.

Additionally, for the second year in a row we celebrated our partners from the **Productive Assets Unit** in Colombia, recognizing those business partners that collaborate with us in business modernization projects for clients in sectors such as transportation, real estate, energy efficiency and agribusiness.

External jurors were involved in evaluating submissions. These jurors came from prestigious public and private entities, bringing their expertise to analyze the impact of the projects, their level of maturity, their implementation, and their contribution to the Bank's transformation.

### Inspira Awards – Third Edition

Winning vendors and partners

Category	Country	Winning vendor	Project
Digital Transformation	Colombia	Microsoft Colombia Ltda.	Vivi
	Costa Rica	Evertec	Apple Pay
	El Salvador	Equifax Centroamérica S.A.	Id Check
	Honduras	Andes Development S. de R.L.	ViviDesk
Process Efficiency	Colombia	Gexterra S.A.S.	Automatic early cancellation of current and written-off contracts
	Costa Rica	Oficina Comercializadora Oficomer S.A.	Single sourcing
	El Salvador	Transunión El Salvador S.A.	Light DAVIVIENDA WebService variables
	Honduras	Forza Cash Logistics	Automation of credits for Davivienda Digital Accounts
	Panamá	Martinexsa, S.A.	Analytics use case development and coaching





The Inspira Awards have succeeded in strengthening excellent relationships with our vendors and partners, acknowledging them as business drivers, while identifying growth opportunities for their organizations, adding value, and achieving the extraordinary.



Category	Country	Winning vendor	Project
Sustainability	Colombia	Energía Customer Care Colombia S.A.S.	Connecting lives, making dreams come true
	Costa Rica	Potencia Activa	Recycling plan for 100% of maintenance waste
	El Salvador	Solaire, Sociedad Anónima de Capital Variable	Installation of credit center panels in Usulután and Sonsonate
	Honduras	Cero Deudas	Financial advisory program for employees
Positive Impact	Colombia	Fundación Semillero de Acciones	Transforming lives together
	Costa Rica	Xinia Pineda Ramírez	Social well-being through activities targeting children at social risk
	Honduras	Estrategia Comunicación y Publicidad	Mangrove restoration
Partners of the Productive Assets Unit		Navitrans S.A.S.	Transportation industry
		Casa Toro S.A. BIC	Infrastructure and agribusiness industry
	Colombia	Ziklo Solar S.A.S.	Energy efficiency sector
		Edwin Figueroa Varela Asociados S.A.S.	Real estate business sector



### SUSTAINABLE PROCUREMENT

As we work to support our vendors, we strive to increase green procurement and to source from inclusive vendors or from vendors representing vulnerable populations.

### GREEN PROCUREMENT

The following milestones were reached in 2023 as a key element of the sustainable sourcing portion of our **2030 Green Mission**:

Supported by Icontec, we trained 27 leaders and employees involved in supply chain processes in Colombia and our international subsidiaries on the GTC-ISO 20400 standard on **sustainable procurement**. Participants learned about the latest trends and how procurement of goods and services is increasingly based on sustainability criteria.

We identified room for improvement in our current sustainable procurement process for prioritized goods. Therefore, we formulated a new evaluation methodology that enables us to identify goods and services acquired from our

suppliers across the board in the areas of Technology, Operations, Human and Administrative Talent, and International Subsidiaries procurement. This led to the **prioritization of 45 categories classified by significant environmental impact** to assess more purchases of goods and services based on environmental criteria.

We designed and structured 6 environmental fact sheets out of the 45 prioritized categories to evaluate the criteria we apply to vendors according to our materiality and environmental compliance

analysis; this new methodology will be implemented gradually starting in 2024.

Our priority in 2024 is to evaluate the goods and services of procurement specialties, setting specific performance goals for users and the supply chain with significant environmental impact. We monitor the procurement of goods and services and raise awareness among our vendors in an effort to better respond to new regulatory requirements and to replicate sustainability best practices throughout the supply chain.

By year-end 2023, our sustainable procurement of prioritized goods for Colombia and Central America, based on this methodology, amounted to **COP 42.7 billion**

Purchase of equipment for employees amounting to **COP 10.8 billion**

Acquisition of RojoTú clothing collections for Colombia and Central America amounting to **COP 31.8 billion**



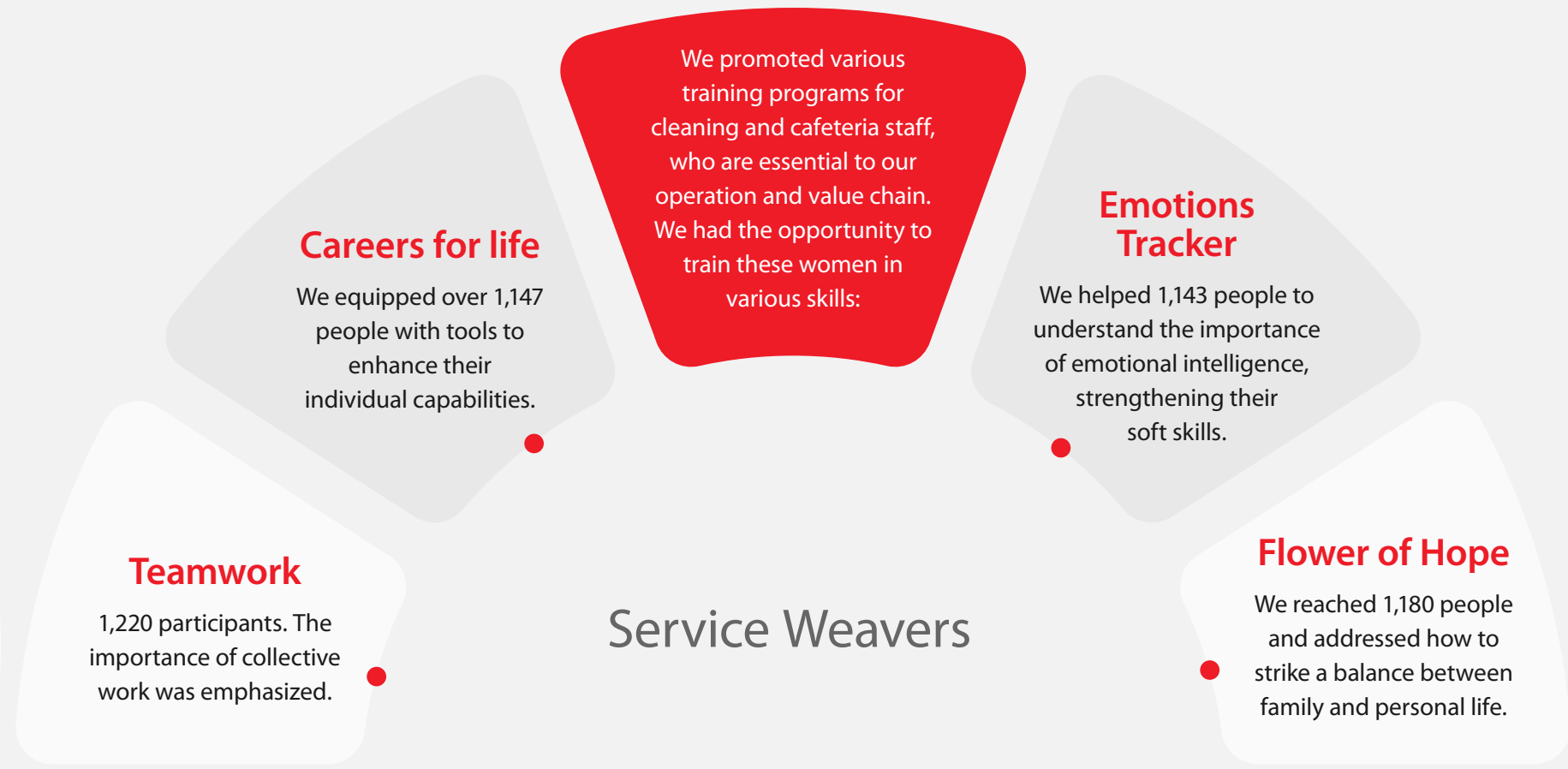
### PROCUREMENTS WITH INCLUSIVE VENDORS

We launched a labor inclusion project intended to provide a better experience to our customers. People under vulnerable conditions are provided with formal jobs at our call centers, and we support them by helping them build skills, knowledge, and competencies to ensure a personalized customer experience, while positively impacting society.

As part of our inclusive vendors strategy, since 2020, in conjunction with our customer service provider, we have transformed the lives of over 360 people and their families, creating jobs for vulnerable people, including women and low-income young people living in rural communities in the municipalities of Pensilvania, Caldas, and Malambo, Bolivar.

Our commitment and support have led to an 86% NPS at these two call centers, and we have saved an average of COP 4.8 billion per year thanks to these committed and joyful associates.

This project creates jobs, stimulates the economy of these municipalities, improves the quality of life for beneficiaries, and delivers a more personalized experience to our customers.



Our commitment is not only reaffirmed through direct actions, as it also spreads throughout the value chain, where we unite forces towards a common goal: **making the world our home, a more inclusive place.**





# 6. WELL-BEING

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*



## WELL-BEING

We offer a **safe, diverse, equitable and inclusive** work environment, based on respect for **human rights**; we care for the **well-being** of our people and encourage the development of their potential, seeking to permeate these commitments throughout our supply chain and other stakeholders.

# > Milestones

We are a multi-Latin organization composed of

**18 thousand people**

distributed in 6 countries: Colombia, Honduras, El Salvador, Costa Rica, Panama and Miami, in the USA.

**61%** of our people are women and **39%** are men

**86%** of the open positionss were filled with our internal talent, which created more opportunities for growth and development.



**GALLUP EXCEPTIONAL WORKPLACE AWARD 2023**

For the second year in a row we were the only Latin American company recognized by Gallup as an exceptional place to work, in a sample of

**2,500 companies** worldwide.

**96%** of our people participated in the Gallup engagement survey, rating **4.37 out of 5** our Organization, which placed us in the 71st percentile compared with the world sample of all industries. We got **4.62** in satisfaction.

We updated our DEI Policy and reinforced our commitment: our people confirmed it with the DEI index rating, in which we got **4.56 out of 5**

**11 thousand collaborators** formed with **“Mi casa valora la diferencia”**

**279 thousand** hours de formación en UXplora.

We focus on the transformation of our talent. We invest in upskilling programs (to optimize performance) and reskilling (talent training for new positions) that have transcended to be case studies in Harvard Business’ School due to its relevance and innovation.

We prioritize the experience and care of our values and principles.

**99%** of our people were certified

**100%** our people and their families were provided with programs that promote a healthy lifestyle and have a positive impact on mental health and emotional well-being!

We are in the **top 10** organizations of Merco Talento.



# > Human Talent

*We believe in our people!*

We stand ready to support our business strategy by fostering and consolidating sound relationships with our human talent. We focus our efforts on helping our team to grow and develop, acknowledging that their essence, knowledge, and commitment are paramount to enhance their skills. As a result, we stand ready to successfully achieve the goals we have set out to accomplish, both at work and in our personal lives.

## OUR PEOPLE IN FIGURES

**We are proud to be a multi-Latin, sustainable, and diverse organization!**

We firmly believe that our people are an everlasting source of value. We are therefore devoted to strengthening their potential, their wellbeing, and their capacity for innovation so that they can contribute to successful business outcomes and make a positive impact on the environment.

## LABOR PRACTICE INDICATORS

We promote personal and professional growth by attracting and retaining the best talent.

## New Employee Hires

(By the end of 2023)

	Colombia	Honduras	El Salvador	Costa Rica	Panama	Miami
New employees ▶	887	167	309	199	54	6
New employee rate ▶	7.25%	13.25%	17.45%	19.12%	24%	13%

## Open positions filled by internal candidates

(By the end of 2023)

	Colombia		Honduras		El Salvador		Costa Rica		Panama		Miami		Total
<b>Women</b>	868	55%	66	58%	157	64%	64	64%	13	46%	1	50%	1,169
<b>Men</b>	724	45%	48	42%	88	36%	36	36%	15	54%	1	50%	912
<b>Total Job Promotions</b>	1,592		114		245		100		28		2		2,081
<b>Positions filled with in-house talent</b>	2,559	86%	92	36%	255	45%	154	44%	13	19%	6	50%	3,079



**GENDER PAY INDICATORS**

Davivienda embraces equity by offering equal employment opportunities and fair treatment in the workplace to all our people, regardless of gender, race, ethnicity, or other attributes.

**Women / Men - Annual remuneration ratio (Women:Men)**

Annual compensation for employees under an open-ended contract

Level	Colombia	Honduras	El Salvador	Costa Rica	Panama
Directors	97.04 : 100	99.00 : 100	106.08 : 100	90.54 : 100	103.84 : 100
Executives	97.92 : 100	100.35 : 100	98.72 : 100	100.64 : 100	100.77 : 100
Foundational	98.51 : 100	102.54 : 100	97.48 : 100	97.08 : 100	94.96 : 100

The data depicted in the chart above shed light on the following findings:

There are no significant differences between men's and women's annual compensation, and therefore no salary gaps have been detected. The differences are explained by performance evaluation results, development

opportunities, and seniority in each role.

As part of our processes for setting salaries, hiring, and promoting people, we assess people's skills and opportunities for career growth based on the position to be held; under no circumstances we are biased by gender or any other factors.



**Voluntary employee turnover rate**

(By the end of 2023)

The following chart depicts voluntary turnover rates

Colombia	Honduras	El Salvador	Costa Rica	Panama	Miami
5.94%	4.82%	12.2%	8.86%	6.61%	4.44%

**Total employee turnover indicator**

(By the end of 2023)

The following chart depicts overall turnover of employees across the company

Colombia	Honduras	El Salvador	Costa Rica	Panama	Miami
9.3%	12.4%	17.2%	12.9%	12.0%	11.1%

## Overall turnover broken down by gender

(By the end of 2023)

	Colombia	Honduras	El Salvador	Costa Rica	Panama	Miami
Women ▶	58%	54.79%	65%	62.07%	43.48%	40%
Men ▶	42%	45.21%	35%	37.93%	56.52%	60%

## Overall turnover broken down by generation

(By the end of 2023)

	Colombia	Honduras	El Salvador	Costa Rica	Panama	Miami
Baby boomers	4.2%	0.6%	0%	1.8%	0%	20%
(X) Generation	11.1%	9.7%	4.3%	8.6%	20.7%	20%
(Y) Millennials	61.9%	53.4%	64.4%	50.9%	65.5%	60%
(Z) Generation	22.7%	36.2%	31.3%	38.7%	13.8%	0%







## WORKFORCE BREAKDOWN

People from all ages constantly add to our wealth of knowledge and experience.

### Employees by age range

(By the end of 2023)

Number Of Employees	Colombia		International Subsidiaries	
	Count	Percentage	Count	Percentage
Baby Boomers (59 to 77 years old)	223	2%	48	1%
X Generation (43 to 58 years old)	3,615	26%	936	21%
Millenials (Y) (27 to 42 years old)	7,593	56%	2,670	61%
Z Generation (Under 26 years old)	2,123	16%	754	17%
<b>Total</b>	<b>13,554</b>	<b>100%</b>	<b>4,408</b>	<b>100%</b>



We rely on qualified talent to achieve our organizational objectives.

### Workforce breakdown: gender

(By the end of 2023)

	Colombia		Honduras		El Salvador		Costa Rica		Panama		Miami		Total	
<b>Women</b>	8,285	61%	729	58%	1,049	59%	652	60%	128	55%	29	64%	10,872	61%
<b>Men</b>	5,269	39%	537	42%	722	41%	443	40%	103	45%	16	36%	7,090	39%
<b>Total</b>	<b>13,554</b>		<b>1,266</b>		<b>1,771</b>		<b>1,095</b>		<b>231</b>		<b>45</b>		<b>17,962</b>	

### Employees by position level and gender

(By the end of 2023)

	Women		Men		Total
<b>Directors</b>	133	43%	176	57%	309
<b>Executives</b>	4,505	55%	3,748	45%	8,253
<b>Foundational</b>	6,234	66%	3,166	34%	9,400
<b>Total</b>	<b>10,872</b>		<b>7,090</b>		<b>17,962</b>

**55%**  
OF OUR  
EMPLOYEES  
in executive roles  
are women.



**People in management positions in revenue-generating functions**

(By the end of 2023)

	Colombia		Honduras		El Salvador		Costa Rica		Panama		Miami		Total	
<b>Women</b>	4,591	68%	167	70%	302	67%	139	62%	13	62%	3	75%	5,215	67%
<b>Men</b>	2,194	32%	73	30%	149	33%	87	38%	8	38%	1	25%	2,512	33%
<b>Total</b>	<b>6,785</b>		<b>240</b>		<b>451</b>		<b>226</b>		<b>21</b>		<b>4</b>		<b>7,727</b>	

**People engaged in STEM-related positions**

(By the end of 2023)

	Colombia		Honduras		El Salvador		Costa Rica		Panama		Miami		Total	
<b>Women</b>	402	31%	17	23%	28	14%	7	21%	3	21%	1	25%	56	17%
<b>Men</b>	888	69%	58	77%	168	86%	27	79%	11	79%	3	75%	267	83%
<b>Total</b>	<b>1,290</b>		<b>75</b>		<b>196</b>		<b>34</b>		<b>14</b>		<b>4</b>		<b>323</b>	

# KNOWLEDGE AND SKILLS

in science, technology, engineering and mathematics are fundamental to the sustainability of our business.



**ETHICS CODE COMPLIANCE SYSTEM**

*Living our Principles and Values and protecting them is part of our essence!*

We are an organization inspired by a higher purpose: "Enriching Life with Integrity", and that steers our actions on a daily basis. Our people experience an open-door culture that offers a wide range of contact channels, where they can reach out to us if they feel their human rights, our principles, and values have been breached, or if they notice irregularities of any kind. This allows us to maintain an environment of trust.

## Our contact channels

the framework for confidentiality and objectivity



**Leaders**

Natural channel and the first ones to listen to their own teams.



**Human Resources**

Guides and guarantors of our people's care.



**Transparency Line**

Our confidential and anonymous reporting channel via phone call, mail electronic or web form.



**Well-being committee**

Promotes an harmonious environment and ensures a space of dialogue between the parties.

### TRANSPARENCY LINE PERFORMANCE

Our "Transparency line" is an additional alternative to our traditional channels, leaders, and the HR team, that our various stakeholders may use to ensure ethical and open practices. Under our Management and Governance System, we are able to process Human Rights incidents and other incidents through defined instances, and, if there is room for improvement, implement action plans to address the root cause of our findings.

We have strengthened our transparency model over the years by integrating various mechanisms. These enable us to analyze, diagnose, intervene, and comprehensively resolve any cases that arise. Additionally, we maintain communication channels for our vendors to report any type of irregularities, enabling them to use our "Transparency line" with utmost trust.





### REPORT MANAGEMENT AND ESCALATION PROCESS

In 2023 we received **343 reports** that were managed through the transparency model, resulting in corrections in **162 cases** in which complaints were found to be well-founded.

## Escalation process for reports Management Model

How substantiated cases were closed

**119**  
cases closed with  
**Action Plans**

**43**  
cases  
closed with  
Disciplinary Measures  
(memo, contract suspension,  
or contract termination)



All managed cases are shared and analyzed by the **Ethics Committee**.

**TYPES OF REPORTS**

Accordingly, reports are classified into the following categories:

	No. of cases
Work Environment	102
Labor Harassment	0
Non-compliance with HR policies	10
Conflicts of Interest	7
Abuse of Position	3
Discrimination	0
Human Rights	0
Threats	0
Fraud	12
Procedural Fraud	0
Computer Crimes	0
Damage to Corporate Identity	2
Bad Business Practices	24
Third Party Irregularities	2
Anti-Money Laundering and Counter Terrorism Financing	0
Breach of Controls, Laws, and Regulations	0

Total  
162



**CORRECTIVE OR DISCIPLINARY MEASURES APPLIED IN THE EVENT OF BREACHES OF THE CODE OF ETHICS**

	No. of cases	
Action Plan	122	69%
Relocations	15	8.5%
Counterclaim	1	1%
Warning	1	1%
Contract suspension	14	8%
Contract termination	23	13%
Subtotal	176*	100%
Contract termination** (Regulatory non-compliance)	137	

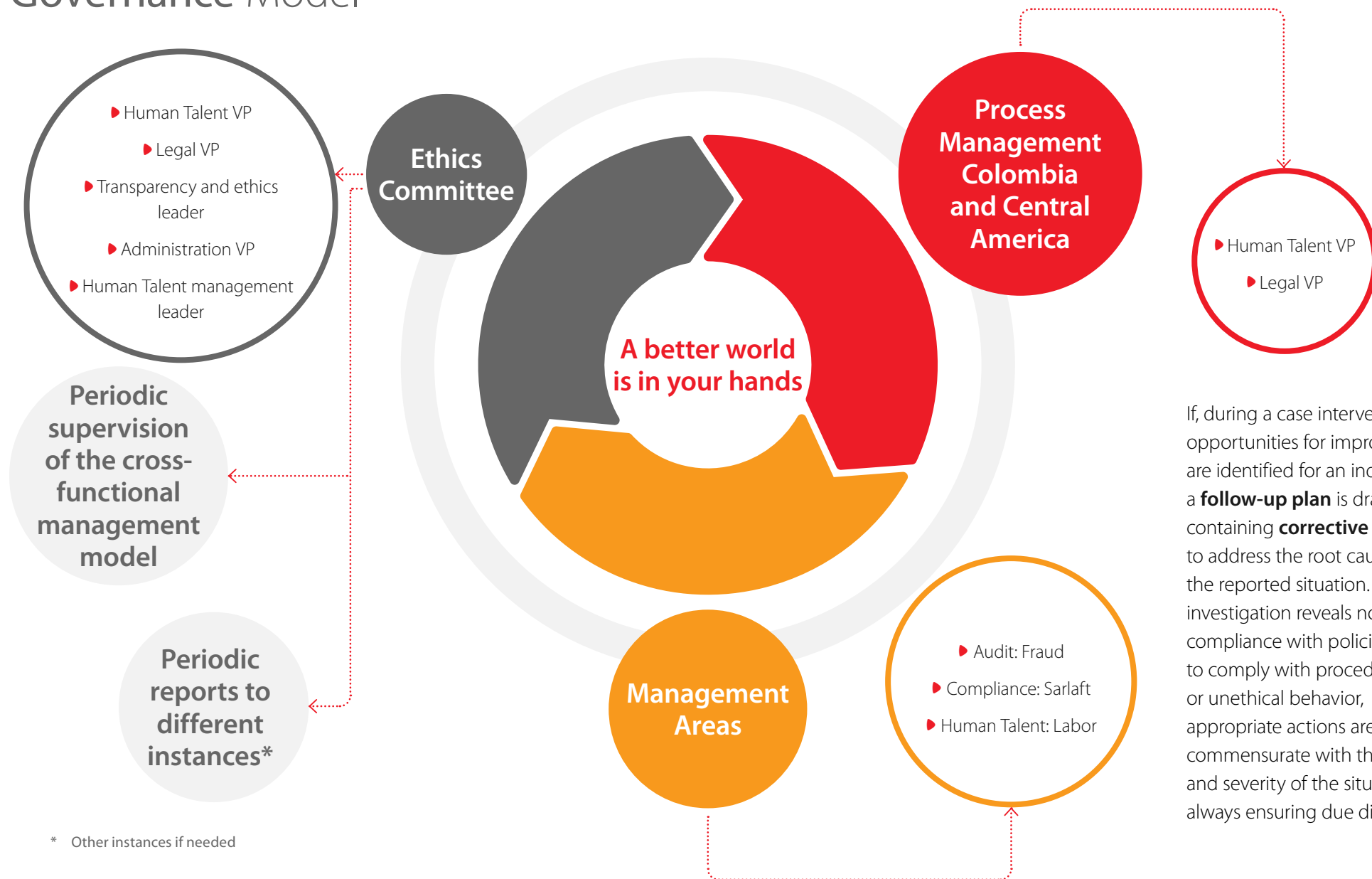
Total  
313

### GOVERNANCE MODEL

Cases are handled by the following areas: **Audit, Human Resources, and Compliance**, as well as by the leaders of the individuals or teams involved in the report.

The **Ethics Committee** complements the **governance model** by regularly overseeing the model and ensuring that processes are carried out as expected, providing guidance, and issuing recommendations under the premise of **zero tolerance for behaviors that contravene the Principles and Values, and the Code of Ethics**. We periodically submit performance reports to various organizational entities, such as: **Group President, Bank President, Audit Committee**, among others.

## Governance Model



\* Other instances if needed

If, during a case intervention, opportunities for improvement are identified for an individual, a **follow-up plan** is drawn up containing **corrective actions** to address the root cause of the reported situation. If an investigation reveals non-compliance with policies, failure to comply with procedures, or unethical behavior, appropriate actions are adopted commensurate with the nature and severity of the situation, always ensuring due diligence.



**DIVERSITY, EQUITY, AND INCLUSION  
POLICY AND PROGRAMS**

*Starting at home,  
we build a world that  
values difference.*

**This statement reaffirms our  
commitment to diversity, equity,  
and inclusion.** In November 2022 we  
explored in depth how our people  
identify themselves and asked them  
to participate in a survey to learn how  
they perceive us on issues related to  
DEI. These were the findings of the  
survey:



In 2023 we fulfilled our commitment to strengthen our equity, diversity, and inclusion policies and programs by working on:

- ▶ **Update and Approval of our DEI Policy:** As a leading financial institution in the region, Banco Davivienda is committed to **building a world that cherishes diversity**, guaranteeing safe and inclusive environments and strengthening our relationships with stakeholders **so that everyone feels free to be exactly who they are**. For more information, please read our Diversity, Equity, and Inclusion Policy.
- ▶ **Strategic Focus:** Mindful of this, we have established four strategic lines of work to implement this policy:
  - ▶ Trusting environments
  - ▶ Training and awareness
  - ▶ Mindset and leadership
  - ▶ Diverse talent

## Diversity, equity and inclusion - Priorities





Each focus provides an opportunity to effectively address the current challenges in Colombia and in our international subsidiaries, and to positively impact our organizational culture between 2023 and 2030, or until upcoming updates.

**In 2023, at Davivienda:**

We updated our **DEI policy**.

Over 11,900  
**people trained**  
in DEI fundamentals, inclusive language and unconscious bias.

**286 Human Resources**  
and Administrative staff were trained in DEI best practices.

**165 leaders**  
were trained under the development plan in "Unconscious Biases".

108  
**leaders promoting**  
a shared DEI perspective.

94  
**people trained**  
on onboarding processes.

50  
**people trained**  
on inclusive communication.

Scored  
**4.55 out of 5**  
in DEI in the Connected survey answered by associates.



► **Promotional network**

We selected 108 leaders and trained them to promote our initiatives and act as multipliers of our commitment to Diversity, Equity, and Inclusion on each of our various organizational fronts. So far, our leaders have increased our DEI index on average by 0.10 points in Connected, a survey that measures our people's engagement.

► **Communication in organizational forums**

In line with our statement, we have taken it upon ourselves to reaffirm, hand in hand with our President and Vice Presidents, our commitment to Diversity, Equity, and Inclusion, by sharing messages consistent with our strategic statement to reinforce the inclusive mindset that we proudly embrace in our culture today.

► **Training and awareness-raising programs**

UXplora, our corporate university, launched a cross-cutting training program targeting all our personnel covering DEI awareness themes. 84% of our workforce has been certified in this program.

► **Development plans on unconscious bias for leaders**

We built and delivered a development plan intended to reach our more than 2,000 leaders through specialized modules focused on Inclusive Communication and Onboarding. Over 183 leaders were certified in 2023.

► **In Her Hands - Gender Pledge**

As a multi-Latin organization, we strongly endorse the call made by Vice President Kamala Harris, pledging to be a driving force for gender equality by joining the international initiative "In Her Hands - Gender Pledge".

We have established working units with a comprehensive approach, focused on:

- Advancing equal pay and benefits
- Strengthening training and development programs for our associates
- As part of the Gender Pledge project, we collected and analyzed key indicators and conducted a baseline study.
- This data revealed that our organization offers equal pay and training. We continue working towards maximizing the potential of our employees to equip them with tools to further strengthen their technical and soft skills and to help them grow within the organization.



**EMPLOYEE SUPPORT PROGRAMS**

*Looking after our people is a priority!*

Davivienda believes that human beings are an everlasting source of value. We permanently support the comprehensive care of people and their quality of life through experiences and programs aimed at promoting their wellbeing. We offer a holistic set of solutions that have led our employees to love the organization.

**MENTAL HEALTH**

In 2023 we continue to implement strategies for the integral care of our people.

▶ Our people are retained in the organization because they empathize with our higher purpose of "Enriching Life with Integrity", because they recognize that we are consistent in acting and living our Principles and Values, and because they feel comfortable with our open-door culture and, above all, because they have the opportunity to learn and grow while earning a competitive salary.

▶ Davivienda offers people personal and professional opportunities that enrich both their lives and their families. We offer a comprehensive range of solutions designed to stimulate learning and development, and the opportunity to dream, grow and innovate.

▶ Davivienda offers learning, wellbeing, and support programs to help our staff enhance their professional and personal growth, as they build equity. These are some of the most important programs we are proud to offer to our associates:



**STRESS MANAGEMENT AND MENTAL HEALTH**

We have put in place mental health programs to promote favorable psychosocial conditions for the workforce, creating positive impact experiences that help them cope with the emotional stresses faced by individuals and teams, to maintain a balanced life in and out of the workplace.

We implemented strategies designed to improve mental health outcomes in 2023. The "Psychosocial Epidemiological Surveillance" program enabled us to identify psychosocial risk factors in and out of the workplace across the organization by performing a mental health diagnosis, which led to action plans as well as targeted and tailor-made interventions to promote work-life balance and mental health care for our workforce.

Psychosocial risk factors were identified through a nationwide

survey. Participation in the survey increased by 9% compared to the 2019 measurement, rising from 68.5% (8,467 people) to 76.2% (8,773 people), surpassing the target for coverage. Furthermore, we measured mental and emotional health, reaching 54% of the target population.

The following excelled as key findings from the above-mentioned studies:

- ▶ Overall and on-the-job psychosocial risk levels are low, which means that workers perceive that their work is a protective factor for their mental health.
- ▶ Our mental health survey revealed positive trends in the workplace, as 71.5% of the population reported a favorable attitude towards factors such as work dynamics, availability of resources, and positive impact on mental health.

These results reveal that our workforce has a favorable perception of our organization's efforts to promote mental and emotional health.

Similarly, as part of our commitment to our personnel, we implemented the following strategies based on the insights derived from the metrics analyzed:

We run an **Emotional Wellbeing Program** that brings a sense of harmony with our surroundings. This is a program that adds to our efforts to provide emotional care to our people through activities that promote mental care, such as yoga, meditation, sleep therapy, disconnection, and a variety of workshops. A total of **2,335 people** enjoyed these experiences in 2023 at our 19 "From Davivienda to you" fairs, held both in Colombia and in our international subsidiaries.

We provide counseling and psychosocial support services, covering 100% of the organization through the **Family Counseling Center "COF"**, where we work with specialized clinical psychologists. We **provided direct services to 1,802 personnel** from Davivienda nationally and **229 internationally in 2023.**

As part of our mental and emotional health intervention strategies, the first course created in our Corporate University "UXplora", called "We take care of you and your emotions, part III", reached **97%** participation rate; and a second course called "**A healthy way**" reached an **84% participation rate.**

By leveraging our multiple means of internal communication, we reached **100% of our staff** through meaningful experiences that promote mental, emotional, and physical harmony through active cognitive breaks, unplugging activities, games, and psychoeducation to support the day-to-day activities of our organization, both at home and in the office.

**HYBRID WORK AND HEALTHY SPACES**

► In an effort to promote flexible work for administrative teams, **95%** of the people working in administrative areas enjoy a **hybrid work** environment, which favors them to strike a balance between life inside and outside of work, fostering a safe and healthy work environment.

► We offer fitness centers, medical centers, and dental centers, where we provide **dental care, general practice, and sports medicine services to over 7,000 people** in Bogota, who benefit from high-quality, agile, timely, and certified services.

► We use open and collaborative workspaces that promote co-creation, knowledge management, and teamwork; in a modern, joyful, and friendly environment, designed to make our people feel comfortable and safe at work, looking after our lifestyle through **Wellbeing Rooms**

for relaxation and **healthy snack machines. These spaces are further enriched with promotion and prevention programs, thus generating positive impacts on the holistic health of our people.**



**BREASTFEEDING ROOMS**

We provide accessible and friendly spaces for breastfeeding mothers. We count with thirteen **(13) breastfeeding rooms** nationwide and three (3) under construction in different administrative offices,

**certified by the District Health Secretariat** as safe and friendly spaces for breastfeeding in compliance with applicable standards. Our goal is to install a breastfeeding room in each of the 21 locations.



**MATERNITY AND PATERNITY LEAVE WITH INCREASED BENEFITS**

In an effort to strengthen the bonds between our personnel and their families, we pay maternity leave for seven (7) working days after return to work, as well as paternity leave of four (4) working days in addition to those stipulated by law. **326 families benefited from maternity leave and 106 families benefited from paternity leave in 2023.**

**DAY CARE CENTER - JARDÍN OSITO PARDO**

To support childcare and education for children between 2 and 5 years old of Grupo Bolivar's families, we founded the **Osito Pardo Day Care Center**, a safe space for holistic child development. It is staffed by passionate and dedicated professionals who foster a nurturing environment for children where they can learn, play, and develop physically, emotionally, and intellectually. The Osito Pardo Day Care Center is located in Bogota and is currently used by **190 families.**

**HEALTH BENEFITS**

We offer a **life insurance policy** for all our workforce, and the premiums are paid in full by the organization. Additionally, we offer a healthcare policy. The Bank subsidizes between 70% and 85% of the premium, including coverage for family members. Additionally, we offer an **eye care assistance** package for the purchase of glasses and frames, as well as refractive eye surgery. Moreover, we provide a **food allowance** for our staff to enjoy healthy lunches in our cafeterias.

**Investment in health benefits**

	<b>Employees Benefited</b>	<b>Amount (en COP millones)</b>
<b>Comprehensive health policy</b>	13,254	52,409
<b>Eye care</b>	6,569	3,418
<b>Lunch allowance</b>	9,727	26,432
<b>Collective Life Insurance</b>	15,482	7,289

## TALENT RETENTION PROGRAMS

### *Davivienda is a company you will love!*

We promote a joyful and healthy lifestyle in which emotional well-being serves as a driver that empowers our culture and our **#OrgulloDavivienda** (DaviviendaPride).

Our comprehensive plan promotes overall WELL-BEING and personalized WELL-BEING, tailored based on preferences, interests, and needs, centered around the following:



## RojoTú, a way of life

“RojoTú, a way of life” was launched in 2018 as a transformation strategy for the organization. By looking good and feeling good, we promote healthy eating, sports, sustainability, mobility and emotional well-being, to positively impact our personnel, their families and the environment, achieving the following milestones.

### Milestones

#### RojoTú Collection

We launched a clothing collection that helps us look good and feel good. These clothes are handed out annually to over **18,000 people**. The collection is designed by renowned Colombian fashion designers, who are supported by a network of entrepreneurs. All garments are made using eco-friendly processes that save 90% of water in production and digital printing, thereby reducing our environmental footprint, pioneering as the first financial institution in Colombia to venture into the world of fashion.

#### Donations

As part of our sustainable culture, we reuse decommissioned garments from our RojoTú collection to manufacture boxes that are used to deliver the new collections. As a result, we have benefited over 20 foundations participating in the **“Aflora Program”** of Fundación Bolívar Davivienda in Colombia and Central America, collecting over **30 tons** throughout the course of the program.

#### Fashion Centers

We designed 34 fashion venues to deliver these collections to our staff, bringing beauty experiences, healthy eating, image consulting, and emotional wellbeing opportunities, reaching 10,000 people in Colombia and Central America.

#### RojoTú Challenge

Sports transform lives and challenge people to be better every day, which is why we created a **friendly competition** that enables us to experience a sporting experience in Colombia and International Subsidiaries. Over **3,500** people competed in this third edition, participating in road cycling, mountain biking, and athletics, elevating sports to a whole new level.



### DAVIVIENDA ON BICYCLE

We created the ecosystem “**Davivienda on Bicycle**” six years ago. This is a sustainable mobility program that features 250 state-of-the-art electric bicycles available at no cost to our personnel.

As of today, the program boasts **more than 167,000** rides and over 1 million kilometers, equivalent to 85 trips around the world. **More than 1,500 people** have registered in the program, contributing to environmental protection, and saving time and money. The program has also contributed to the physical and emotional wellbeing of our staff.

We have stopped emitting **270 tons of CO2**, which is equivalent to saving **12,000 trees**, improving air quality, and reducing vehicular congestion through clean energy, thereby doing our part to support national public policies on mobility and wellbeing.

“**Davivienda on a bicycle**” runs 10 ecosystems throughout Colombia, located in the cities of Bogota, Medellin, Cali, Pereira, Monteria, Pasto, Barranquilla, Ibague, and Bucaramanga, equipped with showers and lockers for easy use.

### MEANINGFUL PLANTING

In collaboration with Fundación Bolívar Davivienda, we launched the “Meaningful Planting” program. We have planted over 1,200 trees under this program, underscoring our commitment to protect the environment every year by engaging our personnel and their families. In 2023 we reached 1,916 people and family members in Colombia and International Subsidiaries.

### PARTNERSHIPS WITH GYMS

As part of our dedication to improve the physical health of our personnel, we rely on sports partners who provide us with a membership benefit for their gyms. Currently more than **3,838 people have joined our partner gyms**, and we subsidize 40% of fitness plans as a benefit for our associates in Colombia and International Subsidiaries.

### HEALTHY DIET

We are aware that we need to feel good to look good, that’s why we installed **over 50 healthy snack machines** all over Colombia, providing our people with healthy products totally free of charge.

### HOME OWNERSHIP BENEFIT PROGRAM INVESTMENT

Beyond promoting a healthy lifestyle, Davivienda supports its staff by providing benefits, such as the Homeownership Program, which helps them to achieve their dream of owning their own home.

#### Home program amount in Colombia and international subsidiaries 2023

Interest rate benefits for home purchase	38 employees	COP 8,175 millions
Deed assistance	421 employees	COP 830 millions





## WELL-BEING EXPERIENCES

We offer customized WELL-BEING solutions by understanding our associates' preferences and profiles, and by delivering innovative experiences to enrich their lives and their families.

- ▶ **On-site "Davivienda for you" exhibitions:** these venues are designed to promote and place all the benefits that Davivienda offers its personnel. We held **19 exhibitions in Bogota, Cucuta, Santa Marta, Neiva, Ibague, and Pasto** in 2023. 5336 people participated and over 13,500 queries were made to our expert areas and partners.

- ▶ **Year-end Party:** we threw a year-end party at all our branches in Colombia and in international subsidiaries. **More than 11,500 people** joined us for this celebration.

- ▶ **Children's Party:** We threw a children's party at all our branches in Colombia to celebrate the children of our personnel. This was a space for fun and entertainment for more than **8,500 children and their families**.

- ▶ **Five-Year Celebrations:** We celebrated the commitment and journey of more than 2,072 people. This was an experience shared in each of our branches in Colombia and in the countries of our international subsidiaries.

- ▶ **Women's Day Celebration:** We enjoyed a unique celebration in Colombia and in our International Subsidiaries, honoring the work carried out by over **12,800 hard-working women**. This celebration took the form of a variety of diverse activities that emphasized the value of women.

- ▶ **Sports Tournaments and Sports Schools:** Sports play a key role in people's personal growth and well-being. We therefore promote healthy competitions and promote activities such as bowling tournaments, men's and women's soccer, go-karts, among other types of competitions. **3,600 people have participated in Colombia** and in international subsidiaries.

- ▶ **Theater, Modern Dance, and Folk Dancing Groups:** We are proud to have a Dance and Theater group formed by people who display the spirit of our inner self through their talent in every performance, spreading the joy of our organization through arts, diversity, and culture. **We performed in 5 national shows in 2023 with over two thousand attendees**, including our personnel and their families.

- ▶ **Family Day:** We created fun and entertaining experiences to integrate people, their families, and even their pets. **Over 4,300 people joined us** in Bogota to commemorate Family Day.

- ▶ **DaVida Club:** We founded the "Retiree Club" to accompany our former associates through different moments in their lives, offering them a portfolio of benefits and well-being experiences to enhance their quality of life by offering a range of activities such as Retiree's Day, workshops to learn skills such as knitting, hiking, cultural tours, among others. This program has reached **more than 600 associates in Colombia**.

- ▶ **Financial Wellbeing:** We enabled solutions to contribute to the financial peace of mind of our personnel throughout their lives, equipping them with tools to stabilize their finances. In 2023 we provided advice to **3,600 people** who requested this support. Currently, **3,300 people** benefit from the preferential interest rate for mortgage loans.

**TALENT ATTRACTION AND RETENTION**

*We attract and retain the best talent.*

Grupo Bolivar's Recruitment Center is entrusted with attracting, selecting, and evaluating talent for Davivienda and its International Subsidiaries. By leveraging state-of-the-art tools and methodologies we are able to ascertain the potential, knowledge, skills, and motivations of internal and external candidates to find the right cultural match and determine their suitability for each position, thereby quickly and efficiently choosing the best individuals through memorable experiences. We are therefore able to secure the best talent to fulfill the strategy of Grupo Bolivar's companies.

In 2023 we filled 3,174 open positions with professionals. We assessed over 25 thousand candidates and were able to cover 86% of positions required with in-house talent, not only fostering the growth of our employees and their families, but also building on

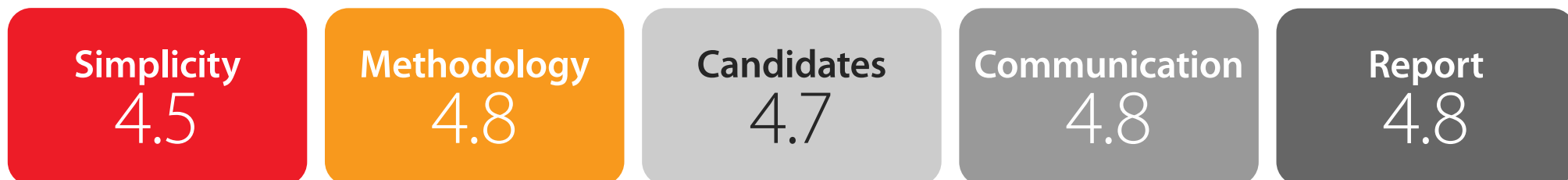
**3,174**  
**EMPLOYEES**  
filled new  
open positions.

the expertise of our organization, managing talent by acknowledging and empowering the capabilities of our personnel.

Furthermore, we continue working to ensure transparency and continuous improvement in our attraction and selection process, using measurement tools that enable us to learn about our leaders' perception. We achieved a satisfactory rating of 4.7 out of 5.



**Breakdown of leader satisfaction rating**



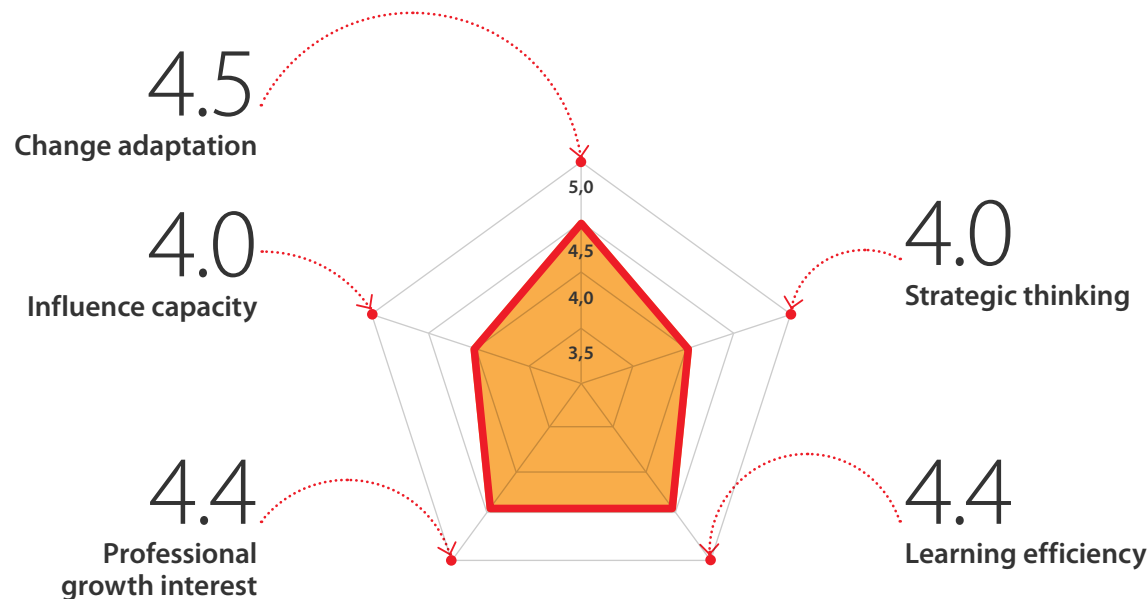
**BREAKDOWN OF LEADER SATISFACTION RATING**

Moreover, we understand that selecting the best talent is a key factor for the success of our organization. Therefore, we follow up 3 months after completing a recruitment process to track how the candidate has fit into the team, considering both the leader's and the candidate's perspective to build a quality indicator.

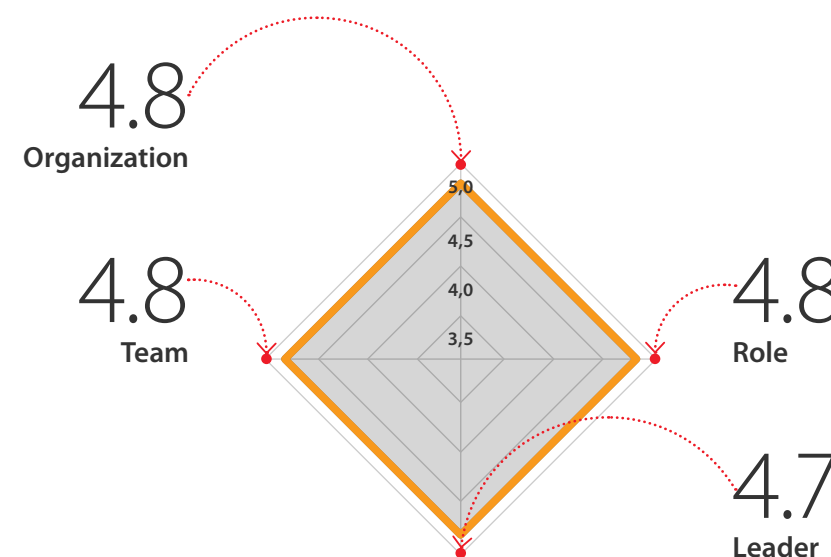
A candidate's fit is assessed based on a leader's perception of his/her/their organizational potential factors. The average fit rating for all 3,174 selected candidates was 4.3 out of 5 in 2023.

At the same time, a candidate's fit is assessed on his/her/their own perception based on his/her/their interactions with the organization, leader, team, and role. We scored 4.7 out of 5 for the 3,147 candidates selected in 2023.

**Fit indicator leader's perspective**



**Fit indicator candidate's perspective**



**4.3**

**OUT OF 5**

Average adaptation rating of the candidates chosen for the positions.



**TRAINING PROGRAMS**

*This is the place to grow and dream!*

Our in-house talent enables us to drive our business strategy and achieve desired outcomes through innovation, knowledge, and leadership. Our approach emphasizes human development, and the need to strengthen people’s skills and competencies via higher education benefits and initiatives, including our corporate university “Uexplora” and customized programs designed to upskill our personnel; providing experiences aimed at promoting personal and professional growth in an intimate, proactive, and stimulating environment.

**Investment in grants for undergraduate studies**

First semester loan	33 employees	COP 81 millions
Education allowance	883 employees	COP 2,704 millions



**CUSTOMIZED LEARNING PATHS BASED ON SPECIFIC ROLES:**

We drive our organizational strategy by upskilling our personnel **through customized learning paths tailored to each role.**

To succeed in this endeavor, we rely on experts who leverage learning techniques to bridge educational solutions to business challenges, devising cross-cutting, segmented, and targeted learning plans, delivered through our corporate university “Uexplora”, under faculties, core programs, and a virtual store.

As a result, we have successfully built the expertise required by the organization in line with its strategic priorities, as well as by the regulatory agencies. We have also upskilled our personnel through the Financial Consumer Service System training, published every year and made available to more than 12 thousand people throughout our organization in Colombia and its subsidiaries nationwide, ensuring that our personnel identify the guiding principles underlying this system, enabling them to **adopt best practices when engaging with customers**, safeguarding our culture of service.



**The program in figures**

We designed and rolled out over

**500**  
training  
programs

We reached

**18,754**  
people

in national and  
international subsidiaries.

**“UXPLORA” CORPORATE  
UNIVERSITY**

Our training model in Davivienda and its national and international subsidiaries is powered by a sustainable and innovative digital learning ecosystem that adds value by upskilling our personnel.

“Uxplora” features a user-friendly and intuitive interface that encourages self-guided learning experiences that enable everyone across the organization to benefit from a holistic education program, that caters to the needs of employees’ technical role and career plans, filled with courses that promote leadership development, soft skills, mentoring programs, and swaps, among others.

Our employees have access to a broad range of high quality in-house and external courses and training programs delivered by MOOC (Massive Online Open Courses) partners, duly sorted under freely accessible schools. Uxplora” offers a certification model that rewards people for their outstanding academic performance in compulsory courses of study. Students can earn credits that may be used towards acquiring high quality educational content.

**Uxplora Figures**

We invested **COP 11,9 billion** COP in learning programs in Colombia and **1M USD** in International Subsidiaries in 2023.

We deployed over **8,000 learning contents.**

**94% compliance** with study programs for **100% of our personnel.**

We reached an average of **15 hours per person** per year for a total of **279,000 hours** focused on training.



**UXPLORA**

is an innovative and sustainable digital ecosystem, open to the entire organization.



### Our Online Store

Under our self-paced learning approach, a cornerstone of “Uxplora”, our online store and free content offering launched new courses focused on 58 competencies of the Davivienda skills framework, prioritizing upskilling to support effective performance in the digital environment, thereby contributing to the achievement of the organizational strategy.



### Online Store Figures

**7,882**  
free self-paced  
learning contents for upskilling.

**58**  
competencies  
of the Davivienda Skills  
Framework covered.

**13,000**  
enrollments  
in the Online Store and  
specialized targeted offering.

Additionally, to facilitate structured and specialized learning, our corporate university, “Uxplora”, is organized under a series of schools that are aligned with business needs, strengthening the skills of our talent, and driving our organizational objectives. The following are the schools that comprise Uxplora.

### Commercial School

This is a joint initiative undertaken by the Commercial Executive Vice-Presidency and the Learning Department to build technical expertise required for each role, banking line and division of our sales force.

- ▶ Covering **100%** of individuals engaged in commercial activities.
- ▶ **105,287 total hours** of training for the sales force (compulsory course hours + self-paced learning hours)
- ▶ Average **19 hours/year** per person
- ▶ **99.73%** of people achieved at least 80% completion of their learning plan.

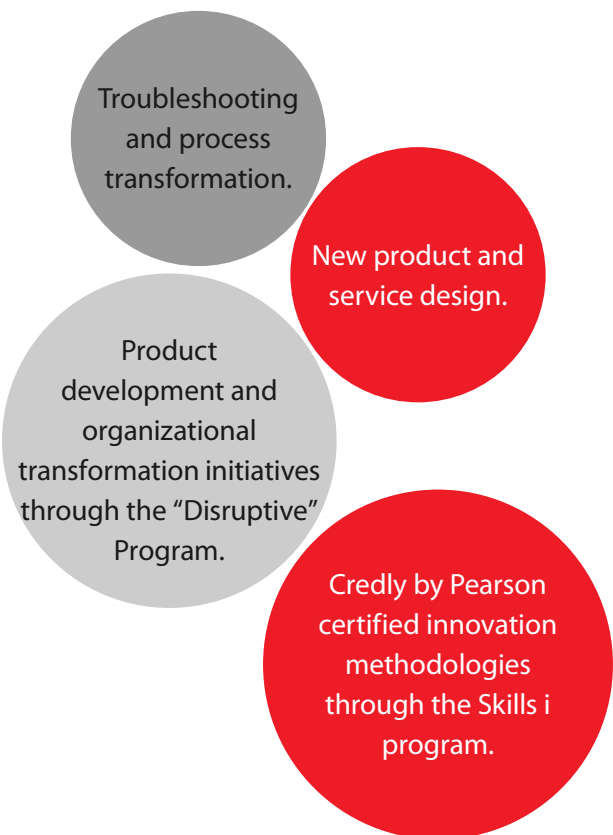
This year we built a test to measure technical expertise about the bank’s portfolio, enabling us to build a learning roadmap for our sales force, to be rolled out in 2024. This revealed that 90% of people on average have a medium-high level of knowledge. Accordingly, we deployed strategies to upskill our personnel, improving their performance in their roles.



### Uxplora School and School of Innovation

We prepare our teams to face the challenges ahead by equipping them with role-specific capabilities (UXplora School). Furthermore, we drive transformation as we stimulate the ideation of processes, products, and services across Davivienda powered by innovation skills (Innovation School).

In 2023 our School of Innovation offered specialized programs in:



### We reached:

**40 open soft**  
skills programs offered (UXplora Faculty)

**7,000 people**  
participated in Skills i at Credly by Pearson (School of Innovation)

We simultaneously connected 5 countries, 5 Davivienda companies and over 18,000 employees to address Customer Service, NPS and Experience, in line with the bank's strategy.

We reached  
**100,000**  
views

and  
**20,000**  
reactions  
and comments  
in our UXplora community on Workplace.

### UXplora FexT

For the third year in a row, we held a wide-reaching virtual event that provides a range of knowledge, experiences, and exhibitions offered by various internationally recognized speakers in a 100% digital environment, connecting the topics with our organization's strategy and business, covering Colombia and our national and international subsidiaries throughout an entire week.



### **TALENT TRANSFORMATION PROGRAM - UPSKILLING Y RESKILLING:**

We Upskill and Reskill our talent with technical and soft skills under an analytical and digital approach through our “Momentum Program”. This program has transformed the careers of 892 individuals. It is a fully digital, cutting-edge, and disruptive training program that gives talent management and academia a whole new meaning. It has changed the careers of 850 people, who have enhanced their skills and now enjoy job opportunities that they previously did not have. It is a groundbreaking undertaking, consistent with our commitment to our staff, and has been documented by the Harvard Business School, which now uses this material for its MBA classes.

### **DEVELOPMENT PROGRAMS FOR OUR PEOPLE**

#### *We nurture top talent by strengthening organizational skills!*

We understand and value the role we play towards society by fostering and nurturing the best talent, enhancing organizational skills, and strengthening technical and leadership competencies, contributing to digital transformation, analytics, and organizational innovation by assessing, discovering, attracting, and maximizing talent.

We continued consolidating our proposition in 2023 by delivering more than 600 hours of development programs that include mentoring, workshops, coaching and experiences, strengthening and developing the competencies and skills of our employees in Colombia and international subsidiaries. These include:

### **PERFORMANCE EVALUATIONS**

Based on the understanding that performance has multiple dimensions, Davivienda uses performance evaluations for development across the organization assessing three components: contribution to the business, organizational skills, and development objectives. These components are evaluated using two models that enable a broader and more objective view of people’s performance and development: the 360° model applied to leadership contribution levels, which includes self-evaluation, the leader’s assessment, and the assessment of each member of his/her/their team (direct reporting). Additionally, the 180° model is used to assess individual

contribution levels, including self-assessment, leader assessment and functional leader assessment, if required.

As a result, over 90% of our personnel set their objectives, clearly understanding in a quantifiable manner the expectations associated with their role.

### **INJECTING TALENT**

In 2023 we continued implementing various talent acquisition programs aimed at supplying and nurturing the required talent to support our business strategy, to sustain the organization and allow for natural turnover, ensuring the availability of talent to tackle today’s challenges and anticipate the challenges ahead.

# 892

## PEOPLE

participated in the Impulsa program.



We operate a model of internships for Colombia, national and international subsidiaries, guiding over **200 university students** and young talent through a roadmap that leverages their contributions to drive innovation across pipelines and workflows in light of organizational challenges.

We focus on building skills centered on: learning agility, communication, collaborative work, and analytical thinking. Furthermore, we facilitate spaces for reflection and support aimed at identifying their personal purpose and improving their personal brand via the following programs:

**92%**  
**OF THE APPRENTICES**  
**of the Talent 4.0**  
**program were mobilized**  
**to the business.**

### Talent 4.0

We continued fostering our mid-level analytical and digital talent pool in 2023, filling business vacancies with talent prepared to contribute to high-impact projects and support the transformation and evolution of our **organization, with a 92% mobility rate for our trainees and an 88% retention rate for the active pool.**

### Impulsa

We continued strengthening the skills and profile of the group of people who redirected their careers towards high-demand specialties in the organization. Impulsa Talent participants took part in various group mentoring sessions, gaining tools to strengthen their influencing and storytelling skills, logical thinking, and data-driven decision-making capabilities. Likewise, in **2023 business mobility reached 90% among program participants**, who entered new positions where they will continue to contribute to sustain the organization with more holistic and future-ready profiles.

### Tech Camp

*Technology drives the dreams of our people.*

**We launched two “Digital Tech Camp” incubator groups** in 2023, a program where young, digital talent can flourish. This initiative addresses business challenges by offering promising talents who are at the forefront of their careers as developers the opportunity to learn at their own pace, bridge technical gaps, and benefit from mentorships.

**We succeeded in bringing together 29 talented young people who had foundational knowledge as developers and no experience** but are now involved in the development factories’ internalization organizational project. As a key component when it comes to add talent to the organization, our synergy with Grupo Bolivar enables us to pinpoint potential talent needs by carrying out medium- and long-term workforce forecasting. There is no doubt that this is an opportunity to support the strategic vision, business shifts, and emerging initiatives.



### CONNECTED 2023 – ENGAGEMENT SURVEY

Davivienda has measured personnel engagement for 5 years, seeking to **assess how people emotionally connect with the company**, to drive productivity and business outcomes. The Connected program assesses engagement using the “Gallup (Q12)” monitoring and methodology, and this enables us to create strategies to

work together towards a better place to grow and dream.

**Engagement is embedded in our organizational culture, and therefore continues to thrive**, as people’s willingness to participate in this measurement is truly a key business differentiator. Based on Gallup’s global benchmark, average participation rate in engagement measurements for companies with

over 100 people is 81%; this year more than 16,500 people participated in Davivienda’s engagement survey (96% participation rate).

Currently, 68% of our population is engaged, 28% is somewhere in between, and 4% is actively disengaged, with a 17:1 engagement ratio, which means that for every 17 engaged people, there is 1 disengaged person; Gallup claims that

the average ratio for companies with high engagement is roughly 13:1.

This figure varied by 0.06 compared to the last measurement carried out in 2022. Davivienda obtained an overall average of 4.37 out of 5, ranking in the 71st percentile on Gallup’s global basis. This reflects **that engagement is part of our personnel’s core strategy**.

Currently, over 50% of our teams score above this level of engagement. This is largely attributable to the action plans we have implemented, as we have listened to people’s needs, and a key component of the organization’s strategy is to clearly communicate the purpose of this measuring tool.

Consequently, for the second year in a row we were acknowledged among 2,500 companies in Gallup’s current global base, excelling as the only Latin American company to be awarded the **“Exceptional Place to Work”** prize.

### AN ADVENTURE TO GROW AND BE

As part of an effort to boost our initiatives through teamwork, the Personnel Recruitment and Talent Management Departments implemented the “An adventure to grow and be” program, aimed at fostering and nurturing the potential of our associates by reinforcing their soft skills and their personal brand, reshaping their profiles, and becoming more attractive for recruitment processes.

As a result, in 2023, we evaluated 799 people through dynamic games, which helped us to measure our personnel’s learning agility, strategic thinking, capacity to influence, adaptation to change and interest in growth, producing feedback that provided them with opportunities to further learn and grow.



**LEADERSHIP PROGRAMS**

*We foster leadership and prioritize the upholding of our Principles and Values!*

**LEADERSHIP MODEL**

Our purpose is to nurture the potential of our personnel through the Grupo Bolivar Leadership Center. We design and implement strategies and development programs to strengthen leadership roles, encouraging the skills and behaviors expected in our Leadership Model.



**Our Leadership Model evolved in 2023, becoming simpler, increasingly dynamic, and relevant in a rapidly changing environment,** going from 75 expected behaviors to a single behavior for each of the 9 skills that comprise it. Additionally, from 4 contribution levels, there are now 2: Team Leader

and Individual Contributor. As part of the strategy to roll out and share the new Leadership Model, our employees tuned in to a podcast and "snacks contents", connecting with our leaders, exploring the model, skills and expected behaviors that are quintessential to Grupo Bolivar.







## LEADERSHIP DEVELOPMENT PROGRAMS

We currently operate various programs geared towards strengthening leadership skills, based on transformation processes that are based on insights and hands-on tools that drive leaders into action since the outset of the process. A total of 635 Davivienda leaders participated in our various programs in 2023, obtaining an NPS of 84.9%.

These programs equip our leaders with skills and tools such as: ability to adapt to new roles in the organization, developing specific skills that enhance their performance, empowerment, and inspiration towards their teams, as well as the ability to influence to achieve and surpass organizational objectives, thereby turning them into a role model for their staff as well as for other leaders.

### Grupo Bolívar DNA

Designed to equip our leaders with hands-on tools to help them effectively adapt to their new roles in the organization, ensuring alignment with our corporate culture.

- ▶ We reached **246 leaders** in 2023.
- ▶ The satisfaction score was **4.9 out of 5.**
- ▶ Moreover, we used the Net Promoter Score, a metric that indicates to what extent they would recommend the program, and we **scored 95.83% out of 100%.**

### Cultivating my leadership

It unleashes the potential of our leaders by empowering them to master the specific skills of the "Cultivating Talent" role of our leadership model.

- ▶ We reached 167 leaders in 2023.
- ▶ The satisfaction score was **4.8 out of 5.**
- ▶ The NPS score was **95.36% out of 100.** The latter measured the likelihood of people recommending the program.

### Influence and empowerment

It unleashes the potential of our teams by empowering and inspiring them to go the extra mile.

- ▶ We reached **186 leaders** in 2023.
- ▶ The satisfaction score was **4.8 out of 5.**
- ▶ The NPS score was **89.68%.** The latter measured the likelihood of people recommending the program.

### Agile and flexible leadership

It focuses on maximizing our agility skills to empower our leaders to be flexible, stay ahead of the curve, connect, and overcome roadblocks to deliver on the value proposition.

- ▶ We reached **36 leaders.**



## Support Program for Leaders

We supported our leaders to boost their ability to develop skills that impact their ability to influence to achieve and exceed organizational objectives through the following programs:

- ▶ **Inspirational Leaders:** It is a program designed to **guide participants in reconnecting** with the essence of leadership at Grupo Bolívar, to question what they think they know about their team and, above all, to find their own inspiration as a leader.
- ▶ We reached **137 leaders**.
  - ▶ The program has made a meaningful impact, as its satisfaction score was **4.8 out of 5** and the **NPS score was 94.62%**. Additionally, **the connected index was +0.37** higher than in 2022.

## ▶ Leadership enablers (Peer Mentoring):

We operate a coaching and mentoring program for our high-potential leaders aimed at further strengthening their leadership skills and their ability to influence in order to achieve and exceed organizational objectives, as well as to inspire and be a role model for other leaders.

- ▶ Six mentors from Davivienda and five mentors from Grupo Bolívar participated in peer **mentoring processes**, involving both Colombia and international subsidiaries.
- ▶ We provided **zero-cost support** by facilitating valuable exchanges through mentoring processes among leaders.



## ACTIVITIES AIMED AT STRENGTHENING OUR CULTURE

The mission of the Leadership Center is to cultivate the essence of our culture in the people who make up the organization, underscoring the importance of upholding our Principles and Values. Therefore, every year we promote the “We Live and Care for the Five” certification program, aimed at improving staff judgment when faced with situations in which the Code of Ethics and our Principles and Values are compromised. Furthermore, this certification also entails training on discrimination and harassment in the workplace, in line with our leadership model’s stated commitment to promote environments of trust.

- ▶ We reached **16,867 people** in Davivienda Colombia and our international subsidiaries, covering all organizational levels.
- ▶ **99% certification compliance** and **92.9% NPS**, reflecting a clear commitment to upholding our **Principles and Values**.

# > Occupational **Health And Safety**

*Davivienda is committed to promoting a healthy lifestyle for its workforce!*

**W**e design and implement programs aimed at promoting health based on prevention approaches intended to reduce absenteeism and occupational diseases, to protect our employees and maintain a healthy, motivated, and happy workforce, in a safe environment favorable to their growth and success in achieving their objectives.

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## **PREVENTIVE AND OCCUPATIONAL HEALTHCARE**

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Health care is our priority, and therefore we have developed strategies to monitor, analyze, and implement targeted interventions, based on interdisciplinary approaches, positively impacting people.





We conducted the following activities in 2023 to monitor health conditions:

Occupational medical examinations performed by qualified personnel, reaching approximately **5,600 people** through telemedicine and in-person services.

Influenza vaccination campaigns, supplying **6,134 vaccinations** for employees and retirees.

Strategies that positively impacted **over 14,000 people** in Colombia and our international subsidiaries. These initiatives focused on preventive and occupational medicine, epidemiological surveillance and industrial safety and hygiene programs, leading to ergonomic and workplace inspections, occupational follow-ups, environmental measurements, training for the prevention of occupational accidents and illnesses, and experiences under various interdisciplinary approaches.

**Intervention strategies** were designed to control and prevent the onset of new diseases associated with prioritized risks (psychosocial and musculoskeletal). The epidemiological surveillance programs covered 100% of personnel.

As part of the **Organizational Health 4.0** program, powered by data analytics, priority risk segmentation was used to produce action plans covering 100% of the organization, enabling us to respond to the specific needs of our employees, manage risks, and implement strategies to prevent occupational accidents and illnesses.

Broadening the scope of our health program beyond our personnel to include their families, we provide access to preferential health services through a policy designed exclusively for them, ensuring quality care at any time and place, covering **more than 19,000 people in Colombia.**

Health promotion and prevention strategies **covered 100%** of our population.





## INDUSTRIAL HYGIENE AND SAFETY

By identifying, monitoring, and controlling potential hazards to which we may be exposed, we are able to report unsafe workplace conditions in a timely manner, as we also welcome inquiries and suggestions.

This is enabled by instruments and workplace inspections, both on-site and online, to ensure healthy, safe, and harmonious workplaces.

We updated the following in 2023:

- ▶ The hazard matrices of 100% of our on-site workplaces and home workspaces. These proved to be a valuable input to create specific workplaces and workspaces controls and action, striving to continuously improve OSHMS.

- ▶ As part of our action plans for accident and disease prevention, we launched the “in my hands” campaign, which reached 100% of the population with educational and practical audiovisual content aimed at reinforcing the culture of self-care and raising awareness about meeting the goals set by the management system’s indicators.
- ▶ Emergency plans of 531 workplaces using vulnerability analysis methodologies for hazards.
- ▶ Action plans to timely and efficiently respond to emergency and/or contingency situations, coupled with intervention strategies and tools designed to adequately respond to risk scenarios for both individuals and their families.
- ▶ Our hygiene and safety plans reached 100% of our population, reinforcing the culture of self-management and self-care.

## LEARNING AND TRAINING EXPERIENCES

Throughout 2023 we continued offering training experiences tailored to each specific work modality, focusing on topics such as mental health, road safety, emergency care and prevention of musculoskeletal injuries, breastfeeding and induction and re-induction to the health and safety management system. These are some of our key results:

- ▶ Our training program coverage increased by 9%, surpassing our target for 2023 (5% increase compared to 2022).
- ▶ The 21 COP ASST (joint occupational health and safety committees) established nationwide, which are responsible for proposing, monitoring, and adopting measures aimed at maintaining the physical and mental health of our people, participated in promoting occupational health and safety policies and strategies designed to promote better health and preventive measures.



- ▶ We designed an experience-based refresher course, targeted at the whole organization, aimed at increasing knowledge about OSHMS, duties and responsibilities, and the commitment to comply with the system’s measures, fostering a culture of self-care.
- ▶ We reached over 11,000 people nationwide.

**EXTERNAL AUDIT OF THE SYSTEM**

The Colombian Safety Council audited the Occupational Health and Safety Management System in December 2023 with the objective of providing a comprehensive and updated diagnosis that helped us pinpoint the strengths and gaps in our performance so as to act based on their findings.

This review revealed a 98% compliance rate, which was also reported in the minimum standards self-evaluation reported to the Ministry of Labor and in the reviews conducted by the ARL (occupational risk management firm). These results motivate us to continue working for the physical, mental, and social wellbeing of our personnel and to strive for continuous improvement.

Accidents went from 240 in 2022 to 188 in 2023, exceeding our annual target of reducing occupational accidents by 3%. The main injuries reported in 2023 were mainly due to falls and impacts caused by objects, causing injuries mainly to the upper and lower limbs.

Absenteeism due to medical reasons was 2.05% in 2022 and 2.03% in 2023. This figure meets the annual target for this indicator, which is not to exceed 3% absenteeism due to medical reasons.

The following are our indicators of occupational accidents and illnesses for 2023<sup>55</sup>:

Indicator	Men	Women	Rate
Occupational accident rate	0.38	1.19	1.57
Number of occupational accident events	45	143	188
Days of absence due to accident	85	773	858
Occupational disease rate	0	0.07	0.07
Number of occupational disease events	0	8	8
Severity of occupational disease	0.002	0.016	0.018
Number of deaths due to occupational accidents or occupational diseases	0	0	0.00
Absenteeism due to medical reasons	0.56	1.47	2.03



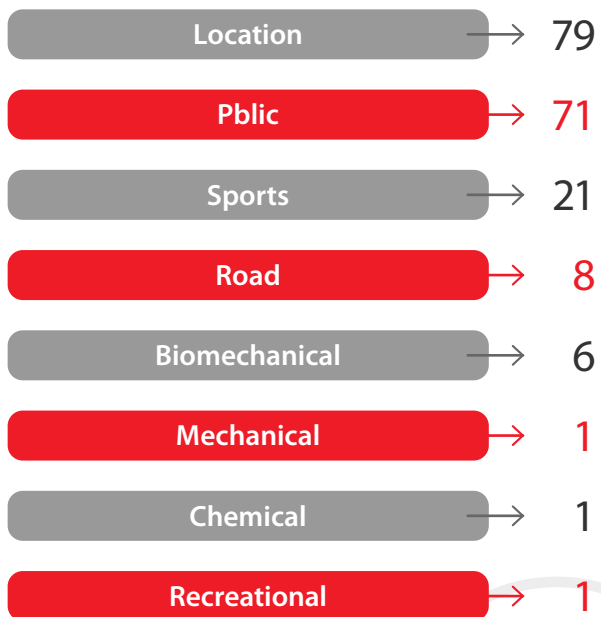
### Occupational Disease Risk Factor 2023

	Men	Women	Total events
Musculoskeletal ▶	0	7	7
Psychosocial ▶	0	1	1
Hearing / Vocal ▶	0	0	0

<sup>55</sup> Indicators calculated without excluding any associates.

# Occupational Accidents Risk Factor

No. of cases



Total  
**188**

Indicators	Quantity (Number)	Rate*
Fatality Rate due to an Occupational Accident Injury	0	0.000
Occupational Accident Injury Rate - Major Consequences	2	0.097
Recordable Occupational Accident Injury Rate	186	9.043

\* Rates calculated using a factor of 1.000.000, the total amount of man-hours calculated is 20.568.337.

The risk factor associated with occupational accidents with major consequences is participation in sports events sponsored by the organization. Controls have been implemented on the individual and the environment through the sports injury program.

### GRI 403-9 B OMISSION

Item b of indicator GRI 403-9 has been omitted because it is not applicable. Banco Davivienda does not engage workers who are not employed by the organization and whose work or workplace are not controlled by the bank.





**HUMAN TALENT COMMITTEE**

*We rely on an interdisciplinary team that ensures the alignment and implementation of our strategic Human Resources plan.*

Davivienda relies on the Human Talent Executive Committee, which convenes every six months to follow up on the Human Talent plan and strategic focuses approved by the President’s Office, to align strategies, action plans, and structural initiatives aimed at attracting, retaining, and developing the best human talent.

Our Human Talent Executive Committee is an “Enabling Committee” and its purpose is to drive our organization’s strategy. It is made up of:

**Human Talent Executive Committee**

Role	Responsibilities
<b>Office of the President</b>	
<b>Executive Vice President, Human Resources/Talent</b>	<ol style="list-style-type: none"> <li>1. Share the Human Resources/Talent focuses and strategic plan for the year.</li> <li>2. Review progress of the strategic plan as well as challenges.</li> <li>3. Follow up on the commitments made at the previous session.</li> </ol> <p>The Committee leader may convene other attendees to certain sessions and in certain specific areas, depending on the subject matter.</p>
<b>Corporate Executive Vice President</b>	
<b>Executive Vice President, Retail Banking and Marketing</b>	
<b>Executive Vice President, Media</b>	
<b>Executive Vice President, Risk</b>	
<b>Executive Vice President, International</b>	
<b>Executive Vice President, Commercial</b>	
<b>Executive Vice President, Asset Management and Treasury Banking</b>	



# > Human Rights

As part of our Human Rights Policy, under the Environmental and Social Risk Management System (SARAS), we identify, evaluate, and manage potential risks to our stakeholders: customers, community, vendors, and employees.

Accordingly, we manage Human Rights Risks using differentiated procedures, suited to meet the needs of the various management units, and segmented by stakeholder groups, both for the Bank's employees under our transparency model, and for customers and the community, throughout underwriting processes and strategic vendor assessments. This enables us to **provide assurance, and to integrate and monitor risk management as a second line of defense across the board.**

Due diligence methodology encompasses areas such as associated contexts, interactions where potential threats may be present, and control activities required by applicable regulations and best practices.

## HUMAN RIGHTS

We support the management of human rights risks through differentiated procedures.

Similarly, it prioritizes population groups that due to their condition may be vulnerable, such as: women, children, ethnic groups, migrant and subcontracted workers, and local communities.

In 2023, we continued collaborating with various bank areas to safeguard our human rights policy, holding working groups to conduct awareness-raising activities, identify existing procedures and controls for the respect of human rights, and to identify room for improvement. Thus, we expect accountability across the board, ensuring that our processes

do not lead to potential negative impacts on the human rights of our various stakeholders. This approach contributes to continuous improvement, enabling us to analyze and update risk matrices for each stakeholder group.

As part of a comprehensive approach towards our employees within the organization, we manage human rights issues within the framework of our **transparency model**, which prioritizes people and requires reporting on human rights violations under our policy.





## 1,300 PEOPLE

participated in awareness-raising and reflection dialogues on their responsibility to adhere to the code of ethics.



All reports submitted through the transparency hotline were processed and investigated by management areas, and corrective and follow-up actions were implemented whenever a complaint was substantiated. This enables us to **forge trusting, healthy, and harmonious relationships** based on respect for human dignity and collective well-being.

Additionally, we foster a culture of openness and support using mechanisms designed to increase awareness about the Code of Ethics, permanently guiding our people on how to practice our Principles and Values, and deal with ethical dilemmas, conflicts of interest, and gifts, among others.

Additionally, we held **60 workshops across the 8 regional offices in Colombia, reaching 1,300 people throughout the network**, creating spaces to raise awareness and reflect on the responsibility we all bear in ensuring compliance with the Code of

Ethics, policies, and the zero-tolerance statement on unethical behaviors.

Human Rights risks in our **value chain** have been managed by conducting a risk assessment on environmental and social issues among our strategic vendors. **This assessment did not reveal any type of human rights violation in services or goods procured in 2023.** This directly contributes to aligning practices with the organization's values, minimizing existing risks and cementing sustainable relationships.

Human Rights risks in relation to our clients and communities are managed as part of the environmental and social risk assessment and are addressed through loan underwriting procedures, which entail reviewing the actual and potential adverse impacts of activities to be financed, the existence of management measures to prevent or minimize risks, and attention to adverse impacts. (See SARAS definition section, scope and figures).



Accordingly, as part of our due diligence, we encourage clients to identify and mitigate risks and identify opportunities to strengthen existing policies, or implement those that have not yet been prioritized, so as to avoid discrimination and inequality, ensure safe working conditions and environments, freedom of association, promote constructive relationships among employees, and avoid forced labor, child labor, and any form of slavery.

Reaffirming the fundamental right of **ethnic communities** to decide on the projects, works or activities to be carried out within their territories, we prioritize their engagement in the initiatives that involve them, protecting their cultural, social, and economic integrity and guaranteeing their right to participation.

Therefore, at year-end 2023, we continued periodically monitoring five (5) of the projects financed that,

due to their potential risks, required prior consultation in Colombia (a fundamental right of ethnic groups).

As part of this effort, we trained 116 employees working in the credit and commercial areas, on the promotion, protection, and respect for human rights, thereby fostering an ethical corporate culture, reinforcing our commitment to social issues, and strengthening relations with our stakeholders. (See SARAS section, figures).

## POLICIES AIMED

at preventing forced labor, child labor, and any form of modern slavery.







## > **Sustainable Finance** Driving our Sustainable Strategy





**D**avivienda leverages sustainable finance as a key vehicle to fulfill our stated commitments in our material issues of: inclusion, prosperity, and natural capital. Thus, as part of our sustainable strategy, we strive to mobilize resources and become a vehicle so that these resources are placed towards building a more equitable and inclusive society, while positively impacting the environment.

**30%**  
OF SUSTAINABLE  
PORTFOLIO  
IN 2030

**This is the firm  
purpose that  
accompanies us in  
everything we do.**



To achieve **prosperity**, we offer innovative solutions to bring progress and competitiveness to the countries we serve through both financial and non-financial products and services. Thus, we build and introduce savings, financing, means of payment, investment, and insurance products and services as part of our portfolio, thereby helping to build a more sustainable economy.



To achieve **inclusion**, we build products and services for all, featuring financing, savings, and investment solutions, as well as insurance products and features like “transfer funds”, driving socioeconomic development and supporting our customers throughout four key points in their lives: employment, buying a home, starting a business and retirement, with a special emphasis on women, young people, retirees and individuals with businesses (natural persons with agribusiness and non-agribusiness).



Towards achieving our **natural capital** goals, we finance corporate and business loans that yield environmental benefits, as well as green building and housing projects and sustainable infrastructure and energy projects, providing value-added programs that help our customers to transition towards a resilient and low-carbon economy, delivering results that benefit the environment using our green financing lines. Our loans secure sound environmental and social risk and opportunity management, assisting companies in their efforts to advance in sustainable management.



Davivienda promotes Sustainable Finance by mainstreaming ESG criteria in various policies and procedures, including our environmental, climate change, and responsible investment policies.

First, we implement policies and procedures right from the onboarding process, as we perform due diligence to get to know our clients, partners, issuers, and counterparties. This vetting process includes screening for restricted listings.

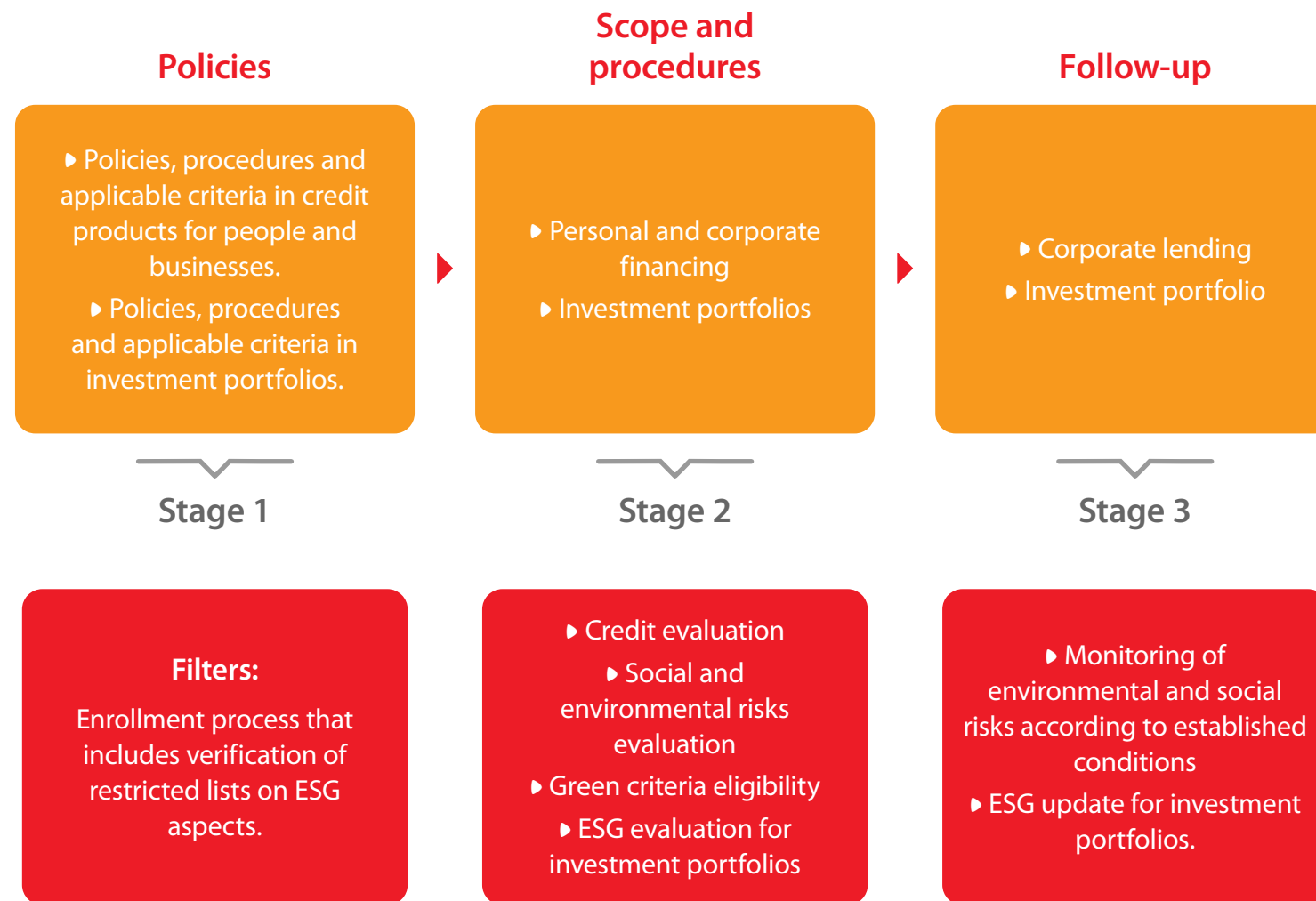
Furthermore, as part of loan underwriting processes for individuals and companies, we use procedures aimed at assessing factors such as the client’s ability to pay and his/her/ its characteristics. Concurrently, we conduct environmental and social risk due diligence particularly for business activities or projects, which involves a detailed assessment of the environmental and social performance

of our clients, classifying them into high, medium, and low environmental and social risk categories based on risk severity.

Thirdly, after loan closing and disbursement, we continue monitoring the environmental and social risks of our clients in accordance with the conditions established when the loans were approved, keeping a continuous relationship with them.

Likewise, we offer green credit lines based on green eligibility criteria for corporate and retail banking customers who engage in activities and projects or who acquire assets that yield environmental benefits. Information request procedures are in place to validate compliance with these criteria. Meanwhile, we conducted an ESG evaluation of investment portfolios as part of our Responsible Investment practice.

## Sustainable finance integration





## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM SARAS

As part of our sustainable strategy, under our Environmental and Climate Change Policy and Integrated Risk Management, we maintain the Environmental and Social Risk Management System - SARAS, which is operated by the Environmental and Social Risk Department of the Vice-Presidency of Credit Risk and reports to the Corporate Risk, Corporate Governance and Sustainability, Credit Risk, and Investment Committees.

Our SARAS methodology is aligned with IFC performance standards and norms and embeds an Environmental and Social Exclusion List based on multilateral banking benchmarks; since its inception in 2011, we have been improving and expanding our procedures to various management areas. Our system currently encompasses:

Environmental and social risk assessment applied to credit applications submitted by our Corporate and Construction clients. This assessment is also used to evaluate the Bank's strategic vendors.

Physical and transitional climate change risk management.

Human rights risk management.

Evaluation of ESG considerations as part of our responsible investment practice.

Definition and evaluation of green finance eligibility criteria.

The SARAS process used for credit underwriting involves specific scope policies that take into consideration amounts, terms, sensitive activities, local regulations, and when required by credit approval instances, prioritizing projects or activities with potential impacts on the environment and/or surrounding communities.

When financing large infrastructure projects (project finance), our environmental and social risk assessment also includes components of the Equator Principles methodological benchmark. The environmental and social due diligence is carried out by an independent advisor, and we support the process from the credit structuring stage until the client's obligation to the Bank is fulfilled.

The SARAS assessment addresses the following environmental, social and governance issues:

► **Assessment and management of environmental and social risks and impacts:**

We examine matters such as environmental and social policies for projects or activities, risk and impact identification, and management programs aimed at preventing, mitigating, and controlling such risks, as well as emergency preparedness and response, in addition to monitoring and evaluation processes. This item addresses governance factors, including the existence of an organizational structure in place with roles and responsibilities for the implementation of environmental and social programs.

► **Efficient use of resources and prevention of pollution**

in accordance with technical standards and best industry practices.

► **Land acquisition and involuntary physical and economic resettlement**

to improve the livelihoods of affected people.

► Participation processes and free, prior, and informed consent of ethnic communities (Indigenous, Black, Afro-Colombian, Raizal, Palenquero, and Rom or gypsy) affected by projects or activities.

► **Biodiversity conservation and sustainable management of living natural resources,**

acknowledging actions aimed at protecting and conserving biodiversity, managing ecosystem services, and sustainably handling living natural resources.

► **Labor and working conditions:**

To identify employment opportunities based on the protection of labor rights, fair treatment, and adequate working conditions in compliance with Occupational Health and Safety Systems, as well as non-discrimination and equal opportunities, and protection of the workforce against child labor and forced labor.

► **Community health and safety**

to avoid or minimize risks and impacts on the health or safety of the communities where projects or activities are carried out.

► **Protecting cultural heritage**

from adverse impacts caused by project activities.

To perform the environmental and social risk assessment, we request information about the project or activity to our clients, and then we use the methodology that enables us to identify the environmental and social risks, including climate risks. These insights are used to categorize environmental and social risks as A, B or C, ranging from greater to lesser potential environmental or social impact, respectively. We evaluate risks and potential impacts, legal compliance, external sources, and management measures (prevention, mitigation, offsetting). This leads to an environmental and social risk report, which determines technical feasibility and sets out action plans with follow-up and monitoring measures throughout the term of the loan, while also identifying opportunities. The environmental and social risk report is among the inputs that Credit Committees consider when making decisions. We include environmental and social clauses in loan agreements.

Compliance with these commitments by the customer allows us to establish the level of environmental and social risk throughout the term of the loan, and in some instances, it is necessary to establish additional measures for the customer, which are reported as part of an ongoing relationship.

SARAS is administered and managed by specialized, trained, and qualified internal officers who have experience in managing these risks and are members of the same organizational unit; SARAS is applied in conjunction with other credit cycle procedures with established roles and responsibilities for officers in the commercial, credit, credit risk, disbursement, and legal areas, among others.

As part of SARAS, we implemented training plans, both for the environmental and social technical staff in charge and for staff engaged in the sales, credit, disbursement, legal and other workflow components.



## SARAS RESULTS

Our goal is to conduct the evaluation on 100% of the credit applications that meet the established criteria. In Colombia, we conducted 275 environmental and social risk assessments involving COP 9.1 trillion for projects and activities we finance for our clients in the Corporate, Construction, Business, and leasing operations segments. Additionally, we monitored 650 outstanding loans, thereby ensuring compliance with the commitments agreed with our clients, based on risk. 64% of the total number of Project Finance and housing construction projects financially evaluated were subject to environmental and social risk assessments. 340 of these projects were successfully financed, 47 were declined on financial grounds, and one was declined due to environmental issues. Additionally, we assessed 57 projects in Costa Rica, El Salvador, Honduras, and Panama valued at USD 406.4 million and continued monitoring 194 projects.

**275**  
**EVALUATIONS**  
of environmental risk,  
that correspond to  
COP 9.1 trillion.

To widen the scope of SARAS to clients in the Corporate and Business segments, as part of our Portfolio Rating and in collaboration with the Credit Risk area, we applied an Environmental and Social Survey for the second consecutive year, obtaining responses from 1,281 companies. This helped us to learn about our clients' initiatives and best practices in environmental and social matters. This survey was administered for the first time in the Construction segment. One hundred companies answered the survey for a total of 1,381 respondents. These are some of the results of the survey:



**43% (598)**  
of companies

belong to or adhere to a benchmark or standard related to environmental, social or sustainability management, such as DJSI, TCFD, CDP, GRI, ISO 14001, Rainforest, or programs such as Acercar and Pread.

**77% (1,063)**  
of companies

identify environmental and social impacts arising from their activities and implement management measures to control and mitigate such impacts.

**64% (886)**  
of companies

have implemented activities aimed at efficiently using and utilizing natural resources for energy efficiency, circular economy, water reuse, separation, and delivery of solid waste to authorized waste managers, among others.

**14% (192)**  
of companies

measure and report their carbon footprint; 133 reported their total emissions in tons of CO<sub>2</sub>eq, the input we use to calculate financed emissions.

We expect to further strengthen this process by 2024 by optimizing our tools and raising awareness among our clients so as to improve the quality of the information received and to identify risks and opportunities for a broader scope of our portfolio.

Furthermore, in 2023 we acquired more insights on how our clients operating in carbon-intensive sectors manage climate change. Accordingly, we continued improving the methodology used to evaluate and establish the Climate Change Maturity Level, which takes into account aspects such as carbon footprint measurement, greenhouse gas reduction strategies, identification and management of physical and transition risks, carbon neutrality or Net Zero goals, as well as engagement in trade associations initiatives.

Based on these findings, we clustered our carbon-intensive clients from Incipient to Advanced level in climate change risk management. Read our 2023 TCFD Report to learn more about this.

These findings were included in the training and awareness-raising content for our commercial, credit, and risk areas, aiming to increase their capacity to identify risks and opportunities in environmental, social, and climate change issues based on data from our clients.

Additionally, seeking synergies with the credit risk workflow, we have made progress in prioritizing and incorporating environmental and social criteria in the infrastructure project model variables during the building stage, and we have integrated these criteria in the quantification of expected losses as part of the loan underwriting for these projects. This exercise has enabled us to embark on a dialogue to broaden and strengthen the criteria for further integration.

SARAS has achieved synergies with credit areas to periodically collaborate and inform credit decision makers

about relevant environmental and social factors that should be considered by productive sectors, and about trends conducive to business opportunities.

In 2023, we achieved the following results as part of our training plan on environmental and social risk management, including climate change and human rights, through in-house sessions as well as through external partnerships and courses:

**662**  
**HOURS**  
in social and environmental risk management training.

**Environmental and Social Risk Training**

Topic	External		Internal	
	Number of employees	Hours of training	Number of employees	Hours of training
Climate change	8	25	35	53
Human Rights	3	69	113	152
Green Financing	4	38	22	33
SARAS policy	6	15	291	425
Green taxonomy	50	50	0	0
<b>Total</b>	<b>71</b>	<b>197</b>	<b>461</b>	<b>662</b>







**Consolidated SARAS Chart Assessments by country and environmental and social risk category**

Category	Colombia		Costa Rica		El Salvador		Honduras		Panama	
	Number	Amount (COP miles de Billion)	Number	Amount (Million USD)	Number	Amount (Million USD)	Number	Amount (Million USD)	Number	Amount (Million USD)
A	49	2,170,176	5	129.3	1	3.5	0	0	1	8
B	223	6,825,588	16	126.3	17	71.5	10	28	4	35.8
C	3	60,682	1	2.2	2	1.8	0	0	0	0
<b>Total</b>	<b>275</b>	<b>9,056,446</b>	<b>22</b>	<b>257.8</b>	<b>20</b>	<b>76.8</b>	<b>10</b>	<b>28</b>	<b>5</b>	<b>43.8</b>
Monitorings	645	-	74	-	69	-	49	-	2	-

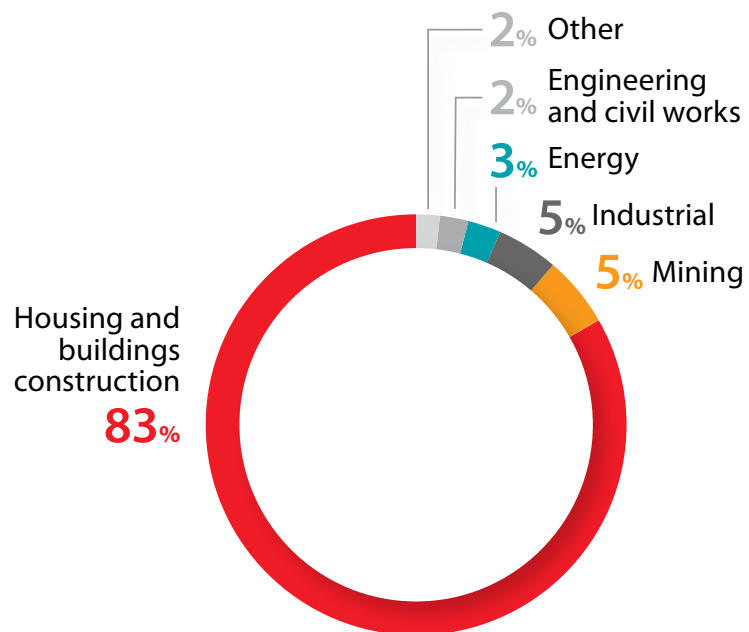
**SARAS Colombia. Breakdown of Business Banking customer segments**

(in COP billion)

Category	Corporate		Construction		Business		Leasing Transactions		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
A	6	1,126,295	27	798,914	12	222,604	4	22,363	49	2,170,176
B	5	214,077	199	6,493,584	12	86,474	7	31,453	223	6,825,588
C	0	0	3	60,682	0	0	0	0	3	60,682
<b>Total</b>	<b>11</b>	<b>1,340,372</b>	<b>229</b>	<b>7,353,180</b>	<b>24</b>	<b>309,078</b>	<b>11</b>	<b>53,816</b>	<b>275</b>	<b>9,056,446</b>



**SARAS Colombia - Assessment by industries**

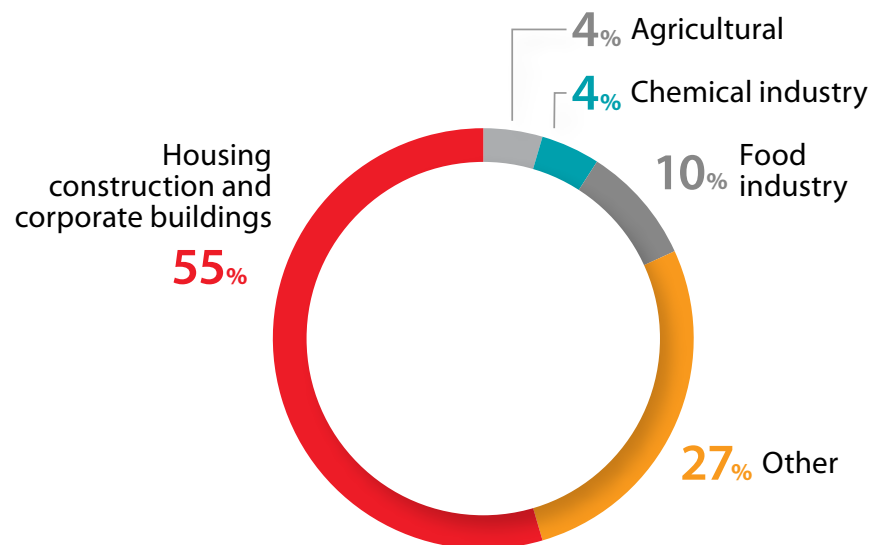


Industry	Number
Construction of housing and buildings	229
Mining	15
Industrial Production	13
Energy	7
Engineering and civil works	6
Other	5

**SARAS - Costa Rica**

Category	Number	Amount (USD million)
A	5	129,274,000
B	16	126,298,000
C	1	2,216,700
<b>Total</b>	<b>22</b>	<b>257,788,700</b>
Monitoring	74	

**SARAS Costa Rica / Assessment by industries**



Industry	Number
Agricultural	1
Construction of housing and corporate buildings	12
Food industry	2
Chemical industry	1
Other	6

**229**

**EVALUATIONS**

In Colombia. Most of the evaluated projects belong to the housing and building construction sector.



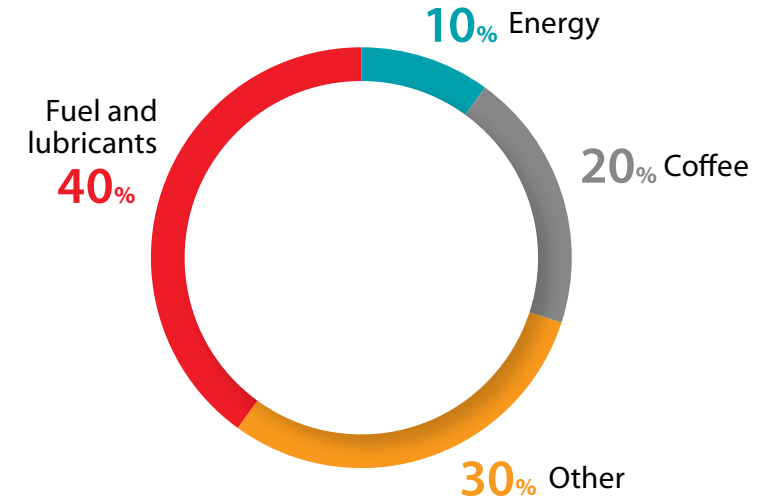
**SARAS - El Salvador**

Category	Number	Amount (USD million)
A	1	3,500,000
B	17	71,471,717
C	2	1,805,001
<b>Total</b>	<b>20</b>	<b>76,776,718</b>
Monitoring	69	

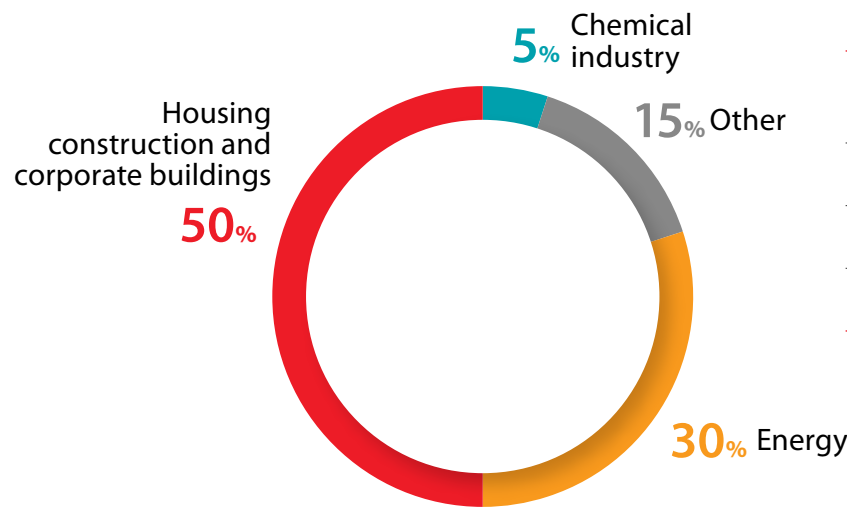
**SARAS - Honduras**

Category	Number	Amount (USD million)
A	0	0
B	10	28,074,694
C	0	0
<b>Total</b>	<b>10</b>	<b>28,074,694</b>
Monitoring	49	

**SARAS Honduras - Assesment by Industries**



**SARAS El Salvador - Assesment by industries**



Industry	Number
Construction of housing and corporate buildings	10
Energy	6
Chemical industry	1
Other	3

**A CATEGORY**  
 In Honduras, non of the evaluated projects was in the A category (higher impact potential).

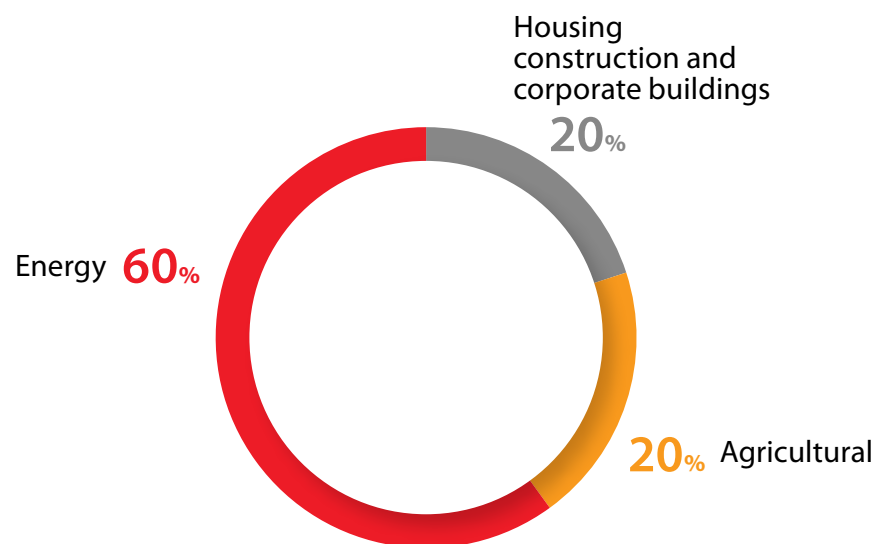
Industry	Number
Fuels and lubricants	4
Coffee	2
Energy	1
Other	3



**SARAS - Panama**

Category	Number	Amount (USD million)
A	1	8,005,000
B	4	35,847,000
C	0	0
<b>Total</b>	<b>5</b>	<b>43,852,000</b>
Monitoring	2	

**SARAS Panama - Assesment by Industries**



Industry	Number
Energy	3
Construction of housing and corporate buildings	1
Agriculture	1

**SARAS FIDUCIARIA DAVIVIENDA (TRUST COMPANY)**

Under the Trust’s environmental policy, we continued to identify, manage, and report on structured trust deals subject to environmental and social risk assessment in 2023 on account that they have been financed by the Bank. The assessment integrates a review of exposure to climatic hazards such as landslides and floods. As a result, we identified 390 common projects covered by this evaluation, accounting for 18% of the Trust’s business, mostly in the Real Estate product type.

Additionally, we monitored environmental and social risks of these projects to determine how they are performing in these realms.

**SUSTAINABLE FUNDING**

As a financier, we strive to mobilize resources to fund activities and projects that yield substantial environmental, social, and governance

benefits, and we pursue investment strategies underpinned by ESG criteria. This purpose is fulfilled under a shared value approach, encouraging, and developing business models capable of addressing recurring and key social and environmental problems in the countries we serve.

**MULTILATERAL RESOURCES**

Davivienda Colombia and Davivienda Central America are committed to raising resources and diversifying capital under ESG criteria to fund new social and environmental projects. In 2023 we secured funding from the International Finance Corporation (IFC) and the Inter-American Development Bank (IDB) destined to finance social projects, such as SMEs owned by women, SMEs, low-income housing, and low-income housing for women, as well as green loans to back projects centered on green building, energy efficiency, clean production, sustainable infrastructure, and agriculture.





### Sources of resources - Multilateral agencies

(in USD Million)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
IFC	50			150		395	100		290	10	995
BID				16	200		270			145	631
OPIC					243						243
Wells Fargo					25						25
OFID							50				50
Findev							20				20
DFC							250				250
JICA									150		150
Ecobusiness					30		25		20		75
FMO				60							60
<b>Total</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>226</b>	<b>498</b>	<b>395</b>	<b>715</b>	<b>0</b>	<b>460</b>	<b>155</b>	<b>2,499</b>

### RESOURCES FROM MERCHANT BANKS

We work in Colombia in partnership with national development banks: **Finagro, Findeter and Bancoldex**, to promote our green financing lines. By the end of 2023, 799 billion pesos, accounting for 18.44% of our green portfolio, originated from resources rediscounted by these entities.

### Rediscount Banks - Colombia

(in USD Million)

	Line	2023 Balance	Overall Balance Rediscount Bank	Share
Findeter	Energy Efficiency	105,560.9	772,432.5	96.7%
	Renewable Energy	276.8		
	Sustainable Infrastructure	666,583.3		
	Clean Production	11.4		
Bancoldex	Energy Efficiency	20,138.4	24,747.5	3.1%
	Renewable Energy	4,055.2		
	Clean Production	553.8		
Finagro	Energy Efficiency	15.2	1,589.2	0.2%
	Renewable Energy	1,574.0		
<b>Total</b>		<b>798,769.2</b>	<b>798,769.2</b>	<b>100.0%</b>



## COP 4.3 TRILLION IN COLOMBIA

Value reached by the portfolio  
balances linked to green financing or  
with environmental benefit.

83% of the total rediscounted portfolio was used to fund sustainable infrastructure projects, and 15% to finance energy efficiency projects.

Accordingly, **our target is that our sustainable finance portfolio, which includes loans with environmental and social benefits, will account for 30% of our overall loan portfolio by 2030.** In addition, we have already begun to set intermediate targets for 2024 to 2029.

We have enhanced our technical capabilities to identify and declare our medium- and long-term targets, helping our business lines to seize new opportunities. This strategic focus, combined with solid human

and technical resources, has led to the **successful growth of our sustainable portfolio for both businesses and retail banking** (green and social loans). In 2023, we reached a total amount of COP 17.2 trillion, a remarkable 19.4% year-on-year rise, accounting for 12.6% of our overall loan portfolio. It is worth noting that portfolio balances related to green financing or financing with environmental benefits reached COP 4.3 trillion in Colombia and USD 259 million in Central America. This sound performance reflects our continued commitment to sustainable management and the promotion of responsible financial practices in Colombia and the region.

These determinations have enabled us to seamlessly work hand in hand with our business lines to establish segments and strategic focuses in line with the material themes of: Prosperity, Inclusion, and Natural Capital:

## Business' segments and **strategic focuses**



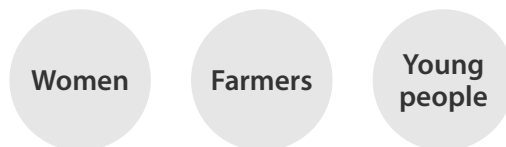
# 1

### Financial inclusion

Throughout the most relevant moments of people's lives.

- ▶ **Employment**
- ▶ **Starting and growing a business** (Individual business owners y MySME)
- ▶ **Housing** (low-income housing / green)
- ▶ **Retirement**

#### Zoom in on populations:



#### Strategies focused on:

- ▶ Financing
- ▶ Insurance
- ▶ Savings/ investment
- ▶ "Transfer money"



# 2

### Sustainable businesses

- ▶ Green building.
- ▶ Corporate and business loans with environmental benefits.
- ▶ Value-added programs.



# 3

### Sustainable infrastructure

Loans for energy and social infrastructure projects such as hospitals, roads, and others.



# 4

### Responsible investment

Mobilization of investment resources under an ESG approach.



These strategic focuses guide us in helping the people, companies, and countries we serve to grow in a more sustainable world:

- **Towards achieving financial inclusion**, we support people throughout the most significant moments of their lives using tailored strategies such as savings and investment products, financing solutions, insurance, and features like “Transfer money”, providing people with access to financial and non-financial services to help them find employment, grow their businesses, acquire their own home, and secure a pension for the future.

It is a comprehensive offer catering all segments, with a special emphasis on:



Women



Small and medium-sized agricultural producers



Young people between 18 and 28 years old



## FINANCIAL INCLUSION

We prioritized the segments of women, young people, small and medium agro-producers.

- Towards sustainable businesses, we have created strategies that enable us to work alongside business and corporate clients and ease their path towards decarbonization and energy transition, by financing loans with environmental benefits directed to energy efficiency projects, cleaner production, sustainable construction, among others.

- Towards sustainable infrastructure, we boosted our contribution to economic development by financing roads, hospitals, and ports, and granting green financing facilities for the construction of large Non-Conventional Renewable Energy (NCRE) projects, aqueducts, sewage systems and municipal basic sanitation systems, among other initiatives designed to provide territories with a competitive edge.
- Towards responsible investment, we offer portfolios with a long-term investment horizon, mainly invested in international bond and equity markets, through instruments that use ESG methodologies to select assets, maintaining volatility in line with a moderate risk profile and seeking capital growth.







# 7. INCLUSION

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*





## INCLUSION

We provide access to financial and non-financial services for all, stimulating **socioeconomic growth, building, and protecting wealth and the financial well-being** of individuals, families, companies, and communities we serve, building capital and social fabric, and fostering talent to build our nation.

# > Milestones



**Low-income housing for women**

**94.5 K**

Outstanding low-income

HOUSING LOANS FOR WOMEN

**COP 2.2**

Billion

DISBURSED TO WOMEN OWNING MICROENTERPRISES THROUGH DAVIPLATA

**SME**

**52 K**

SME CUSTOMERS

**12.7 K**

SME WOMEN CUSTOMERS

**PY+**

a free content portal FOR SMES

**DaviPlata**

**4.3**

million users

HOLD DAVIPLATA AS THEIR SOLE FINANCIAL PRODUCT

**9.7**

million of customers ARE WOMEN

**+ 63 K**

new young CUSTOMERS BETWEEN THE AGES OF 14 AND 17



**Agriculture**

**14%**

MARKET SHARE IN THE AGRICULTURAL SECTOR, TOTALING

**COP 6 trillion**  
IN FINANCING

**COP 561**

Million DISBURSED IN ZOMAC AND PDET AREAS

**986 K**

new Daviplata customers FROM RURAL POPULATIONS

# > Social financing



**D**avivienda supports people in their life journeys to foster diversity and promote equity, by providing access to financial products and services and prioritizing historically underserved populations as part of our business strategy. **We consolidated our leadership in mortgage loans and supported entrepreneurs by financing women-owned SMEs and microbusinesses, essential drivers of economic growth nationwide.**

**Our credit facilities with social benefits promote inclusion and access to financial services through**

**our low-income housing (VIS), low-income housing for women (VIS women), and women SMEs lines of credit.** Our social financing portfolio balance totaled COP 11.8 trillion, reaching COP 11.3 trillion in Colombia and USD 134.9 million in Central America.

Social loans grew by 6.7% over the past quarter, and 20.3% year-over-year. Over COP 2.9 trillion were disbursed in 2023 for low-income housing, including COP 1.2 trillion for low-income housing for women. Moreover, **we disbursed COP 421 billion for SMEs led by women.**

We reaffirmed our commitment to gender equality, and therefore 48% of our social portfolio consists of resources mobilized to provide opportunities for women to buy homes and finance their businesses.

We have maintained our leadership position in affordable housing financing in the country as our portfolio balance totaled COP 10.6 trillion at year-end 2023, serving over 226 thousand beneficiaries, growing by 8% over the past quarter and 24.8% year-over-year. Retail Banking financing through these credit facilities accounts for 90.8% of our social financing effort.

On the other hand, 9.2% was destined to finance SMEs led by women, in line with the eligibility criteria stipulated by the Gender Bond issued by the Bank in 2020.

## Colombia

Figures stated in COP Billion

	Social Lines – Eligibility Criteria	2023 Balance	Overall Balance of Banking Line	Share
Retail	Low-income housing (VIS)	5,813	10,282	90.8%
	Low-income housing (VIS) for women	4,468		
SMEs	SMEs led by women	1,036	1,036	9.2%
<b>Total</b>		<b>11,318</b>	<b>11,318</b>	<b>100.0%</b>



# 39% OF THE SOCIAL PORTFOLIO IN CENTRAL AMERICA

was destined to SMEs,  
specifically to women-led  
industries.

## Central America

	Social Line – Eligibility Criteria	2023 Central America Balance	Overall Banking Balance	Share
Retail	Low-income housing	82.3	82.3	61%
SME	SMEs women	52.6	52.6	39%
<b>Total</b>		<b>134.9</b>		<b>100%</b>

In Central America, social loans totaled USD 134.9 millions, including 61% destined to Retail Banking and 39% destined to SMEs Banking, namely to finance SMEs led by women.

The growth of our social portfolio both in Colombia and Central

America have moved us a step closer to our 2030 target, when we expect that social loans account for 30% of the overall portfolio.

In 2024 we will continue working on further expanding and enhancing our social facilities, as we move towards achieving the 2030 vision and targets in Colombia and Central America.

## The following were our key results in each country



### EL SALVADOR

- ▶ We partnered with Agora Partnerships to offer added value to SMEs led by women to boost their businesses by improving their managerial and strategic skills.
- ▶ We were awarded the Grupo Bolivar innovation prize in recognition of our unstoppable women multi-offering, a synergy between our SMEs and Sustainability divisions.
- ▶ We inaugurated the first digital ecosystem in a market, the Quezaltepeque Market Ecosystem, bringing financial inclusion to market vendors through financial education programs and digital product offerings like DaviPlata.



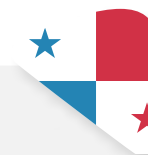
### COSTA RICA

- ▶ The second group of clients graduated from the Davivienda Commercial Steppingstone program, aimed at driving SME growth. Additionally, we brought valuable content to regions outside the Greater Metropolitan Area, reaching 251 clients who gained knowledge on business plans, sustainability, customer service, and other important topics designed to help them to better manage their businesses.
- ▶ In an effort to target the SME Women segment, we held an exclusive training program for 51 businesswomen and executives, covering topics such as time management, conversational intelligence, and emotion management.



### HONDURAS

- ▶ The SME led by women portfolio accounts for 28.4% of the Bank's SME portfolio and constitutes 30.6% of loan balances. This balance grew by 36.5% (compared to 27.1% in 2022 for total growth), indicating a significant improvement in narrowing gender gaps and increasing access to credit for women-led enterprises.
- ▶ We continued participating in low-income housing financing: 45% of loans were granted to mothers who are heads of household, benefiting 3,377 families.



### PANAMÁ

- ▶ The low-income housing (VIS) portfolio balance grew by 194%, benefiting 260 families who realized their dream of home ownership for the first time.

## > Our commitment to financing projects aimed at benefiting women

In 2020, the Inter-American Development Bank (IDB) fully subscribed the Gender Bonds issued in the second market by Banco Davivienda. These resources are destined to boost women-owned small and medium-sized enterprises (SMEs) and to help women acquire low-income housing, as described in the reference framework for the issuance of the gender-focused social bond. This was the first issuance of a Gender Bond in Colombia with incentives tied to financing, wholly or partially, loans for women.





**Use of Gender Bond resources (IDB)**

Women-owned SMEs

	Unit of Measurement	Overall Bank 2023	2023 Balances	2022	2021*
Amount of loans outstanding Women-owned SMEs	COP millions	1,036,264	2,291	4,096	8,355
	Number of loans	16,071	21	27	44
Amount of loans disbursed to SMEs led by Women	COP millions	421,505	0	0	9,430
	Number of loans	9,979	0	0	59
Active SMEs led by women customers	Number of clients	9,761	38	25	35
Active SMEs customers	Number of clients	51,859	38	25	35

\* Starting this year, we began to grant loans in this line.

**Use of Gender Bond resources (IDB)**

Low-income housing (VIS) owned by women (includes VIS leasing)

	Unit of Measurement	Overall Bank 2023	2023 Balances	2022	2021	2020
Number of low-income housing for women loans outstanding	COP millions	4,468,521	317,377	329,464	295,849	55,754
	Number of loans	94,518	5,677	5,897	5,431	1,019
Amount of low-income housing loans for women disbursed	COP millions	1,179,956	0	49,764	251,409	55,786
	Number of loans	15,423	0	764	4,540	1,019







**Loans disbursed to SMEs women and VIS women 2023**

	<b>Indicator</b>	<b>Definition</b>	<b>Accumulated Disbursements Amount 2020 - 2023 (\$)</b>	
	<b>SMEs led by women</b>	Amount of loans disbursed to SMEs led by women.	Total amount of loans disbursed by the financial entity to SMEs led by women throughout the period.	1,792,264
	<b>Low-income housing (VIS) owned by women (includes VIS leasing)</b>	Amount of loans disbursed to low-income housing (VIS) for women.	Total amount of loans disbursed by the financial institution for low-income housing (VIS) owned by women throughout the period.	3,089,219

**SMEs led by women**

Key compliance indicators

Number of customers with higher sales numbers – SMEs led by women	198
Active SMEs led by women customers	9,761
Active SME customers	51,859
Total number of loans to SMEs led by women as a portion of the overall SME portfolio (%) (KPI)	18.15%

# Financial inclusion

As emphasized in the Strategic Focuses section, we have prioritized financial inclusion as a key instrument to support people through savings and investment strategies, financing solutions, insurance products and features like "Transfer money", and to bridge the gaps in access to the financial system for vulnerable or underserved populations (especially women, the rural population, and young people), thereby advancing social and economic progress in the countries we serve.

Therefore, we endeavor to facilitate access to financial and non-financial services for all. In line with our corporate strategic objectives, we leverage technology and innovation to craft useful and

affordable products and services to meet the needs of traditionally underserved groups.

Our banking offerings have concentrated primarily on facilitating financial inclusion and access for women, young people, small and medium-sized enterprises, and the agricultural sector. Additionally, we have prioritized DaviPlata, a free savings product, as a cornerstone of our consolidation strategy. Under this umbrella, we built "Ecosystems with Social Impact", partnered with the national government to pay out both conditioned and non-conditioned money subsidies, and extended credit to unbanked persons and to individuals who lack access to financing, using nano credits.

## INDIGENOUS POPULATION OF THE ZENÚ COMMUNITY

We onboarded **13,710 customers** who sell handmade products, mainly "Sombreros Vueltiaos" to DaviPlata, as part of **an effort to boost their sales and to help them engage in digital transactions.**

## WE LAUNCHED "YOUNG PEOPLE +14"

A program aimed at connecting young people between 14 and 17 years of age to DaviPlata. We conducted **on-site campaigns in 36 schools and 5 universities nationwide**, offering financial education, support for entrepreneurship and hands-on activities to connect them to the financial system.

## DIGITAL TAKE-UP WITHIN A FINANCIAL ECOSYSTEM FOR THE SAN ANDRES PROVIDENCIA AND SANTA CATALINA ISLANDS

There are **5,366 stores** on the island using DaviPlata, **37%** of which already feature QR capabilities, enabling tourists and locals to make cashless purchases. **We increased the number of customers in the Islands by 8% in 5 months, and 50% of them are active and conducting transactions digitally.**

## RURAL POPULATIONS

DaviPlata's footprint **stretches across 665 of the 691 municipalities** in Colombia classified by Finagro as rural municipalities, that is, **96%** of them.

## ARTISANS

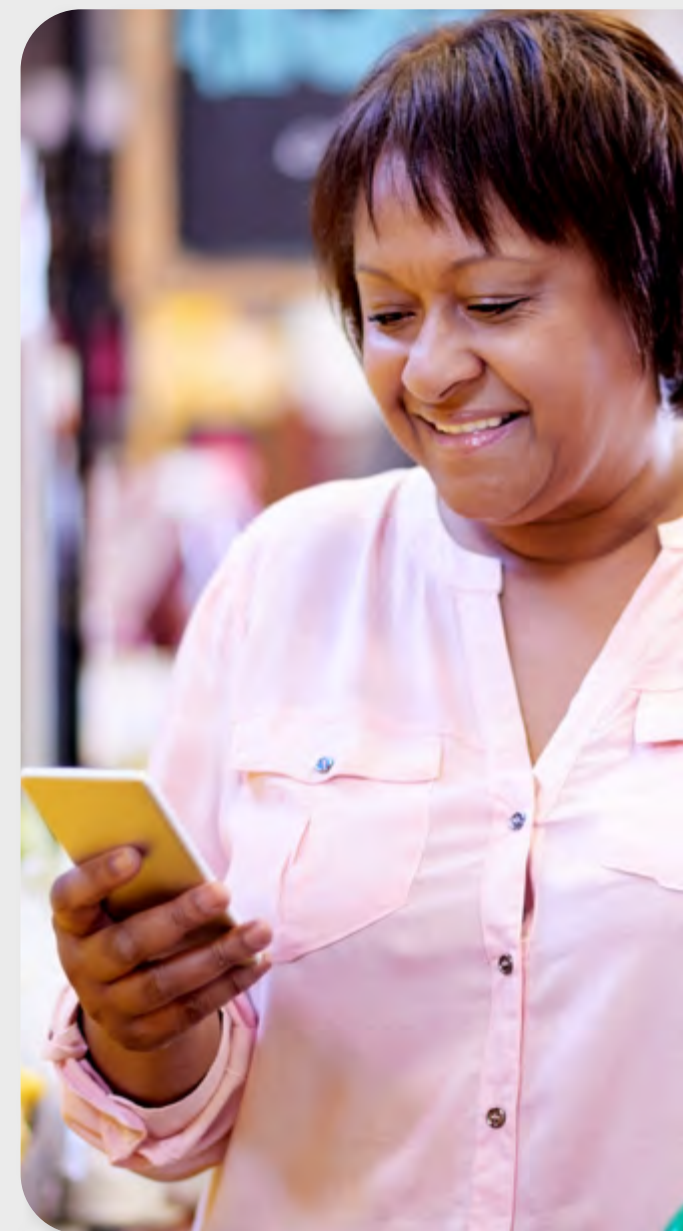
We promote Colombian arts and crafts culture through banking, digitalization, personalized, virtual, and face-to-face financial education workshops, and sponsorships for participation in local and national events, where artisans are able to market their products. **64% of our 23.8 thousand artisans are women.**

## DaviPlata's Main Financial Inclusion Results



**Financial Inclusion Products and Services**

Targeted Populations	Product	Business Indicator	Reached clients
Rural Population	DaviPlata – low-cost savings account	986 thousand DaviPlata accounts	986 thousand DaviPlata customers from Colombia’s rural population
People living in remote communities	Loans	COP 561 billion disbursed	9,483 loans disbursed in municipalities classified as ZOMAC and PDET
		COP 5,810 billion disbursed	37 disbursements by the Finagro credit facility for agricultural projects implemented by populations under special conditions
Indigenous population of the Zenú community in the Municipality of Tuchin, Cordoba	DaviPlata	<ul style="list-style-type: none"> <li>▶ Transactions: 103,791</li> <li>▶ Billing: COP 15,390 million</li> </ul>	Customers onboarded: 13,710
Women	DaviPlata – low-cost savings account	9.7 million DaviPlata accounts	9.7 million of our customers are women
Rural women	Loans	COP 8,325 billion disbursed	58 disbursements by the Rural Women special credit facility
Women who accessed loans through DaviPlata and women owners of microbusinesses	<ul style="list-style-type: none"> <li>▶ Small loan</li> <li>▶ Revolving credit facility</li> </ul>	COP 2.2 billion disbursed to women with microbusinesses.	<ul style="list-style-type: none"> <li>▶ 23,432 women were granted a loan, including</li> <li>▶ 4,512 women owners of a microbusiness</li> </ul>
Retirees	Low-cost retirement account	83,000 accounts	<ul style="list-style-type: none"> <li>▶ New retirees customers: 4,000</li> <li>▶ Total retirees customers: 388,000</li> </ul>
Senior citizens in the City of Bogota	DaviPlata	<ul style="list-style-type: none"> <li>▶ Transactions: 2,269</li> <li>▶ Billing: COP 89.9 million</li> </ul>	90 senior citizens registered







Targeted Populations	Product	Business Indicator	Reached clients
Young people between 14 and 17 years old	DaviPlata	63,000 young people active in DaviPlata	90 thousand minors registered, between the ages of 14 and 17 years old
Young people between 18 and 29 years old	G-Zero free savings account	85,000 accounts	<ul style="list-style-type: none"> <li>▶ New young customers: 100,000</li> <li>▶ Total young people: 2,100,000</li> </ul>
A program that provides individuals with access to credit facilities under favorable conditions, promoting business growth and development, thereby contributing to financial and credit inclusion.	United for Change and Progress Loan	COP 15.4 billion disbursed	2,471 customers
Credit offering aligned with a national government program, targeted at self-employed individuals, designed to promote access to formal financing to fight against predatory lending.	Loan for the advancement of the "people's economy" national program	COP 632 millions disbursed	326 customers
Microbusinesses	Loans	COP 2.2 trillion disbursed	22,147 customers: <ul style="list-style-type: none"> <li>▶ 64% legal entities</li> <li>▶ 26% individuals</li> </ul>
People who were granted a loan by the financial system for the first time	<ul style="list-style-type: none"> <li>▶ Small loan</li> <li>▶ Revolving credit facility</li> </ul>	COP 10.7 billion disbursed	31 thousand DaviPlata customer received their first loan granted by the financial sector

Targeted Populations	Product	Business Indicator	Reached clients
Individual business owners who accessed a loan through DaviPlata.	<ul style="list-style-type: none"> <li>▶ Small loan</li> <li>▶ Revolving credit facility</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disbursements made: 10,748</li> <li>▶ COP 5.8 billion disbursed</li> </ul>	10,748 individual businessowners received a loan through DaviPlata
Beneficiaries of subsidies granted under the: <ul style="list-style-type: none"> <li>▶ Youth in action program</li> <li>▶ VAT return</li> <li>▶ Secretariat of Education</li> <li>▶ Guaranteed Minimum Income</li> </ul>	DaviPlata	4 million payments were disbursed totaling 1.1 trillion COP	1.8 million beneficiaries
Market Squares	<ul style="list-style-type: none"> <li>▶ DaviPlata openings</li> <li>▶ QR-enabled</li> <li>▶ Deployment of DaviPlata and digital businesses to stimulate market squares</li> </ul>	<ul style="list-style-type: none"> <li>▶ Transactions: 3.4 million</li> <li>▶ Transactions amount: COP 531 billion</li> </ul>	Registered customers: 146,070 including: <ul style="list-style-type: none"> <li>▶ 137,800 natural persons</li> <li>▶ 8,270 businesses</li> </ul>
Artisans	DaviPlata	<ul style="list-style-type: none"> <li>▶ Transactions: 3.3 million</li> <li>▶ Transactions amount: COP 480 billion</li> </ul>	Registered customers: 23,983
Population of the San Andres, Providencia, and Santa Catalina Islands	DaviPlata	<ul style="list-style-type: none"> <li>▶ Transactions: 483,076</li> <li>▶ Billing: COP 66,273 million</li> </ul>	23,876 users registered, including: <ul style="list-style-type: none"> <li>▶ 18,510 natural persons</li> <li>▶ 5,366 businesses</li> <li>▶ 1,985 of those businesses are now QR-enabled</li> </ul>
Migrants	DaviPlata	Transactions Amount: COP 486 billion	<ul style="list-style-type: none"> <li>▶ 34 thousand customers registered in 2023</li> <li>▶ Reaching 94 migrants who are Daviplata customers</li> </ul>





**Non-financial services designed to promote financial access and inclusion (other than financial education)**

(Different from financial education)

Type of Service	Population Targeted	KPI Description	Results in figures
Py+ is a free content portal for SMEs, focused on promoting digital transformation and new technologies. It features articles, tools, and specialized resources that help SMEs to gain knowledge and skills.	Microbusinesses Women Young people	▶ Monthly visits ▶ Total visits per year	▶ 12,000 monthly visits ▶ 144,000 visits
We launched the SME Talent Platform, a digital platform that enables 1,700 clients to conduct diagnoses and pinpoint their business challenges, develop a specialized training and growth plan to stimulate business expansion and scale to a new level by leveraging new entrepreneurial skills.	Businesses led by women	Number of customers enjoying completely free access	1,700 women SME
Social Skin	Young people leading innovative projects with social impact operating in Colombia, Central America, and/or Mexico that are adding value and impacting the general well-being of a population or community.	Number of enrollees	750 enrollees, 7 winning projects
Site to train merchants to prevent fraud when accepting credit cards as a means of payment.	Individual business owners, starting to accept payments with credit cards, both in the POS and remotely.	New businesses registering in the Bank to take payments with cards.	39 thousand businesses received invitations
Social support to street vendors	Street vendors	We held social support workshops, encouraging street vendors and their families to pursue the path of formalization and digital adoption by acquiring digital skills and building a life plan by gaining visibility as traders.	87,708 street vendors



Type of Service	Population Targeted	KPI Description	Results in figures
Davivienda's month of the entrepreneur	Customers and non-customers who are self-employed, individual business owners, and interested in entrepreneurship as a main activity or complement to their employment.	<ul style="list-style-type: none"> <li>Sessions Target: 25,000</li> <li>Registration Target: 2,400</li> </ul>	<ul style="list-style-type: none"> <li>Sessions holds: 57,685</li> <li>Successful registrations: 4,225</li> </ul>
Participation in StartCo	Startups, entrepreneurs, and microbusinesses devoted to building technological solutions.	Connect with 16,000 attendees to share Davivienda's comprehensive set of solutions	13,000 participants
Go Fest	Entrepreneurs and startups looking for tools to grow their businesses.	<ul style="list-style-type: none"> <li>60,000 participants</li> </ul>	Outreach to 20000 people via our sales force and talks focused on business growth driven by our offerings
Efectoi.org	Platform that teaches innovation methodologies to young entrepreneurs so they can put them into practice in their businesses and take their ideas to the next level.	Enrolled people who completed the course and earn a certification.	748 people registered and 179 certified

We have been a member of **the FAW (Financial Alliance for Women)** since 2020, identifying opportunities to increase women's representation and add value to this segment.

As part of this partnership, we participated in mentoring sessions aimed at increasing our value-added offerings, both financial and non-financial, for women in Central America.

This mentoring process bolstered our product offerings in El Salvador for SMEs led by women, achieving a higher level of maturity to offer financial products and services targeted to this segment. **We closed 2023 with 3K women-led SMEs in El Salvador, growing over 20% over the previous year.**



**OUR COMMITMENT TO FINANCIAL ACCESS**

We strive to reach all regions across the nation with our financial services, especially regions that have historically been affected by the armed conflict or lack financial access. We thus support national efforts to transform local economies and build a social fabric, facilitating access to financial services by providing local experiences and working alongside our partners on the ground.

**Zones most affected by the armed conflict (ZOMAC):** The Ministry of Finance and Public Credit, the National Planning Department (DNP) and the Territorial Renewal Agency (ART) defined a group of municipalities deemed to be the most affected by the armed conflict.

**Development Programs with a Territorial Approach (PDET):** a special 15-year planning and management tool aimed at stabilizing and transforming the territories most affected by violence, poverty, illegal economies, and institutional deficiencies, thereby ensuring rural development in 170 municipalities.

We provide access to our financial service offering through banking correspondents located in 320 of the 344 ZOMAC municipalities (93%) and 39 of the 170 PDET municipalities (23%). In 2023, the number of Daviplata correspondent points of access in these areas increased by 9% and 9.7%, respectively.

**ZOMAC and PDET municipalities**

(defined by Colombian Government)

Department	ZOMAC points of access	Percentage	PDET Points of access	Percentage
Antioquia	506	11.7%	357	12.4%
Arauca	329	7.6%	226	7.9%
Bolívar	163	3.8%	133	4.6%
Boyacá	16	0.4%		0.0%
Caldas	129	3.0%		0.0%
Caquetá	433	10.0%	433	15.1%
Casanare	169	3.9%		0.0%
Cauca	217	5.0%	213	7.4%
Cesar	290	6.7%	364	12.7%
Chocó	79	1.8%	27	0.9%
Córdoba	99	2.3%	99	3.4%
Cundinamarca	103	2.4%		0.0%
Guaviare	29	0.7%	29	1.0%
Huila	98	2.3%	24	0.8%
La Guajira	319	7.3%	59	2.1%
Magdalena	52	1.2%	380	13.2%
Meta	242	5.6%	55	1.9%
Nariño	219	5.0%	76	2.6%
Norte de Santander	133	3.1%	109	3.8%
Putumayo	116	2.7%	106	3.7%
Quindío	14	0.3%		0.0%
Risaralda	35	0.8%		0.0%
Santander	94	2.2%		0.0%
Sucre	54	1.2%	52	1.8%
Tolima	158	3.6%	73	2.5%
Valle del Cauca	241	5.5%	59	2.1%
Vichada	3	0.1%		0.0%
<b>Total</b>	<b>4,340</b>	<b>100%</b>	<b>2,874</b>	<b>100%</b>



## > Sustainable infrastructure

One of our key interests is to contribute towards the transformation of the countries we serve. Thus, we have positioned ourselves as a leading bank in the financing of high-impact infrastructure projects supporting road, port, energy generation and transmission, and real estate projects, among others, aimed at increasing regional competitiveness and progress. Additionally, under the Construction, Corporate and Business banking lines, we support our clients as they transform and adopt more sustainable practices.

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### SOCIAL INFRASTRUCTURE

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Davivienda believes that by financing projects, we can drive economic development, social well-being, and

environmental stewardship, building a firm bedrock for progress. **By financing infrastructure projects, we boost economic growth, create jobs, and enhance competitiveness,** leveraging environmentally and socially sustainable practices to meet the most pressing challenges.

### HEALTH

**We participated in the financing of the Bosa Hospital, the first health project built under the Public-Private Partnership (PPP) model in the City of Bogota, serving a low-income community.** The Bosa district in particular covers 2.3 million people, who will benefit from quality outpatient and inpatient services for the diagnosis and treatment of chronic diseases such as cardiovascular

and pulmonary diseases, diabetes, kidney disease, and early detection of cancer, among others. This project will also create more than 1,568 jobs. Additionally, this project features networks, systems, accessories, and all kinds of sustainable materials, for example, a Wastewater Treatment Plant (WWTP) for full reuse of rainwater. Additionally, **this is a LEED Silver-certified project.**

Additionally, we financed the **Serena del Mar Hospital Center** in Cartagena, a Level IV hospital with specialties in orthopedics, cardiology, neurology, obstetrics, and minimally invasive surgery. It is a project devoted to social well-being and environmental sustainability, which will be certified as a sustainable building, and yield positive outcomes in terms of water and energy savings, as it will generate a portion of its power consumption through solar panels.



**ROADS**

The financing of road infrastructure enables us to help improve our nation's connectivity, competitiveness, and development. We have participated via syndicated loans in the financing of **five fourth generation (4G) road infrastructure projects**, including construction, improvement, and operation works by concessionaires throughout the entire country, such as the **Northern Connection, Pacifico 1 and 2, and Unión del Sur.**

Road infrastructure projects improve the quality of life of people in surrounding areas, reducing travel times, and boosting trade, transportation, and logistics in municipalities such as **Remedios, Zaragoza, Caldas, Amaga, Rumichaca**, among others, creating more than **16,000 direct and indirect jobs during construction.**

**PORTS**

We are proud to participate in the financing of **Puerto Antioquia**, one of the most important projects in recent years in Colombia. It is the closest Caribbean port to the Panama Canal, Antioquia, the Coffee Region, and Cundinamarca (70% of GDP). It will reduce transport and freight costs and travel times, while boosting the Uraba region, further connecting the nation and advancing foreign trade.

It is expected to create more than **1600 direct jobs in construction, as well as 800 direct jobs as a result of the operation**, business growth and new opportunities in the region.

**PUBLIC SECTOR BANKING**

As part of our Public Sector Banking business, **we finance the territorial entities to help them achieve their development objectives and needs**, in line with Government's Investment Plans, in several fields, such as infrastructure, health, education, culture, sports, among others, thereby

contributing to regional and territorial economic growth and well-being.

In 2023 we implemented the second version of the **"Pre-Screened Public Sector Banking" strategy with a total COP 1.8 trillion in Maximum Approved Value** to sustainably boost placements and profitability leveraging customers with high credit ratings. Accordingly, our Public Sector Banking portfolio balanced closed 2023 at COP 1.3 trillion, growing by 8% year-over-year. These loans were primarily to fund territorial entities Development Plans (DP), supporting and encouraging them in various investment projects.

**In 2023**

WE IMPLEMENTED AGAIN THE STRATEGY  
**"Pre-Screened Public Sector Banking"**

We continue to work constantly to innovate and strengthen our processes, seeking to timely and efficiently meet the needs of our Public Sector Banking customers, maintaining our position as one of the banks with the highest market share in the local Governments segment.

**ANTIOQUIA PORT**

**We participated in the financing of this project that will generate more than 1,600 direct employments and that will improve the country's development.**



# > Financial education

**B**anco Davivienda conceives financial Education as an instrument to make the world a more prosperous and inclusive place. Accordingly, **we also provide non-financial services and solutions** aimed at improving the well-being of financial consumers as we help them to make better decisions when managing their financial products and services.

As part of our efforts to promote well-being and financial health, we understand that financial education is essential for people to better participate in society, as money is a factor throughout life and exercises a direct impact on the achievement of life goals. Consequently, we have integrated social marketing strategies aimed at bridging social gaps and

contribute to the eradication of poverty, by conveying key messages towards financial consumers (customers and non-customers, companies, and entrepreneurs) to raise awareness about the risks and opportunities entailed with each decision made when managing money, to help them (whether they are adults, young people, teenagers, or children) achieve financial well-being.

Additionally, understanding the context and new teaching trends, such as micro-learning, and the focus on behavioral biases, **Banco Davivienda's Financial Education program has boosted its digital and face-to-face ecosystem** composed of 32 micro-courses on investment, entrepreneurship, and personal and family finance. Throughout 2023,

42,675 people completed these lessons, learning objects, rating them with 89% satisfaction and 81% usefulness.

Our focus in 2023 was placed on **strengthening the path to financial well-being for customers and non-customers, mainly targeting population groups that do not usually have a direct relationship with the financial system** or who are in stages of life in which knowledge and good habits are key to their future.

Financial consumers, i.e. customers and non-customers, were the starting point of our strategy. **"My Finances at Home"**, available as web version and through social media, provides recommendations for sound financial decision-making, featuring innovative formats focused on engaging our customers with close and authentic communication. In partnership with additional strategies, we benefited nearly 200,000 non-customers and approximately 19 million customers, placing great emphasis on being there for them across their life journey.

With



We benefited more than **19 million customers and 200 K non-customers.**



## Aspects to highlight in our programs financial education:

**60K** teenagers aged 14 to 17 delved into the financial system by opening their first product.

More than **286K** struggling with delinquency and collection proceedings had access to financial education content to better manage their credit.

More than **115K** mortgage and residential leasing customers received information on sound credit management and assets protection, acquiring insights into amortization systems, costs, loan restructuring, among others.

**480K** DaviPlata customers who are entitled to Government benefits were reached by digital strategies centered around sound financial management. These strategies covered topics such as: saving, budgeting, credit management, contingencies, digital adoption, and entrepreneurship.

We conveyed to over **115K** credit card customers content on how to properly use this financial product, explaining its advantages and benefits, as well as the way in which interests are settled.

We also launched a credit card purchase calculator/simulator.

We raised awareness about the importance of savings, promoting this culture towards **99K** customers holding savings and payroll accounts, encouraging the use of our Savings Pockets to protect their money, achieve goals, and build a rainy fund to be better prepared amid adverse future circumstances.

We targeted specific segments under the understanding that communication is only effective when it caters the specific needs of the target audience:

**Monetarium**, the universe of finances for children between 0 and 13 years old: We strive for financial literacy by speaking their own language. Accordingly, we launched the "Energy and water savings stewards" campaign, which seeks to raise awareness about the active role that children may play at home by better using utilities.



**Finanzas in Jeans**, an initiative for young people aged 18 to 29: We reached 415,000 young people on Youtube and 10,542,667 on TikTok, using a modern language, giving them insights into how to save and manage money, in a cool and uncomplicated way.





We held the first multi-Latino financial education tournament, an initiative that celebrates those who have taken upon themselves to acquire a skill that is key to modern living. This idea, the “Financial Masterminds” tournament, grew and improved, by attracting 50% more enrollees and 4 additional points relative to a regular month.



### My Finances for my Business

a place to share insights with small merchants and entrepreneurs: We produced two podcasts on “How to price your products and services” and “How to separate personal and business finances”, reaching over 200 views in 5 months since its launch.



### My Finances to Invest

We drafted a guide to the Colombian Retirement System, aimed at providing detailed and clear information about the two pension systems that operate in the country, enabling individuals to make informed decisions about their financial future. This piece was sent to 742K customers throughout 2023.



## WE FORGED STRATEGIC PARTNERSHIPS THAT HAVE SIGNIFICANTLY ENHANCED OUR IMPACT, ALLOWING US TO REACH AN INCREASING NUMBER OF SEGMENTS

Hand in hand with **Innpulsa and Págame**, building on the expertise and knowledge that teamwork yields, **we reached over 2 million business owners and entrepreneurs**, delivering financial education through podcasts and certification courses.

We kicked off an important **partnership with Twinkl, a UK company** specialized in the education sector, to build the financial education teaching capabilities of Colombian teachers and democratize their access to quality teaching tools.

Considering the importance of properly managing money as a key factor to work and live with peace of mind, **we took our conference program to 1,319 client and non-client companies at a multi-Latin level.**

In **Honduras**, we joined **USAID** to support young people through the **Creating my Future initiative**, aimed at increasing employment opportunities for young people who are at risk of migrating, through partnerships between the public, private and educational sectors. We provided 500 young people with financial education training through the platforms of My Finances at Home and the Financial Education Fair of the National Banking Commission.



In **Costa Rica**, financial education was embedded into STEM skills programs for children, following our partnership with Don Bosco Salesian Oratories Association. As a result, in addition to education in robotics and programming fundamentals, **322 students were certified on our Monetarium platform.**



In 2024 we will work to contribute to people's financial well-being, powered by inclusion and financial education. We will strive to promote the four key components of financial literacy:

- ▶ Exercising control over day-to-day finances.
- ▶ The capacity to weather bad economic cycles.
- ▶ Having freedom to make decisions.
- ▶ Having the ability to plan the achievement of goals.

Accordingly, we will build a **financial well-being index** that quantifies people's ability to meet their financial obligations, secure their future, and make decisions that enrich their lives. This tool will give us the opportunity to evaluate and understand the impact we generate on our clients, enabling continuous adjustments and improvements in the management of personal and family finances. An approach that not only contributes to the development of communities and countries, but also strengthens our connection with customers.

### Scope of our 2023 Financial Literacy Program

	Colombia	Honduras	El Salvador	Costa Rica	Consolidated
Clients	17,868,104	367,641	396,987	61,871	18,694,603
Non-customers	200,435	349,441	65,255	18,457	633,588
Completed Courses	42,759	12,263	4,795	8,604	68,421
Engagement	1,797,681	63,464	23,535	15,599	1,900,279
Enterprises	1,241	19	41	18	1,319

**1,319**  
**COMPANIES**  
benefited by our  
financial education  
program in 2023.



# > Corporate **Citizenship**

Considering that Inclusion excels as one of our material issues, the Bank’s corporate citizenship approach encompasses all programs aimed at promoting sustainable development by **building capabilities across the countries we serve, powered by strategic partnerships, social investment, and volunteer programs.**

Davivienda’s Sustainability Committee governs and oversees this strategy, ensuring that we move in the right direction towards the advancement of prioritized SDGs.

There is a person responsible for developing a sustainability strategy in each of the countries we serve. Furthermore, Bank presidents play a pivotal role in all the actions carried out locally. Under that philosophy, in 2023 we were able to carry out projects and initiatives that impact communities, proudly highlighting the following results:



## **CULTIVARTE FAMILY**

Davivienda has provided a free and open educational offering since 2019 under the Cultivarte Family program, which is an initiative aimed at **promoting social and economic development of communities** through comprehensive education and products and services tailored to their financial needs.

The program was successfully completed in December 2023 after running for 4 years. This program achieved its skill development goals and left installed capacities across communities in (Bolívar) and Candelaria (Valle del Cauca), which will help those communities to continue growing as they move forward on their journey. Throughout these years, the program empowered people and provided them with tools.

**BY YEAR-END 2023, THE PROGRAM HAD SERVED**

**790 children, 196 adolescents, 971 young people and 1,221 adults, all of whom benefited from training programs on financial education, employability, entrepreneurship, and the use of free time, transforming their leisure spaces into learning time, as they were equipped with enabling tools to transform their lives and achieve their dreams.**

The contents for young people and adults were aimed at strengthening the skills of these population groups to join and stay in the labor and business markets of benefited municipalities.





**DONATIONS**

The Bank made various donations in 2023 to support causes such as art and culture, education, and childhood, as part of its strategic philanthropy. These donations helped us to bridge economic gaps across benefited communities, and to bolster social organizations, increasing their management capabilities to help them to better fulfill their mission.

**Donations 2023**

(COP million)

Fundación Bolívar Davivienda	9,818
Fundación Hogar Infantil Bolívar	3,511
Education - Universities	1,718
United Way Colombia	213
Otros - Covid 19	520
Fundación del Arte y la Cultura	13,600
<b>Total</b>	<b>29,380</b>



**OUTSTANDING ACHIEVEMENTS 2023**

**VOLUNTEERING**

In order to increase corporate volunteering within the organization, **we consolidated a network of volunteer leaders in Colombia who drove the volunteer strategy within each Vice President of the Bank. As a result, 4,800 employees participated in various activities in 2023, allocating 8,640 hours to support the work of Fundación Bolívar Davivienda.**

Additionally, we work hand in hand with Fundación Bolívar Davivienda in various initiatives, reiterating our social commitment to support high-impact programs, with the aim of generating multiple capacities in people, communities, and organizations, in an effort to build a society that is more socially and environmentally just, as well as more economically equitable.

**Sound financial habits**

As part of an effort to promote healthy financial habits among our stakeholders, in close collaboration with Davivienda's Financial Education team and the active participation of Fundación Bolívar volunteers, we equipped 703 construction workers with tools to increase their financial decision-making skills.

**Financial Education for Young People**

In partnership with volunteers from the Foundation, under various interventions, we shared financial education knowledge with more than 8,780 children and young people from 24 schools in 19 departments, equipping them with essential skills at an early age for decision-making.

**Rojo Tú**

Under the umbrella of the Rojo Tú program, we held a donation day to provide 5,531 kilos of our employee's uniforms to Fundación Bolívar Davivienda. Decommissioned property was also donated. These garments, in turn, were delivered to 30 social organizations linked to and recognized by the Aflora program, benefiting more than 2,000 families.

**Mentoring**

As part of the mentoring program led by the Foundation, we mobilized 49 mentors from Davivienda, who shared their knowledge, learning, and experiences with entrepreneurs and organizations who are at the onset of their consolidation process, rural associations, and young people on routes to employment.





## 8. NATURAL CAPITAL

*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*



## NATURAL CAPITAL

We promote business initiatives aimed at **protecting, conserving, restoring, and regenerating** ecosystems and natural resources, as well as mitigating and adapting to climate change. This leads to a resilient, low-carbon economy with **positive results for nature**.



# > Milestones

**4.54 million**  
tons CO<sub>2</sub>e  
location based, total  
GHG Emissions.

Financed  
Emissions  
**4.53**  
million  
tons CO<sub>2</sub>e

**+19k ton**  
CO<sub>2</sub> avoided  
by sustainable  
construction  
projects, equivalent  
to the power needed  
to charge **+2,300**  
million smartphones.

**888 K ton**  
CO<sub>2</sub> avoided due  
to efficiency and  
renewable energy  
projects.

**95.9 K MWh/**  
year renewable  
energy generated.

**45 MWP**  
installed capacity.





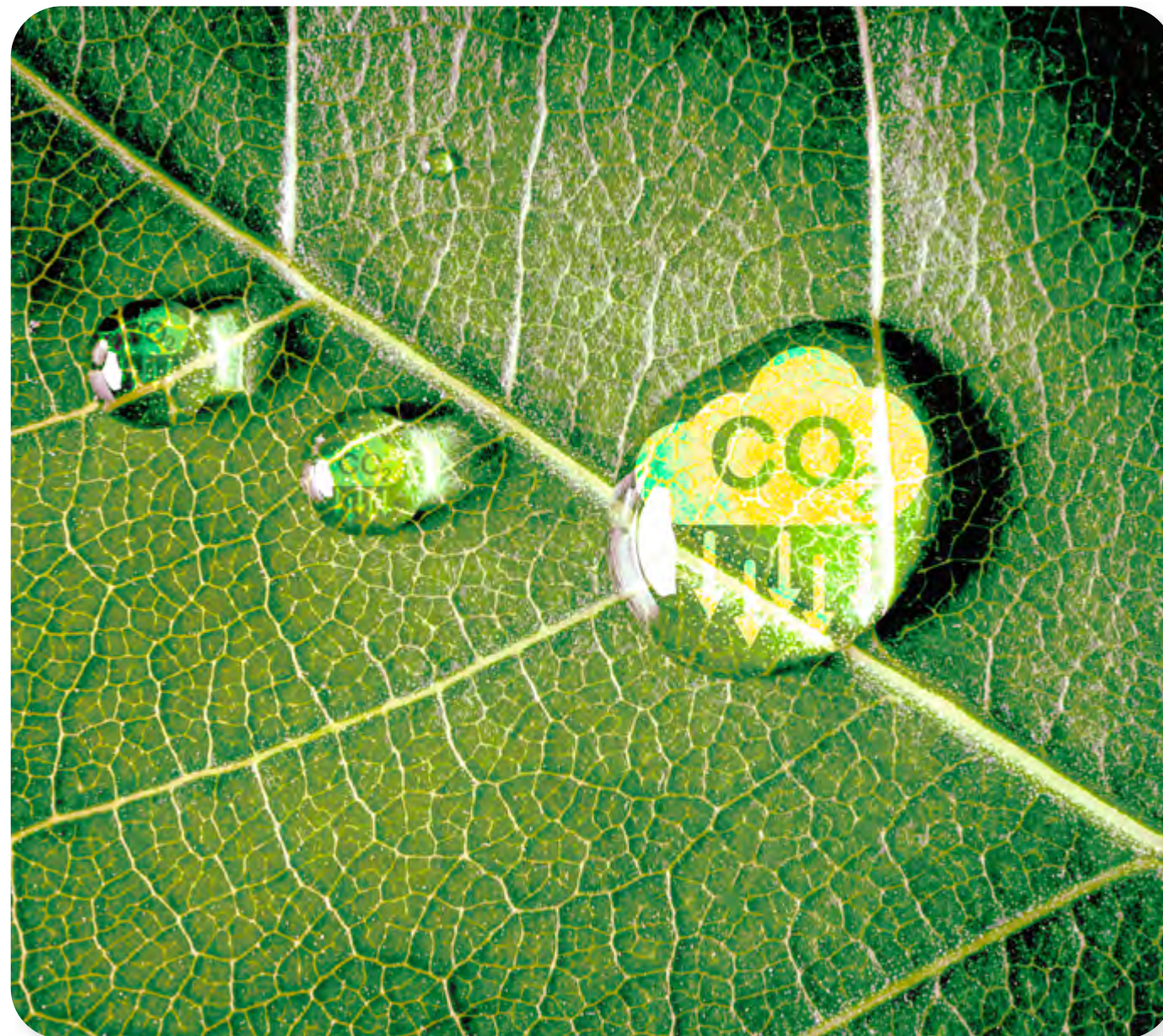
## > Green financing

### GREEN LOANS

Davivienda is committed to the energy transition and to the adoption of sustainable practices by our customers. We have set a goal whereby we expect that our sustainable portfolio will account for 30% of overall loans by 2030, reaffirming our commitment to transition towards a more sustainable, low-carbon, and environmentally friendly economy. In 2023, we continued to focus our efforts on placing green loans to finance projects yielding an environmental benefit.

We have policies and procedures in place to place these loans. These P&Ps incorporate eligibility criteria and verification procedures. Moreover, the Bank reaches agreements with its customers, both to ensure continuous compliance with eligibility criteria, and to identify environmental and social risks when applicable, specifically for Business Banking green lines.

The following are the seven eligibility criteria categories, which make up our internal green taxonomy. These have been incorporated as environmental factors for our green credit facility available to Business Banking and Retail Banking customers.



## Eligibility Criteria in the green taxonomy

1

### Sustainable Construction - Green Mortgages

Projects that comply with sustainable building standards and hold EDGE, LEED, BREEAM, CASA, HQE or other applicable certifications.

**Green mortgages:** Mortgage loans for projects holding certifications such as EDGE, LEED, BREEAM, CASA, HQE or other applicable certifications.

2

### Renewable energy

Installation of fixed assets that allow the generation or productive use of energy from renewable sources (solar, wind, hydraulic PCH, biomass, geothermal, tidal and others).

Manufacturers and/or suppliers of equipment or products intended for renewable energy projects.

3

### Energy Efficiency

Measures implemented with the goal of reducing energy consumption by at least 15% for each unit of service or production with respect to a baseline, including the replacement or modernization of vehicles, equipment, and machinery.

Manufacturers and/or suppliers of equipment or products intended for energy efficiency projects.

4

### Eco-vehicles

Purchase of electric and/or hybrid vehicles.

5

### Sustainable Infrastructure

Construction, expansion, equipment, operation, and maintenance of: Public Utilities Infrastructure, Urban Development Infrastructure, Sustainable Cities and Transport Projects.

6

### Cleaner production

Investments aimed at reducing pollution (emissions, discharges, waste, etc.).

Investments aimed at optimizing production processes focused mainly on reducing the consumption of inputs and/or natural resources.

7

### Agro-sustainable

**Finagro Green Uses:** Uses identified as green by Finagro, focused on investments to improve the environmental sustainability of agricultural, fish, beekeeping, poultry, forestry, aquaculture, animal husbandry and fishing production systems and for the development of rural and ecological tourism activities.

**Agro-sustainable seals:** Customers who have one of the agro-sustainable seals (List defined by the IFC) for complying with the environmental and/or social standards that they require.



### Balance of Green Lines by Eligibility Criteria Category

(in COP millions, except percentages)

Eligibility Criteria	31 December 2023	December 2022	Variation	Share
Sustainable construction	1,639,276	1,162,483	41.02%	37.85%
Green mortgages	442,666	207,094	113.75%	10.22%
Renewable energy	67,549	50,140	34.72%	1.56%
Energy Efficiency	154,639	162,807	-5.02%	3.57%
Eco Vehicle	198,924	192,022	3.59%	4.59%
Sustainable Infrastructure	788,442	557,050	41.54%	18.22%
Cleaner production	1,067	1,803	-40.82%	0.02%
Agro-sustainable	1,038,013	605,179	71.52%	23.97%
<b>Total</b>	<b>4,330,577</b>	<b>2,938,579</b>	<b>47.37%</b>	<b>100.00%</b>

Our green credit lines promote sustainable development by financing energy efficiency, renewable energy, cleaner production, sustainable infrastructure, electric and hybrid vehicles, green mortgages, agriculture, and sustainable construction. Our green loans balance reached COP 5.3 trillion, COP 4.3 trillion in Colombia and COP 992 billion (USD 259 million) in Central America.

Green loans expanded by 17.4% compared to 2022. In 2023 alone over 2.8 trillion were disbursed in Colombia and USD 59 M in Central America.



### Green Loans Balances by Banking Segment

(In COP millions, except percentages)

Banking Segment	Green Line - Eligibility Criteria	Balance 2023	Overall Bank Balance	Share
Corporate	Agro-sustainable	997,947	2,128,723	49.2%
	Sustainable Construction	228,766		
	Eco-vehicle	3,707		
	Energy Efficiency	128,711		
	Renewable energy	11,442		
	Sustainable Infrastructure	757,745		
	Clean Production	405		
Construction	Sustainable Construction	1,410,511	1,410,742	32.6%
	Ecovehículo	231		
Business	Agro-sustainable	21,490	97,951	2.3%
	Eco-vehicle	1,075		
	Energy Efficiency	20,603		
	Renewable energy	27,033		
	Sustainable Infrastructure	27,750		

Banking Segment	Green Line - Eligibility Criteria	Balance 2023	Overall Bank Balance	Share
SME	Agro-sustainable	18,576	60,178	1.4%
	Eco-vehicle	3,594		
	Energy Efficiency	5,324		
	Renewable energy	29,074		
	Sustainable Infrastructure	2,947		
	Clean Production	662		
Retail	Eco-vehicle	190,317	632,983	14.6%
	Green Mortgages	442,666		
<b>Total</b>		<b>4,330,577</b>	<b>4,330,577</b>	<b>100.00%</b>





**Green loans are available across the board in all of our Banking segments in Colombia.** 84.0%, equivalent to COP 3.6 trillion, were green loans granted to Corporate Banking customers (49.2% corporate, 32.6% construction, and 2.3% business), thereby playing a key role in transforming economic sectors such as agriculture and construction by supporting their transition towards sustainability. On the other hand, 14.6% of green loans, equivalent to COP 633 billion were granted to Retail Banking customers, mainly for housing and sustainable mobility; and 1.4% of green loans, equivalent to COP 60 billion, were granted to our SME Banking customers, helping SMEs to build their business fabric and use resources efficiently.

At year-end 2023, green loans reached 5.3 trillion on a consolidated basis, expanding by 17.4% from the previous year.

In 2023, a total of COP 2.86 trillion pesos were disbursed in Colombia for green loans, as the portfolio balance closed 2023 at COP 4.33 trillion COP, a 47%

increase compared to the year-end figure in 2022. Moreover, in Central America, approximately USD 59 million were disbursed throughout the year, totaling a portfolio balance of USD 260.0 million.

**This sustained growth of our green portfolio drives us and brings us closer to our 2030 goal,** when our sustainable portfolio will account for 30% of overall loans. In 2024 we will continue to work on strengthening and growing our green facilities, as well as projections and goals for 2030 for Colombia and Central America.

In Central America, 93.6% of green loans were granted to corporate clients, notably, to finance renewable energies and cleaner production projects. On the other hand, the remaining 6% were loans granted to Retail Banking customers, financing hybrid and electric vehicles and sustainable housing.

### Green Financing Portfolio Balance 2023

(In USD million, except percentages)

Banking	Green Line - Eligibility Criteria	Balance 2023 Central America	Total Bank Balance	Share
Retail	Eco-vehicle	12.8	16.5	6.4%
	Green Mortgages	3.7		
Enterprises	Eco-vehicle	2.6	243.0	93.6%
	Energy Efficiency	4.4		
	Renewable energy	145.4		
	Sustainable Construction	6.4		
	Sustainable Infrastructure	11.4		
	Clean Production	73.0		
<b>Total</b>		<b>259.6</b>	<b>259.6</b>	<b>100.0%</b>

**5.3**  
TRILLION  
green loans  
on a consolidated  
basis in 2023.







## COLOMBIA

In 2023, we made improvements in identification and marking processes for the Sustainable Agriculture facility, which is comprised by:

These results entailed a 71.5% expansion compared to December 2022, year in which this was included in our eligibility criteria. Thus, we have been able to expand the scope and contribution to the transformation and adoption of more sustainable practices in the agricultural sector.

The Sustainable Construction and Green Mortgages facilities account for nearly half of our green loans (37.9% and 10.2%, respectively), which reaffirms our commitment to sustainable urbanization and access to housing. In addition, the Sustainable Infrastructure facility, through which we finance the development of various municipal aqueduct, sewerage, and basic sanitation projects, accounts for 18.2% of green loans, and grew by 41.5% compared to 2022. This contributes to economic development and human well-being.

We participated in the **Climate Finance Leadership Initiative** held in Colombia (the first country in LATAM to join the initiative) by Bloomberg in order to strengthen our climate strategy and objectives, accelerate green finance flows and create sustainable productive projects.

Together with the **Climate Finance Accelerator (CFA)**, an articulation platform that supports the formulation, development, and access to financing of quality climate projects, we managed to strengthen **8 projects** with a focus on: waste use, clean transport, and renewable energies, including 2 green hydrogen projects, which contribute to the country's effort to achieve its climate goals.



We make **green confirming** available as a line of financing that allows our clients to access special credit conditions for payment to their suppliers that directly influence the production of assets and development of environmental activities and that generate a positive impact on the planet.

In a first pilot with **16 companies** from different areas of the country, we began specialized support for our SMEs through the Sustainable Management Platform, a tool that facilitates the measurement of ESG indicators and the calculation of the corporate GHG emissions inventory. The goal is to support 500 companies in Colombia and Central America to start their path towards sustainability.

**Finagro Green Uses**, with a balance of **COP 49,592,942,391** accounting for **1.15%** green loans

**Sustainable Agriculture labels**, a balance of **COP 988,420,486,481** accounting for **22.82%** of the Bank's green loans.

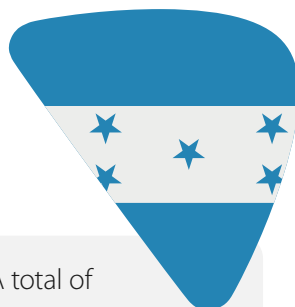
We strengthened our relationship with Corporate Banking clients through the **Impulso V** initiative in alliance with Vértebra, where clients were accompanied with internal diagnoses on eco-efficiency and strategies that allow us to generate savings and adopt better practices in the use of natural resources.

## HONDURAS

Our green facilities feature 45 active projects

**USD 18.4 million,**

44 cleaner production projects, mainly aimed at the recycling of plastics and batteries, and 1 sustainable infrastructure project for the construction of a pumping station with which it is projected to reduce the water deficit in the southern area of San Pedro Sula.



A total of **3,626** green insurance policies were issued to support the mangrove ecosystem restoration project at the Ramsar site, Punta de Conga, located in the community of El Venado, in the southern part of the country. As part of our efforts to positively impact the environment in 2023, 3 hectares of mangroves were restored and about

**7 thousand olive ridley** turtle hatchlings were released.

Additionally two public events with social and economic impact were held, welcoming 350 visitors. This, in turn, has been the source of 15 direct green jobs for locals in the intervened area.

In 2023, 24 loans **total balance: USD 13.9 million**

were disbursed for sustainable infrastructure and cleaner production projects.







**EL SALVADOR**

A total of **22,368** green insurance policies

were placed to support the mangrove ecosystem restoration project in Barra de Santiago. As part of the environmental, social, and economic impact, restoration actions were carried out on 3.0 hectares of mangroves in 2023, adding up to 6.2 hectares intervened, thanks to the work carried out with allies such as FUNDEMAS, AMBAS, and the German cooperation (GIZ). This, in turn, has been the source of 33 direct green jobs for locals in the intervened area.

Green Accounts: 40,981 clients with more than

**USD 223 million**

in balances contributed to the sea turtle conservation program by holding a green account in El Salvador, opening of a mobile account, fixed-term deposit, and DaviPlata. As part of the environmental, social, and economic impact generated through this product, in 2023 +129K sea turtle hatchlings were released for a cumulative total of

**1.58 million** turtles released, and 155 indirect and direct green jobs were generated with the support of strategic allies such as FUNZEL.

We operate

**18 active projects,**

including renewable energy and energy efficiency projects.

In 2023, 12 disbursements amounting to

**USD 5 million**

were made to finance renewable energy and energy efficiency projects in both large companies and SMEs.

**+180 clients**

and strategic partners attended our three sessions of the Sustainable Business Club, which aims to promote business initiatives towards sustainability. Topics addressed included Biodiversity and Business and Sustainable Water Management as well as management strategies for SMEs led by women with the "Blue Ocean" strategy masterclass.

# BARRA DE SANTIAGO

**We protect and restore this ecosystem and its extensive mangrove zone, as it is home to numerous endangered species.**





**COSTA RICA****16 projects**

that contribute to the energy transition and renewable energy generation, and the optimization of productive resources are being financed through the Clean Production credit line backed by recognized sustainability certifications such as FSC CoC, Rainforest Alliance, among others. We also contribute to urbanization and sustainable mobility, with more than 340 outstanding loans for Sustainable Construction, Green Mortgages, and Eco vehicles. This portfolio balance totaled

**USD 130 million** in December 2023.

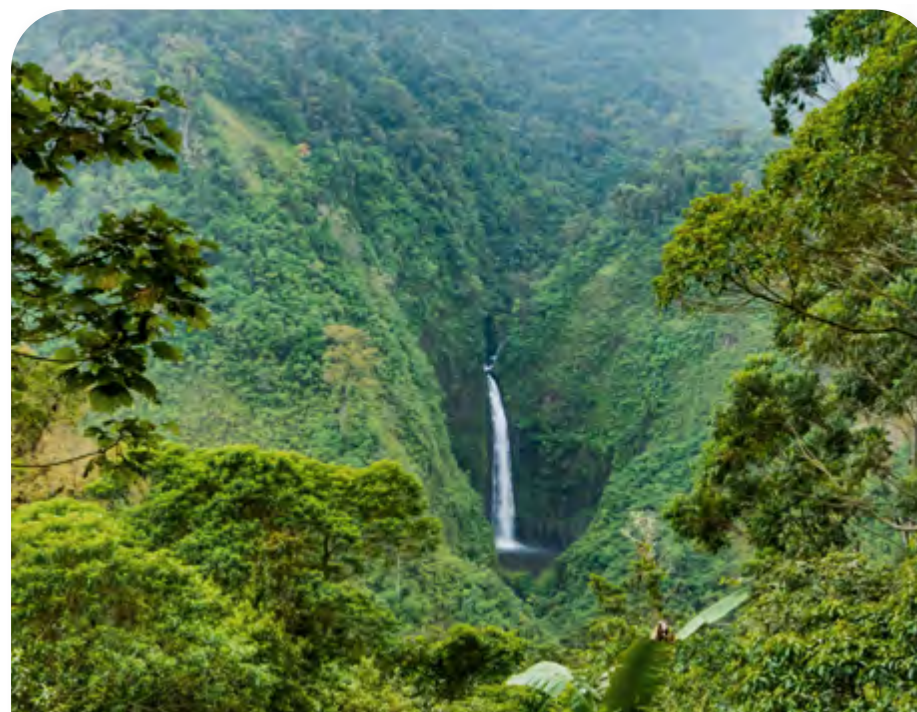
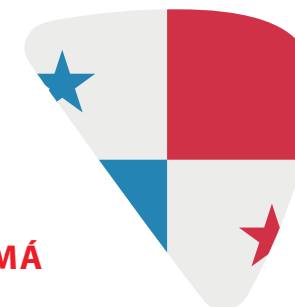
**3,725** green insurance **policies**

were placed to support the project of rehabilitation of 10 mangrove hectares in Bahía Tomas. Furthermore, this project was connected to the IRVerde program developed by GIZ.

**15 women** from the Cooperative Coopeemprededoras of Cuanijiquil were able to strengthen their gastronomic enterprise with training, electronic means of payment, and a mobile store to better serve their customers. Thanks to the support of the Liberia branch, now the cooperative and its members hold a savings account where they manage their finances and have access to secure payment methods (POS and SINPE Mobile Business) to conduct transactions. In December 2023, they split their first profits as members of the cooperative.

Our eco vehicle line reached a portfolio balance of **USD 9.9 million** in for a total of 306 transactions, including 203 new vehicles in 2023.

We started a consultancy with the IDB to support our sustainable financing strategy, which allowed us to move forward in building a roadmap to achieve our 2030 target, whereby sustainable loans **shall account for 30%** of overall loans. Together, we conducted a market analysis and held a training and co-creation process including various Bank areas and Seguros Davivienda.

**PANAMÁ**

We forged a strategic alliance with ENSA Services, to promote the financing of solar panels in residences and businesses

**at a 0%** rate.

We are financing **5 solar,** biomass and wind renewable energy projects, with a portfolio balance totaling **USD 37 trillion.**

**GREEN TAXONOMY ALIGNMENT**

In 2023, we continued the process for the alignment of our green lines with the Official Colombian Green Taxonomy (TVC). This, as a complement to the results obtained in the pilots to identify alignment with the country’s taxonomy, which were led by the Colombian Banking Association and the Financial Superintendence of Colombia and in which we actively participated in 2022.

To achieve this, we carried out a complete diagnosis of the current level of adjustment of our criteria compared to those defined by the TVC, obtaining as a result that 62% (29 of 47 activities) are at a medium or high level of alignment with aspects to be adjusted at a specific level of the required requirements. For 38%, corresponding to 18 activities, we see the opportunity to align by fostering new business.

We also actively participated in the feedback to the Climate Bonds Initiative and Ambire Global, about the tool they developed to establish

the appropriate proxies to bridge the technical information gaps in the water, transport, and land use (AFOLU) sectors that were identified as a result of the pilots on the implementation of the green taxonomy.

In 2024 we will focus on further bridging operational and technical gaps to complete the taxonomy implementation process.

**ENVIRONMENTAL BENEFITS OF GREEN FINANCE**

We worked towards improving the methodology to collect data on the environmental benefits generated with green loans aimed at financing projects, activities, and assets. This information is obtained mainly from the green loans application form, in which clients describe the environmental benefits they expect to generate with the development of energy efficiency projects, renewable energy, cleaner production, and sustainable infrastructure. This format is one of the tools used to verify

compliance with the established eligibility criteria and to obtain the data of the environmental benefit in terms of reduction of GHG emissions, installed capacity, and generation of energy from renewable sources.

Below is a summary of the quantification of these cumulative benefits of the loans financed since 2018. For 2023, the benefits of 26 renewable energy projects whose disbursements began during the year and whose technical information was provided directly by our customers are expressed.

**Environmental Benefits of Green Finance**

Period	Avoided CO2 tons emissions	Renewable energy generated MWh/year	MWP Installed Capacity
2023*	693	3,472	2
Accumulated	887,908	95,960	45

\* Approximate data according to information reported by customers



**GREEN TAXONOMY**

We concluded that 62% of our financig activities are in medium or high accordance with the TVC.

On the other hand, in 2023 we financed 115 electric vehicles and 706 hybrid vehicles to reach a cumulative total of 363 and 3,344 units respectively since the beginning of this credit facility, thus contributing to the reduction of GHG emissions from mobile sources and to the energy and technological transition in transport.

In addition to these benefits, we also quantified avoided emissions and energy and water savings for sustainable construction projects from the data of the certifications (EDGE, LEED, and CASA). These benefits are depicted below in the Green Bond section.

**GREEN BOND**

In 2017 we issued the Green Bond totaling COP 433 billion, with a 10-year term, which was acquired in its entirety by the IFC. By the end of 2023 the bond had financed 76 sustainable construction projects for our construction and corporate banking clients in housing, health, hotels, shopping malls, and offices projects in cities such as Bogota, Cali, Barranquilla and Cartagena.

Below is the breakdown of the projects by certification:



**Edge Certification**

**68** Projects

**27** certified projects

**37** projects with preliminary certification

**4** projects in the process of certification



**LEED Certification**

**8** Projects

**4** projects certified in Gold category

**4** projects with preliminary certification



The financing of these projects by the Green Bond has generated the following environmental benefits, according to the information of the certifications delivered by the clients.

**Environmental benefits of financing projects through the Green Bond\***

<b>Emissions avoided annually ton CO2</b>	<b>Number of Units</b>	<b>% Energy Savings (avg)</b>	<b>% Water Savings (avg)</b>	<b>% Energy Savings in Materials</b>
19,040	19,580	29%	37%	50%

\* Information based on certifications delivered by customers



# > Climate **change management**

In 2020, with the purpose of advancing sustainable management, Davivienda ratified its commitment to climate change by implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify, manage, and disclose financial opportunities, risks and impacts derived from climate. In 2022, it joined the Partnership for Carbon Accounting Financials (PCAF) to estimate

financed emissions and the Principles for Responsible Investment (PRI), which aims to promote responsible investment to create markets that contribute to a more sustainable world.

In 2023, in the interest of maturing its scope and commitment to sustainable financial practices and the integration of environmental, social and governance (ESG) criteria into its operations and investments, the Bank

joined the United Nations Environment Programme Finance Initiative (UNEP FI) and its Principles for Responsible Banking (RBP), the Net Zero Banking Alliance (NZBA) and the Glasgow Financial Alliance for Net Zero (GFANZ), in line with its vision to be Net-Zero by 2050, as well as the Science Based Targets Initiative (SBTi) to set its science-based emissions reduction targets.



## Overall result of our GHG emissions inventory at the end of 2023

(ton CO2e)

Scope	Indicator	2023
Scope 1	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (tons of CO2e)	1,415
	Emissions from location-based electricity consumption (tons of CO2e)	2,641
Scope 2	Emissions from market-based electricity consumption (tons of CO2e)	414
	Category 1 emissions - goods or services purchased (tons of CO2e)	239
Scope 3	Category 2 emissions - capital goods (tons of CO2e)	360
	Category 4 emissions - upstream transmission and distribution (tons of CO2e)	71
	Category 5 emissions - waste generated during operation (tons of CO2e)	21
	Emissions Category 6 - business travel (tons of CO2e)	597
	Category 15 emissions - financed/invested* (tons of CO2e)	4,525,928
Total GHG emissions**	Total <i>location based</i> GHG emissions (tons of CO2e)	4,531,272
	Total <i>market based</i> GHG emissions (tons of CO2e)	4,529,045

\* Includes Commercial Loans, Project Finance and Corporate Bonds and Stocks.

\*\* Approximately 99% of our emissions are Category 15 emissions - investments as classified by the GHG Protocol.

# ENVIRONMENTAL COMMITMENT

We are a "True green organization" certified by CO2CERO.

In the third 2023 TCFD Performance Report, we revealed in detail the progress against climate management and its commitment to align with the most up-to-date recommendations of the scientific community to effectively address climate change and mitigate its impacts, with a view to the just and orderly transition to net zero emissions. Learn more here.

## ECO-EFFICIENCY STRATEGY

### Green Mission 2030: A Sustainable Approach for the Future!

Davivienda is committed to ensuring that its processes have the least environmental impact, to turn the world, our house, into a greener place. Therefore, we rolled out the **Green Mission 2030** strategy, which aims to implement best market practices to foster a culture of eco-efficiency and sustainability to mitigate climate change and ecosystem degradation. Through the transfer of knowledge between Colombia and Central America, we seek to promote the efficient use of natural resources and position ourselves as a benchmark Multi-Latin Bank in terms of sustainability.

Within Mission Green 2030, we have focused our efforts on three key pathways:

1

**Operational eco-efficiency:** we seek to reduce the consumption of natural resources such as water and energy, and in turn reduce our carbon emissions.

2

**Our circular economy approach** challenges us to implement strategies to reduce, reuse, and recover the waste generated in our operation.

3

**Sustainable sourcing** becomes relevant as we seek to strengthen our value chain through supplier development processes and sustainable procurement.

Our commitment to environmental sustainability has been reflected in important recognitions. In 2023, we received carbon **neutrality certification**<sup>56</sup> from the Colombian Institute of Technical Standards and Certification (ICONTEC), under the Greenhouse Gas protocol (GHG protocol), as well as the recertification of the **renewable energy seal**<sup>57</sup> for our entire corporate in Colombia and for the first time in Central America.

We have obtained these certifications through the estimation of the emissions inventory and its prior verification. Similarly, we carry out offsetting actions, such as the planting of trees of native species and the acquisition of renewable energy certificates, contributing responsible environmental protection.

We defined 2022 as our baseline period, to then set reduction plans and strategies focused on the prevention, control and mitigation of the environmental impacts generated by the greenhouse gases of our operation. Additionally, in 2023 we were awarded the recognition as **a true green organization** granted

by CO2CERO, which ratifies our commitment to climate action.

These achievements are the result of the commitment of all areas of the Bank and subsidiaries in Central America, who have worked together to implement environmental initiatives and strategies that lead us to contribute to sustainable development.



<sup>56</sup> Certification period 2022 - 2025

<sup>57</sup> Certification Period 2022





## *Davivienda relies on sustainability stewards!*

Our leaders, who are increasingly committed to environmental protection, are an example of our commitment to sustainability. In 2023, the Bank purchased 60 new vehicles for our leaders as part of their labor benefits, increasing the share of eco-efficient vehicles. 6 leaders (10%) chose to acquire this type of vehicle. By 2024, we expect to increase this trend towards more environmentally friendly technologies.

Davivienda has true sustainability stewards. Through our Green Mission 2030, we encourage the responsible use of natural resources and environmental protection through sustainable practices and environmental education. We see our employees as agents of change who actively contribute to building a more sustainable future.

In 2023, our Good Multiplier Program, supported by the World Energy Council, has managed to certify 1,822 environmental leaders and managers



in Colombia and in our subsidiaries in Central America. Our sustainability stewards were trained in the efficient use of water and energy, with the aim of implementing actions that guarantee the reduction of the consumption of these resources in their workplaces and in their homes.

In addition, we launched the first edition of “The world is our home, let’s go for Zero Waste” course, attended by 12,315 employees. This course covers the importance of the 9 Rs of the circular economy, in order to reduce the environmental impacts associated with waste generation; Information

was also provided on the color codes used for waste separation in each country we serve, in accordance with current environmental regulations, to ensure proper waste management by our associates.

Likewise, we are aware of the important role that our cleaning and cafeteria crews play, which is why we trained 100% of our supplier’s assistants in proper waste management, guaranteeing a comprehensive approach to environmental sustainability across our operations.

## **AGENTS OF CHANGE**

**Our employees are agents of change and we train them for making our home a more sustainable one.**



**SCOPE 1, 2 AND 3 EMISSIONS  
(EXCLUDES FINANCED/  
INVESTED)**

Every year we commit to climate change mitigation, and 2023 was no exception. We continued to strengthen the quantification of our carbon emissions inventory and implemented reduction and offsetting strategies.

Starting in 2022, we expanded the quantification of our indirect emissions (Scope 3) in several categories, such as: goods and services purchased, capital goods, upstream transportation and distribution, waste generated in operation, and business travel in accordance with the methodological guidelines of the Greenhouse Gas Protocol (GHG Protocol).

**Variation in emissions operation - Banco Davivienda and it subsidiaries**

(ton CO<sub>2</sub>e, except percentages)

Indicator (ton CO <sub>2</sub> eq)		2023	2022	2021	2020	2019	Variations 2023-2022	Variations 2023-2019
<b>Scope 1</b>	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO <sub>2</sub> eq)	3,753	3,917	4,413	4,316	4,675	-4.19%	-19.72%
<b>Scope 2</b>	Emissions from electricity consumption <i>location based</i>	6,359	7,030	6,761	12,443	14,587	-9.54%	-56.41%
	Emissions from electricity consumption <i>market based</i>	414	422	506	839	0	-1.90%	-
<b>Scope 1 + 2</b>	Emissions from electricity consumption <i>location based</i>	10,112	10,947	11,174	16,759	19,261	-7.63%	-47.50%
	Emissions from electricity consumption <i>market based</i>	4,167	4,339	4,919	5,155	4,675	-3.96%	-10.87%
<b>Scope 3*</b>	Other indirect emissions	2,278	5,096	282	430	1,561	-55.30%	45.93%
<b>Total GHG Emissions Inventory</b>	Total inventory of <i>location based</i> GHG emissions	12,390	16,043	11,456	17,189	20,822	-22.77%	-40.50%
	Total inventory of <i>market based</i> GHG emissions	6,445	9,435	5,201	5,585	6,236	-31.69%	3.35%
<b>Total inventory of FTE GHG emissions</b>	Total inventory of <i>location based</i> GHG emissions (ton CO <sub>2</sub> e/FTE)	1.07	1.24	0.81	0.89	0.94	-13.58%	14.42%
	Total inventory of <i>market based</i> GHG emissions (ton CO <sub>2</sub> e/FTE)	0.56	0.73	0.37	0.29	0.28	-23.56%	98.73%
<b>Total inventory of GHG emissions m<sup>2</sup></b>	Total inventory of <i>location based</i> GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	1.72	2.19	1.35	1.54	1.98	-21.84%	-13.35%
	Total inventory of <i>market based</i> GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	0.89	1.29	0.61	0.50	0.59	-30.87%	50.50%

\* From 2022 onwards, the quantification of indirect emissions will be extended.

In Colombia, we have achieved a 9% reduction in our carbon emissions in Scope 1 and 2 compared to 2022, which is **equivalent to stopping emitting 451 tons of CO<sub>2</sub>**. These results demonstrate our continued commitment to reducing our GHG emissions and mitigating climate change.



### Variation in emissions operation

(ton CO<sub>2</sub>e, except percentages)

Indicator		2023	2022	2021	2020	2019	Variations 2023-2022	Variations 2023-2019
<b>Scope 1</b>	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO <sub>2</sub> e)	1,415	1,951	2,896	2,595	2,904	-27.49%	-51.27%
<b>Scope 2*</b>	Emissions from <i>location based</i> electricity consumption (ton CO <sub>2</sub> e)	2,641	2,549	3,032	5,147	5,843	3.63%	-54.79%
	Emissions from <i>market based</i> electricity consumption (ton CO <sub>2</sub> e)	414	422	506	839	0	-1.79%	-
<b>Scope 1 + 2</b>	Emissions from <i>location based</i> electricity consumption (ton CO <sub>2</sub> e)	4,057	4,500	5,927	7,742	8,747	-9.86%	-53.62%
	Emissions from <i>market based</i> electricity consumption (ton CO <sub>2</sub> e)	1,830	2,373	3,402	3,434	2,904	-22.92%	-36.99%
<b>Scope 3**</b>	Other indirect emissions (ton CO <sub>2</sub> e)	1,289	4,578	195	345	1,278	-71.85%	0.83%
<b>Total GHG Emissions Inventory</b>	Total inventory of <i>location based</i> GHG emissions (ton CO <sub>2</sub> e)	5,345	9,078	6,122	8,087	10,025	-41.12%	-46.68%
	Total inventory of <i>market based</i> GHG emissions (ton CO <sub>2</sub> e)	3,118	6,952	3,597	3,779	4,182	-55.15%	-25.43%
<b>Total inventory of FTE GHG emissions</b>	Total inventory of <i>location based</i> GHG emissions (ton CO <sub>2</sub> e/FTE)	0.52	0.89	0.60	0.79	0.99	-41.40%	-46.96%
	Total inventory of <i>market based</i> GHG emissions (ton CO <sub>2</sub> e/FTE)	0.31	0.68	0.35	0.37	0.41	-55.36%	-25.82%
<b>Total inventory of GHG emissions m<sup>2</sup></b>	Total inventory of <i>location based</i> GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	0.02	0.03	0.02	0.03	0.04	-40.11%	-47.74%
	Total inventory of <i>market based</i> GHG emissions (ton CO <sub>2</sub> e/m <sup>2</sup> )	0.01	0.02	0.01	0.01	0.02	-54.37%	-26.91%

\* Location-based and market-based figures have been adjusted since 2019, due to internal reviews with our partner in specialized utilities management.

\*\* As of 2022, the quantification of indirect emissions is extended in the following categories: goods and services purchased, capital goods, upstream transport and distribution, waste generated in operation and business travel.

**Greenhouse Gas Emissions 2023**

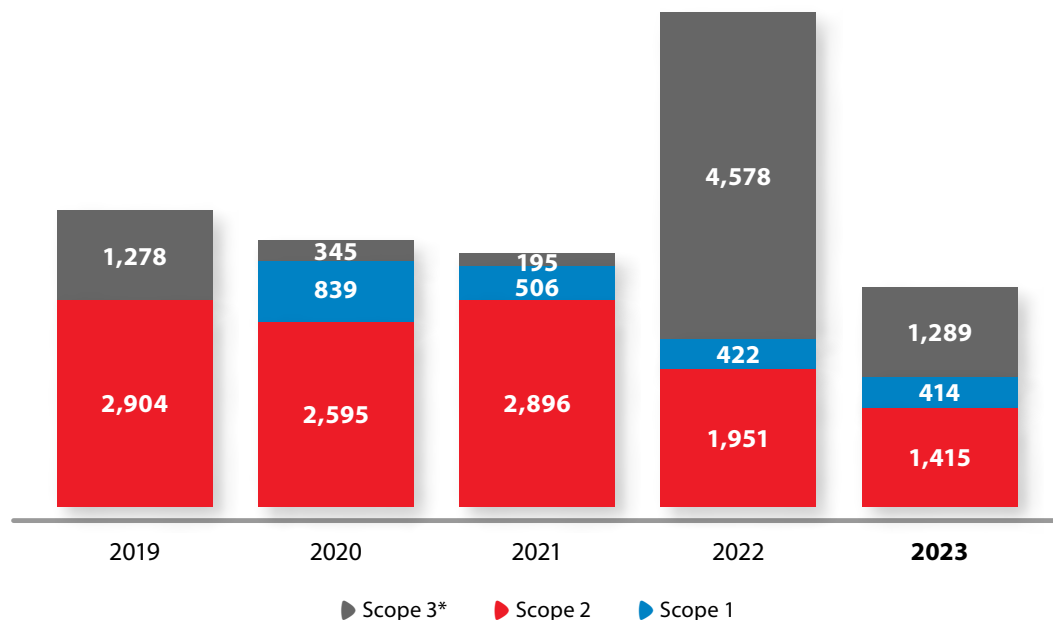
(ton CO<sub>2</sub>e)

	<b>Emission Sources</b>	<b>CO<sub>2</sub></b>	<b>CH<sub>4</sub></b>	<b>N<sub>2</sub>O</b>	<b>Fluorinated Compounds</b>	<b>Total GHG Emissions Inventory</b>
<b>Scope 1</b>	Stationary Fuel Sources	48.28	0.00	0.01	0.00	48.29
	Stationary Biofuel Sources	0.00	0.00	0.00	0.00	0.00
	Stationary Refrigerant Sources	0.00	0.00	0.00	1,108,80	1,108,80
	Stationary Fire Extinguishers	0.55	0.00	0.00	257.42	257.97
	<b>Subtotal</b>	<b>48.83</b>	<b>0.00</b>	<b>0.01</b>	<b>1,366,22</b>	<b>1,415,06</b>
<b>Scope 2</b>	Purchased Energy	3,055,95	0.00	0.00	0.00	3,055,95
	<b>Subtotal</b>	<b>3,055,95</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,055,95</b>
<b>Scope 3</b>	Category 1 - purchased goods or services	238.61	0.00	0.00	0.00	238.61
	Category 2 - capital goods	360.22	0.00	0.00	0.00	360.22
	Category 4 - upstream transport and distribution	71.34	0.01	0.07	0.00	71.42
	Category 5 - waste generated during operation	21.23	0.00	0.00	0.00	21.23
	Category 6 - business travel	593.21	0.12	3.75	0.00	597.08
	<b>Subtotal</b>	<b>1,284,61</b>	<b>0.13</b>	<b>3.82</b>	<b>0.00</b>	<b>1,288,56</b>
<b>Total inventory of ghg emissions</b>		<b>4,389,39</b>	<b>0.13</b>	<b>3.83</b>	<b>1,366,22</b>	<b>5,759,57</b>



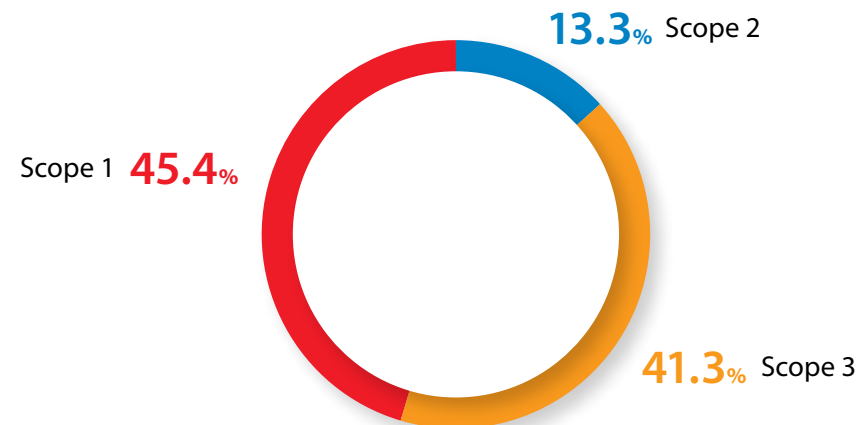


**Carbon Footprint - Market Based (TonCO<sub>2</sub>e)**



\* From 2019 to 2021, the emissions quantified in Scope 3 correspond to the consumption of reams of paper and air travel by employees.

**Carbon footprint distribution - Market based 2023**



To strengthen our actions, in 2023 we purchased carbon credits and renewable energy certificates in order to offset our direct Scope 1 and 2 emissions. These offsetting efforts were possible through our participation in various projects that promote reforestation, deforestation prevention, and renewable energy generation. These are some of the projects:

► **Vichada CO<sub>2</sub>Cero Forestry Project**, located in the municipality of Puerto Carreño, Department of Vichada. Tree species such as Acacia, Eucalyptus, Rubber and Pine are used in this project.

► **PEACEcific REDD+ Project**, located in the north of the department of Nariño and in the west of the department of Cauca, specifically in the municipalities of Magüí and Santa Bárbara. This project covers a total area of 288,170 hectares, including 273,718 hectares (94.98%) of stable forest over time.

► **Hidrobarrancas and La Rebusca run-of-the-river hydroelectric power plants**, located in the department of Antioquia. These plants take advantage of the water needed to generate energy, allowing the rest to flow back into the river, which helps to reduce the environmental and social impacts caused by large reservoirs.

These projects not only contribute to offsetting our emissions, but also promote biodiversity conservation and clean energy generation.

In addition, in Colombia and our subsidiaries in Central America, **we managed to obtain carbon neutrality certifications**

thanks to the implementation of energy efficiency strategies, the implementation of photovoltaic systems, the use of renewable energy, the gradual transition of fire extinguishers to less polluting options, the efficient management of utilities and the purchase of G-FER renewable energy certificates.

Along with these large projects and the carbon neutrality certification, Banco Davivienda adheres to the SbTi Objectives (Science-Based Targets) with the purpose of structuring reduction goals for each of the scopes of our emissions inventory, based on our operation and future growth. Thus, in 2024 we will work under this **methodology to establish goals with significant impact that contribute to the fulfillment of the sustainable development goals** and reinforce our commitment to climate action in the short, medium, and long term.

## OPERATIONAL ECO-EFFICIENCY

### *We are committed to responsible consumption and energy saving!*

In 2023, our energy consumption amounted to 27,516 MWh, a 22% reduction compared to 2019 and a 3% increase compared to 2022. This increase is mainly attributable to **remodeling works at our headquarters**, an increase in the number of ATMs and greater presence at our facilities. Despite these factors, our consumption is still 19.88% lower than the average consumption established by the Colombian Chamber of Construction (CAMACOL)<sup>58</sup> for offices where, depending on the climate, an average energy consumption is established for the country.

That is why we will continue to work on the implementation of several energy efficiency strategies. Currently, we leverage more than 4,300 bots in our specialized utility management program which facilitate the analysis, digitization, and audit of more than 23,800 invoices. We also continuously monitor our electricity

consumption, identifying trends and atypical consumption at each of our sites in order to make relevant decisions and measures.

On the other hand, we updated our electrical standard under the guidelines of ISO 50001:2018; We focus on the analysis, electricity consumption profile, operation curves and implement a model which allows the **optimization in the use of electromechanical equipment and energy consumption** adjusted to our operating schedules. This strategy has a savings projection of 8% per office. This update will allow us to integrate the BMS (Building Manager System) system with the ability to respond to early warnings in consumption and electrical failures, guaranteeing the continuity of operation and the comfort of our associates and customers.



58 <https://ismd.com.co/wp-content/uploads/2017/03/Anexo-No-1-Gu%C3%ADa-de-construcci%C3%B3n-sostenible-para-el-ahorro-de-agua-y-energ%C3%ADa-en-las-edificaciones.pdf>

Likewise, we invested **COP 8,451** billion for the renovation of **90 energy-efficient air conditioners**, guaranteeing the implementation of environmentally friendly technology, considering that this equipment depletes the ozone layer. In addition, we continued enabling hybrid workspaces (on-site and at home) for general management employees as a measure to reduce power consumption.



### Energy Consumption

(MWh, except percentages)

Indicator	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019
Energy Purchased from the Grid (MWh)*	27,285	26,526	28,080	29,484	35,200	2.86%	-22.49%
Clean energy generated for self-consumption (MWh)	216	194	140	53	59	11.34%	266.10%
Energy from non-renewable sources (MWh)**	14	21	25	16	19	-31.69%	-23.89%
Renewable energy sources (MWh)	0	0	0	0	0	0.00%	0.00%
Total Energy Consumed (MWh)	27,516	26,741	28,245	29,553	35,278	2.90%	-22.00%
Energy with Renewable Energy Certificates (MWh)	20,305	26,399	27,941	29,375	0	Not applicable	Not applicable
Total Clean/Renewable Energy Consumed (MWh)	20,521	26,593	28,081	29,428	59	Not applicable	Not applicable
MWh/FTE	2.70	2.63	2.77	2.89	3.48	2.41%	-22.41%
MWh/m <sup>2</sup>	0.10	0.09	0.10	0.11	0.13	4.67%	-23.55%

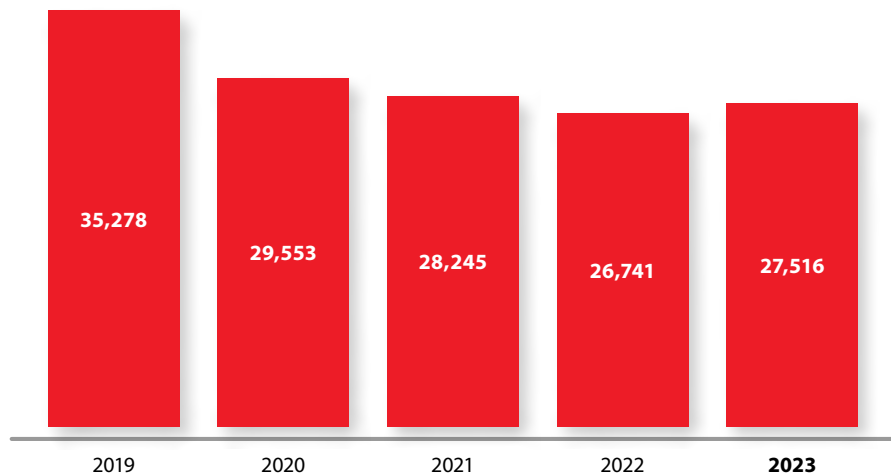
\* 2022 energy consumption figures are adjusted due to external audit processes and data projection in the previous report. For the 2023 figures, there is a 4.2% data projection, since at the time of generating the report, not all consumption is available due to the difference in the periods of energy providers' bills.

\*\* Energy values generated by power plants are included.



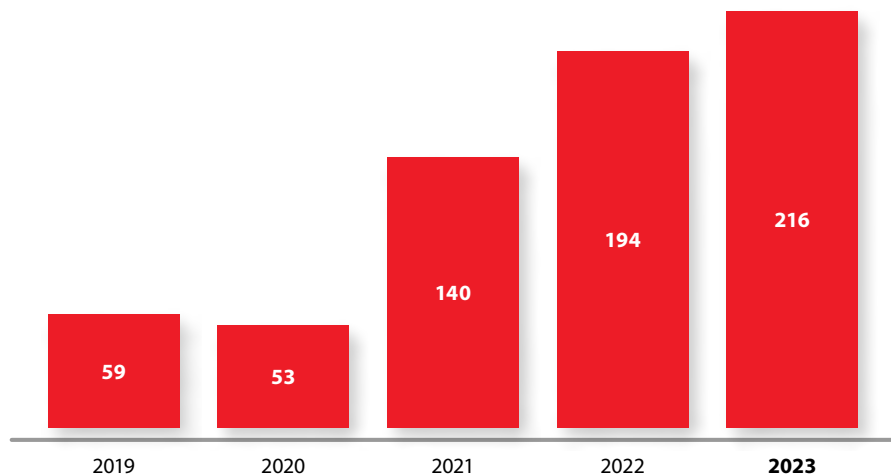
### Energy Consumption (MWh/year)

(MWh/year)



### Solar power generation (MWh/year)

(MWh/year)



*Sustainable energy is, without a doubt, one of the pillars to build a better world!*

Currently, we have 16 active solar panel systems installed in various branches and administrative headquarters nationwide. In 2023, we generated a total of 216.3 MWh of self-generated renewable energy which was consumed by our headquarters operations.

On the other hand, by 2022 all the electricity interconnected to the national system was backed by Renewable Energy Certificates (C-FER), proving that the energy used in our operation is 99% renewable; thus, we obtained the renewable energy seal for the second time.

In 2023, we acquired 74% renewable energy for Colombia, equivalent to 20,305 MWh, and we are in the process of acquiring the remaining non-conventional renewable energy, which will allow us to reduce Scope 2 emissions.





## There is no life without water! Protect water!

In 2023 we managed to reduce consumption by 44% compared to 2019, equivalent to 50 megaliters or 20 Olympic swimming pools and 1% compared to the new baseline defined, 2022; This was thanks to the completion of our green toilet project at a national level, in which we implemented 52 hydro sanitary devices, allowing flow control and optimization of water resources. Moreover, by managing public utilities, we monitor and control each of our internal consumptions in order to act immediately in the event of damage or leaks that may increase water consumption.

The water supply for our office operations and administrative headquarters is provided through the aqueduct systems of each municipality or city. Likewise, our wastewater, being for domestic use, is sent to the public sewer system in compliance with applicable environmental regulations.

In 2024 we will continue the storage tank optimization project in order to stabilize the hydraulic loads according to the endowment of each of our headquarters and make an efficient use of water resources. Likewise, we will expand the scope of the green toilet project to the entire national network of branches in Colombia.

# WATER MANAGEMENT

With the project "green restrooms" we renovated our hydro sanitary devices for highly efficient units.

### Water Consumption

Indicator	2023	2022	2021	2020	2019	Variations 2023-2022	Variations 2023-2019
Water consumption (megaliters)*	64	65	70	73	115	-1%	-44%
Megaliters/ FTE	0.006	0.006	0.007	0.007	0.011	-2%	-44%
Megaliters/m <sup>2</sup>	0.0002	0.0002	0.0003	0.0003	0.0004	1%	-45%

\* 2022 water consumption figures are adjusted due to external audit processes and data projection in the previous report. For the 2023 figures, a 5.18% data projection is used, since at the time of generating the report, not all consumption is available due to the difference in the periods of water providers' bills.

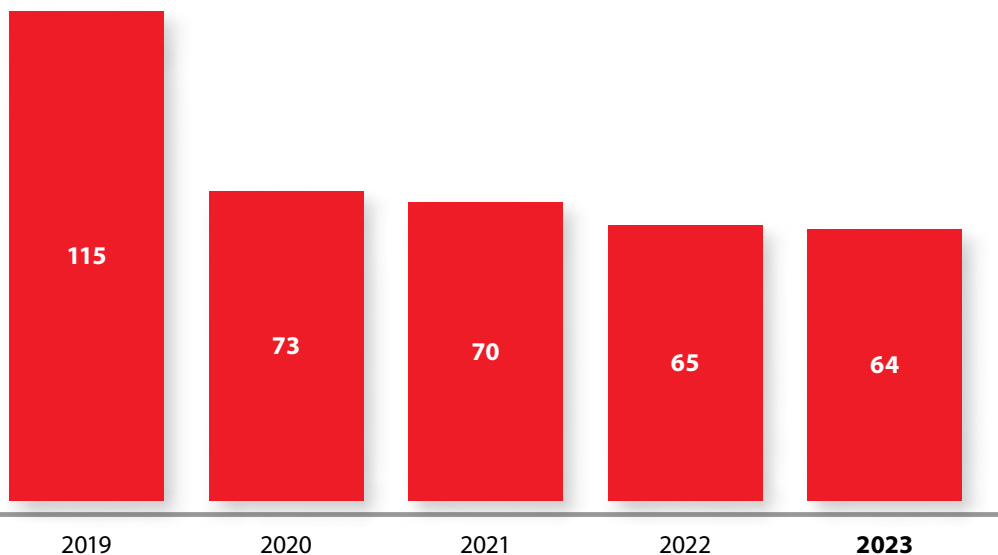


## Our investments in sustainable construction!

In 2023, we intervened and adapted more than 33,673 m<sup>2</sup> located in various cities in Colombia: Bogota, Medellín, Cartagena, Santa Marta, Villavicencio, Pasto, Pereira, Bucaramanga, Cali, and Barranquilla. Under our commitment to sustainable construction and our Green Mission 2030, 42.5% of floors covered are LEED and/or EDGE certified.

### Water consumption (m<sup>3</sup>/year)

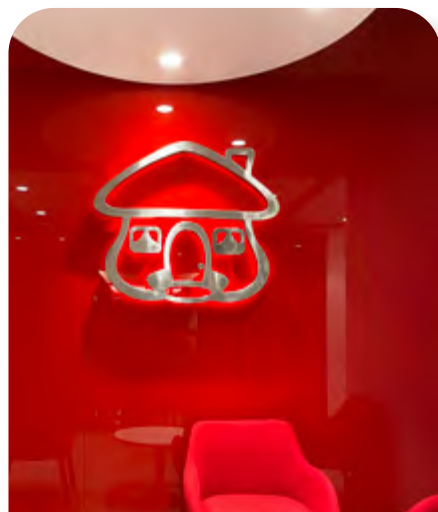
(megaliters/year)



### Investment in sustainable construction in our offices

(in COP million)

Investments	2023	2022	2021	2020	Comments
Investment in energy efficiency	10,499	5,520	241.7	2,000	We adapt open spaces to generate more collaborative work, with a design that allows us to have a lower environmental impact, since we tend to ensure that our remodeling of the facilities has sustainable materials and furniture.
Investment in sustainable materials	10,376	3,532	1,100	967	







**FOCUS ON CIRCULAR ECONOMY**

*Davivienda strives to reuse its waste!*

We generated 1,225 tons of waste, 74% of which was used. Additionally, we reduced the generation of waste compared to 2022 by 29%, equivalent to 509 tons. For 2023 we are working on the standardization of ecological points, raising awareness in circular economy and adequate waste separation at the source.

On the other hand, we have guaranteed the disposal or use of the waste generated in the remodeling and maintenance of our headquarters, including 29 tons used, as we appropriately disposed of 36,707 m<sup>3</sup> of construction waste.

**Waste generated 2023 (tons)**

(in tons)

Composition	Waste generated	Waste not destined for disposal	Waste destined for disposal
Non-Hazardous	1,196	889	307
Dangerous	29	15	14
<b>Total Waste</b>	<b>1,225</b>	<b>904</b>	<b>321</b>

**Waste Diverted Disposal (Tons)**

Hazardous waste	On-site	Off-site	Total
Preparation for reuse	0	0	0
Recycling	0	15	15
Other Recovery - Composting Operations	0	0	0
<b>Total</b>	<b>0</b>	<b>15</b>	<b>15</b>

Non-Hazardous Waste	On-site	Off-site	Total
Preparation for reuse	0	119	119
Recycling	0	761	761
Other Recovery - Composting Operations	0	8	8
<b>Total</b>	<b>0</b>	<b>889</b>	<b>889</b>

**Waste destined for disposal 2023 (Tonnes)**

Hazardous waste	On-site	Off-site	Total
Incineration (with energy recovery)	0	0	0
Incineration (no energy recovery)	0	2	2
Transfers to a landfill	0	0	0
Other Disposal Operations - Security Cell	0	13	13
<b>Total</b>	<b>0</b>	<b>14</b>	<b>14</b>

Non-Hazardous Waste	On-site	Off-site	Total
Incineration (with energy recovery)	0	0	0
Incineration (no energy recovery)	0	0	0
Transfers to a landfill	0	307	307
Other Removal Operations	0	0	0
<b>Total</b>	<b>0</b>	<b>307</b>	<b>307</b>

**74%**  
OF RESIDUES  
generated in 2023  
were usable.

**Waste Disposal**

(Quantity in tons)

Indicator	2023	2022	2021	2020	2019
<b>Total waste generated</b>	<b>1,225</b>	<b>1,734</b>	<b>1,673</b>	<b>1,273</b>	<b>848</b>
% usable waste	74.00%	71.78%	73.02%	80.05%	33.84%
% non-usable waste	26.00%	28.22%	26.98%	19.95%	66.16%

Since 2021, we have implemented the Paperless Bank program, which has allowed us to advance in the digitization of various processes and optimization of printers, which has led to a gradual reduction in paper consumption. By 2023, 273 tons of inactive archives were integrated into the production chain.

**Total Paper Consumption in our offices**

Indicator	2023	2022	2021	2020	2019	Comments
Paper (tons)	67	93	101	111	180	▶ Paper consumption was reduced by 28% compared to 2022, equivalent to 26 tons.
kg/FTE	6,6	9,2	9,9	10,9	17,8	▶ We are in the process of implementing a new application to produce metrics on the number of printings generated in the Bank.

Prolonging the useful life of our disused elements, using sustainable raw materials, and ensuring that the waste generated is used are some of our priorities, which is why we have made progress in a number of circular economy strategies:

► During the asset decommissioning process, we identified 41 spare parts that are in good condition to be incorporated into the economic, productive, and ecological cycle of our operation; In this way, we avoid the acquisition of new elements that represent approximately COP 26 million.

► We rely on products that were designed with environmental criteria, such as the G-ZERO credit card and our red house piggy bank made from recycled plastic.

► We carried out cleaning and repair processes of 5,232 disused elements, which were sold to our associates, achieving revenues of approximately COP 122 million, thus giving a second useful life to these materials.

► We are part of the collection program for empty toner supplies from one of our strategic partners; By 2023 we delivered 631 supplies with which we avoid the production of plastic, as well as the reduction of greenhouse gas emissions.

► Under our post-consumer program "Batteries, watch out how you discard them", we collected 12,864 units of batteries that have already completed their useful life, which became raw materials for the metallurgical industry through a mechanical shredding process carried out by an authorized vendor.

We hope to continue advancing in the formulation of the Zero Waste Management System, in order to implement strategies for the reduction, reuse, use, and recovery of waste.

According to our operation in 2023, these were the results obtained:

**GHG Emissions, Operational Eco-efficiency and Circular Economy Results 2023**

Indicator	Target 2023*	Variation 2023-2022
1. Grid Energy Efficiency	-4%	3%
2. Water Efficiency	-2%	-1%
3. Scope 1 & 2 Emissions Inventory	-3%	-9%
4. Waste utilization	67%	74%
5. Waste Reduction	-2%	-29%

\* Negative figures show a reduction, while positive figures show an increase.

Committed to continuous improvement, we will continue to implement strategies that guarantee the reduction and efficient use of natural resources through innovation and data analytics.





## SUSTAINABLE PROCUREMENT

By implementing sustainable procurement practices, we have fostered stronger relationships with our vendors, encouraging the adoption of responsible practices throughout our supply chain. These efforts not only reinforce our commitment to environmental and social sustainability, but also contribute to the creation of shared value for all stakeholders involved in our value chain.

The significant progress made through our Green Mission 2030, specifically with regard to strengthening our value chain through sustainable supplier development and procurement processes, was comprehensively addressed in the value chain management section, where we identified key opportunities to improve the resilience and efficiency of our operations.

## Our Green Mission 2030 has no limits!

In recent years, we have replicated good environmental practices in each of the countries we serve, seeking to ensure that they are cross-cutting and contribute to our vision of being a Multi-Latin Bank that leaves a positive environmental footprint to drive the change that the planet needs.

### HONDURAS

As part of our commitment to sustainability and our Green Mission 2030 strategy, we implemented eco-efficiency measures in Honduras at our facilities in 2023, which resulted in significant reductions.

We renovated 42 air conditioning units, changing from R22 to R410 in agencies distributed throughout the country. This enabled us to reduce refrigerant consumption by approximately 45% compared to the previous year.

In addition, we continued switching from luminaires to LED technology in agencies and corporate buildings. So far, we have implemented this change across 6 agencies, resulting in an approximate 23% reduction in energy consumption.

On the other hand, in 2023 we managed to certify 56 environmental leaders and managers through our Good Multipliers program, as part of our commitment to comprehensive environmental education for all our employees.

## SHARED VALUE

We adopt and promote responsible practices in our supply chain that generate shared value for everyone.



**Davivienda Honduras  
GHG Emissions, Operational Eco-efficiency and Circular Economy Results 2023**

	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019	Comments
Scope 1 (to CO <sub>2</sub> E)	414	459	173	564	287	-9.78%	44.15%	The decrease in Scope 1 compared to 2022 is due to the efficiency projects implemented in 2023 by changing air conditioners from type R22 to R410A.
Scope (to CO <sub>2</sub> E)	3,002	3,798	3,010	2,571	3,168	-20.95%	-5.24%	
Scope 3 (From CO <sub>2</sub> E)	59	49	24	26	82	21.55%	-27.73%	
Total GHG Emissions Inventory (your CO <sub>2</sub> e)	3,475	4,305	3,207	3,161	3,537	-19.28%	-1.75%	For Scope 3, the 22% increase compared to 2022 was due to an increase in air travel during 2023 and a small percentage to paper consumption, due to the return of face-to-face work in buildings.
Energy (MWh)	4,928	6,234	4,941	4,143	5,106	-20.95%	-3.49%	A reduction in the inventory of GHG emissions is evident thanks to the implementation of cost-saving measures and remodeling in our agencies and corporate buildings.
Energy (MW/FTE)	3.9	5.0	4.1	3.4	4.2	-21.91%	-6.35%	
Energy (MW/m <sup>2</sup> )	0.1	0.2	0.1	0.1	0.1	-20.95%	20.54%	
Water (megaliters)	23	22	25	33	162	5.94%	-85.57%	By 2023, there is evidence of a 6% increase in water consumption, due to the presence of more staff in corporate buildings and an increase in full-time employees.
Water (megaliters/FTE)	0.02	0.02	0.02	0.03	0.13	4.65%	-85.81%	
Water (megaliters/m <sup>2</sup> )	0.001	0.001	0.001	0.001	0.004	5.94%	-85.57%	
Paper consumption (Ton)	21	21	22	20	37	0.37%	-43.43%	We continue to implement the "Paperless Bank" campaign, which seeks to optimize and digitize processes.
Paper consumption (Kg/FTE)	17	17	18	16	30	-0.85%	-43.86%	
Usable waste (Ton)	3.0	2.9	1.9	2.0	8.7	3.38%	-65.54%	We continue to separate and use recyclable waste at our main administrative headquarters.
Usable waste (Kg/FTE)	2.4	2.3	1.6	1.6	7.1	2.12%	-66.30%	

**Davivienda Honduras - Greenhouse Gas Emissions**

(ton CO<sub>2</sub>e)

	Emission Sources	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	Fluorinated Compounds	Total GHG Emissions Inventory
Scope 1	Stationary Fuel Sources	134	0.5	0.3	0	134
	Stationary Refrigerant Sources	0	0	0	172	172
	Stationary Fire Extinguishers	28	0	0	0	28
	Mobile Fuel Sources	78	0.1	1	0	80
	<b>Subtotal</b>	<b>240</b>	<b>1</b>	<b>2</b>	<b>172</b>	<b>414</b>
Scope 2	Purchased Energy	3,002	0	0	0	3,002
	<b>Subtotal</b>	<b>3,002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,002</b>
Scope 3	Category 1 - Goods or Services Purchased	21	0	0	0	21
	Category 6 - Business Travel	38	0.01	0.3	0	38
	<b>Subtotal</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59</b>
<b>Total inventory of ghg emissions</b>		<b>3,301</b>	<b>1</b>	<b>2</b>	<b>172</b>	<b>3,475</b>

**30%**  
**DECREASE IN ELECTRIC ENERGY**  
**consumption with the new**  
**elevators in the Financial District.**

**EL SALVADOR**

In 2023, we moved forward with the plan to replace air conditioning equipment with models that use more environmentally friendly refrigerants, as well as the renovation of elevators in the Financial Center. At the end of the year, we had 3 elevators in operation out of a total of 4, which allow an electrical energy saving of approximately 30% compared to the old elevators. In addition, we completed the installation of 3 new photovoltaic plants, with a total capacity of 165 kWp, estimating an average clean energy generation of 246 MWh per year.

We have reinforced our focus on environmental training for our employees, enabling 145 employees in El Salvador to successfully complete the Multipliers of Good program, becoming environmental leaders and managers.

In 2024, we will begin the readaptation of 4 of the 7 levels of the Financial Center, which will include the installation of more than 300 energy-saving LED lamps, with the aim of significantly reducing electricity consumption. In addition, we have begun to replace windows with thermoacoustic models, which will allow a more efficient use of air conditioning and, therefore, a lower demand for energy. We also continue to work on obtaining LEED certification in Operation and Maintenance 4.1 for the Zona Rosa and Miralvalle agencies.





## Davivienda El Salvador GHG Emissions, Operational Eco-efficiency and Circular Economy Results 2023

	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019	Comments
Scope1 (ton CO <sub>2e</sub> )	1,526	1,160	1,017	1,016	1,286	31.56%	18.64%	During 2023, there was a 23% increase in Scope 1 and 2 compared to 2022, equivalent to 394 tons of CO <sub>2e</sub> , mainly due to the increase in air conditioning refills in the Financial Center Building and a greater presence of staff in administrative offices.
Scope 2 (ton CO <sub>2e</sub> )	542	513	538	4,339	5,109	5.60%	-89.40%	Likewise, indirect emissions increased due to the fact that as of 2022, we expanded their quantification in the following categories: goods and services purchased, capital goods, waste generated in operation and business trips, according to the methodological guidelines of the Greenhouse Gas Protocol -GHG Protocol-.
Scope 3 (ton CO <sub>2e</sub> )	796	231	45	56	141	244.13%	466.19%	Scope 3 experienced a sharp increase compared to 2022, mainly due to the purchase of ATMs in the Capital Goods category, equivalent to 62%, or 478 tons of CO <sub>2e</sub> in Scope 3.
Total GHG Emissions Inventory (ton CO <sub>2e</sub> )	2,864	1,904	1,600	5,411	6,536	5.40%	-56.18%	
Energy (MW)	6,504	6,159	6,456	6,383	7,515	5.60%	-13.46%	
Energy (MW/FTE)	3.70	3.56	3.75	3.70	4.20	3.86%	-12.02%	Due to greater attendance of staff to the administrative offices as well as maintenance service providers, due to adaptation work, energy consumption increased by 5.60% compared to 2022.
Energy (MW/m <sup>2</sup> )	0.23	0.21	0.22	0.21	0.30	7.44%	-23.58%	
Renewable energy installation (kWp installed)	267	267	267	267		0.00%	-	We continue with the generation of clean energy with the 5 photovoltaic plants installed since 2020, generating an increase of 17 (MWh/year), that is, 4.65% more than in 2022.
Renewable energy generation (MWh/year)	376	359	399	73		4.65%	-	

	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019	Comments
Megaliter water	48	38	34	45	53	24.71%	-9.89%	We experienced an increase in the consumption of water resources mainly attributable to leaks in 5 agencies as well as the increase in personnel in administrative offices.
Water (megaliters/FTE)	0.03	0.02	0.02	0.03	0.03	22.65%	-11.73%	
Water (megaliters/m <sup>2</sup> )	0.002	0.001	0.001	0.001	0.002	26.88%	-2.59%	
Paper consumption (Ton)	41	41	48	39	69	1.15%	-39.71%	Thanks to the zero paper initiatives developed during 2023, we managed to reduce paper consumption by 0.52% compared to 2022, we will continue to work on this and other initiatives in the coming years.
Paper consumption (Kg/FTE)	24	24	28	22	39	-0.52%	-39.73%	
Usable waste (Ton)	13	21	12	13	52	-39.79%	-75.78%	We continue to work on the proper separation of waste. We properly managed 13 tons of recyclable materials.
Usable waste (Kg/FTE)	7	12	7	7	29	-40.79%	-75.33%	



## SOLAR POWER PLANTS

We have 5 plants that generate clean energy and help us achieve our environmental goals.



**Davivienda El Salvador - Greenhouse gas emissions**

(ton CO2e)

	<b>Emission Sources</b>	<b>CO2</b>	<b>CH4</b>	<b>N2O</b>	<b>Fluorinated Compounds</b>
<b>Scope 1</b>	Mobile Fuel Sources	130.72	0.21	2.05	0
	Stationary Fuel Sources	13.44	0.05	0.03	0
	Stationary Refrigerant Sources	0	0	0	1,374,21
	Fixed Fire Extinguisher Sources	1.27	0	0	3.74
	<b>Subtotal</b>	<b>145.00</b>	<b>0</b>	<b>2</b>	<b>1,378,00</b>
<b>Scope 2</b>	Purchased Energy	541.76	0	0	0
	<b>Subtotal</b>	<b>542</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Scope 3</b>	Category 1 - Paper Consumption	38.02	0	0	0
	Category 1 - Plastic Cards	4.50	0	0	0
	Category 1 - Securities	32.18	0	0	0
	Category 2 - Capital Goods	528.00	0	0	0
	Category 5 - Waste generated from the operation	78.73	0	0	0
	Category 6 - Hotel Nights	11.08	0	0	0
	Category 6 - Air Travel	67.94	0.0084	0.591	0
	<b>Subtotal</b>	<b>760.47</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Total inventory of ghg emissions</b>		<b>1,448,00</b>	<b>0</b>	<b>3</b>	<b>1,378,00</b>



## COSTA RICA

Costa Rica is no exception. We are aligned with the Green Mission 2030 strategy, as we have implemented measures to quantify and manage the consumption of water, energy, paper, greenhouse gas emissions and waste management in our operation, in collaboration with our strategic suppliers.

We've significantly improved preventative maintenance, including air conditioners, lighting fixtures, and faucets, with comprehensive monitoring through the Asana Tool, leading to a 45% reduction in incidents through reinforcements of building and branch visits.

We continue with the process of changing air conditioners for R410 models, improving efficiency in spaces and allowing digital control of temperatures, to avoid improper manipulation.

In terms of transportation, we operate a route from downtown (San José) to our corporate offices located in Torre, Escazú, also encouraging car sharing among employees to reduce the inventory of GHG emissions.

In addition, we have implemented a digital tracking system in the Bank's fleet of vehicles to monitor fuel consumption, vehicle conditions, as we offer recommendations to drivers in real time, which has allowed us to achieve savings of 18%, compared to 2022.

Finally, in Costa Rica, we have trained 702 employees through the Multipliers of Good program, turning them into environmental leaders and managers with knowledge in energy and water efficiency.



**18%**  
**FUEL SAVED**  
with our vehicles  
in 2023.

**Davivienda Costa Rica  
GHG Emissions, Operational Eco-efficiency and Circular Economy Results 2023**

	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019	Comments
Scope 1 (ton CO <sub>2</sub> e)	288	268	262	46	103	7.67%	180.06%	In 2023, the inventory of GHG emissions in Scope 1 increased by 7.6% and for Scope 2 by 3.4%, due to failures in some of the air conditioners. Additionally, we increased the number of full-time employees and the number of face-to-face days at the administrative headquarters, which leads to higher energy consumption, impacting scope 2.
Scope 2 (ton CO <sub>2</sub> e)	107	104	110	210	255	3.48%	-57.89%	
Scope 3 (ton CO <sub>2</sub> e)	97	226	15	1	59	-57.00%	64.41%	In relation to the Scope 3 estimate, we expanded the quantification in the following categories: purchased goods and services, capital goods, upstream transportation and distribution, and business travel, in accordance with the methodological guidelines of the GHG Protocol.
Total GHG Emissions Inventory (ton CO <sub>2</sub> e)	493	597	387	257	417	-17.49%	18.24%	
Energy (MW)	2,684	2,594	2,751	2,781	3,378	3.48%	-20.54%	During 2023, we managed to replace 95% of fluorescent lights with LED lights, both in buildings and in the branch network.
Energy (MW/FTE)	2.6	2.7	2.9	3.0	3.3	-3.70%	-22.03%	
Energy (MW/m <sup>2</sup> )	0.2	0.1	0.2	0.3	0.2	9.01%	-21.15%	
Megaliter water	13.3	12.5	14	10	20	6.40%	-32.08%	During 2023, we experienced a 32% reduction compared to 2019 and a 6% increase in consumption compared to 2022. This increase is attributable to a water leak in one of our agencies; That is why we strengthen the identification, reporting and correction of new developments. On the other hand, we shifted from conventional faucets to push faucets in all branches.
Water (megaliters/FTE)	0.013	0.013	0.014	0.011	0.021	-0.99%	-39.71%	
Water (megaliters/m <sup>2</sup> )	0.001	0.001	0.001	0.001	0.002	12.09%	-57.82%	
Paper consumption (Ton)	12	13	10	10	20	-7.69%	-40.00%	We continue to promote the Zero Paper project, managing to reduce paper consumption by 7.6% compared to 2022. Reduction equivalent to 26 tons.
Paper consumption (Kg/FTE)	12	13	10	11	21	-14.10%	-44.43%	
Usable waste (Ton)	11.0	8,3	2,5	1.1	5.3	32.53%	107.55%	We continue to carry out the separation and use of recyclable and electronic waste, maintaining strategic alliances with authorized collection centers.
Usable waste (Kg/FTE)	10.5	8.5	2.6	1.2	5.4	23.33%	95.26%	



### Davivienda Costa Rica - Greenhouse Gas Emissions

 (ton CO<sub>2</sub>e)

	Emission Sources	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	Fluorinated Compounds	Total GHG Emissions Inventory
Scope 1	Stationary Fuel Sources	6.00	0.03	0.01	0	5.91
	Mobile Fuel Sources	64.00	0.11	1.11	0	65.31
	Stationary Refrigerant Sources	0	0	0	216.40	216.40
	Source Fixed Fire Extinguishers	1.00	0	0	0	0.84
	Subtotal	71.00	0.13	1.12	216.40	288.46
Scope 2	Purchased Energy	107.37	0	0	0	107.37
	Subtotal	107.37	0	0	0	107.37
Scope 3	Category 1 - Goods or Services Purchased	37.76	0	0	0	37.76
	Category 2 - Capital Goods	11.96	0	0	0	11.96
	Category 4 - Upstream Transport and Distribution	10.09	0.001	0.01	0	10.10
	Category 6 - Business Travel	36.87	0.005	0.32	0	37.19
	Subtotal	96.67	0.006	0	0	97.00
<b>Total inventory of ghg emissions</b>		<b>275.00</b>	<b>0</b>	<b>1</b>	<b>216</b>	<b>493.00</b>



## PANAMÁ

In 2023, we continued to transition to LED luminaires and reduce the number of printers in our offices and branches. An outstanding achievement was **the certification of 34 employees as environmental leaders** and managers after completing the Multipliers of Good program. These leaders are trained in energy and water efficiency, both in our facilities and in their homes.

By 2024, we will continue our commitment to reducing our GHG emissions inventory through projects that include strategies to optimize the number of luminaires, implementation of the waste management plan, and the replacement of CO2 fire extinguishers, a process that is already underway. These projects, along with other initiatives that may arise, reflect our ongoing effort to reduce our emissions and consumption.

### Davivienda Panamá GHG Emissions, Operational Eco-efficiency and Circular Economy Results 2023

	2023	2022	2021	2020	2019	Variation 2023-2022	Variation 2023-2019	Comentarios
Scope 1 (ton CO2e)	110	79	65	96	95	39.32%	15.86%	In 2023, there was a 20% increase in Scope 1 and 2 compared to 2022, equivalent to 30 Tons of CO2e, mainly due to the increase in air conditioning refills.
Scope 2 (ton CO2e)	67	67	71	176	212	-1.10%	-68.55%	
Scope 3 (ton CO2e)	37	12	3	1	2	203.04%	2205.00%	
<b>Total GHG Emissions Inventory(your CO2e)</b>	213	158	139	273	308	34.72%	-30.76%	
Energy (MW)	646	653	694	636	764	-1.10%	-15.43%	Through the project to change LED luminaires in our branches, we reduced energy consumption by 15.43% compared to 2019 and by 1.10% compared to 2022.
Energy (MW/FTE)	3.2	3.5	3.9	3.3	6.0	-8.97%	-47.26%	
Energy (MW/m²)	0.1	0.1	0.2	0.2	0.1	-2.54%	40.77%	
Paper consumption (Ton)	0.8	0.7	0.6	0.6	1.7	4.17%	-56.27%	We achieved a reduction in paper consumption by 56.27% compared to 2019 and increased paper consumption by 4.17% compared to 2022, due to the increase in full-time employees in our subsidiary.
Paper consumption (Kg/FTE)	3.7	3.8	3.7	2.9	10.7	-4.12%	-65.68%	

**Davivienda Panamá - Greenhouse Gas Emissions**

(ton CO<sub>2</sub>e)

	<b>Emission Sources</b>	<b>CO<sub>2</sub></b>	<b>CH<sub>4</sub></b>	<b>N<sub>2</sub>O</b>	<b>Fluorinated Compounds</b>	<b>Total GHG Emissions Inventory</b>
<b>Scope 1</b>	Stationary Fuel Sources	0.87	0	0	0	0.88
	Mobile Fuel Sources	97.28	0.16	2.10	0	99.54
	Stationary Refrigerant Sources	0	0	0	9.21	9.21
	Stationary Fire Extinguishers	0.34	0	0	0	0.34
	<b>Subtotal</b>	<b>98.48</b>	<b>0.16</b>	<b>2.11</b>	<b>9.21</b>	<b>109.95</b>
<b>Scope 2</b>	Purchased Energy	66.57	0	0	0	66.57
	<b>Subtotal</b>	<b>66.57</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66.57</b>
<b>Scope 3</b>	Category 1 - Paper Consumption	0.69	0	0	0	0.69
	Category 1 - Plastic Cards	0.22	0	0	0	0.22
	Category 2 - Capital Goods	26.54	0	0	0	26.54
	Category 6 - Air Travel	9.35	0	0.08	0	9.43
	<b>Subtotal</b>	<b>36.80</b>	<b>0</b>	<b>0.08</b>	<b>0</b>	<b>36.88</b>
<b>Total inventory of GHG emissions</b>		<b>201.85</b>	<b>0.16</b>	<b>2.19</b>	<b>9.21</b>	<b>213.40</b>







## > Biodiversity and positive outcomes for nature

Climate change, biodiversity loss, and the depletion of natural capital are inescapable challenges facing our society and, therefore, financial institutions cannot remain oblivious to this reality. These challenges pose significant risks to economic and financial stability, but also offer opportunities for innovation and investment in nature-based solutions.

By addressing these issues in a proactive and integrated way, we not only protect the planet and its ecosystems, but also build a legacy of resilience, trust, well-being, and prosperity for individuals, families, and businesses.

Davivienda strives daily to make the world, our home, a more prosperous, inclusive, and green home. Our mission

is to **support our business lines and our customers with an innovative offering that** not only yields financial benefits, but also supports the restoration and preservation of our natural capital.

Our commitment, beyond an ethical duty, is a smart strategy for long-term success in the financial world powered by the adoption of novel financial services solutions that promote the regeneration of the planet.

In line with this commitment, the **G-Zero Colombia Card** has been designed with the aim of generating a positive impact on the environment. Made from recycled plastic, it offers customers the opportunity to donate the cashback received to environmental initiatives

through organizations such as WWF Colombia (World Wildlife Fund). More than 53000 of these cards were active in 2023.

In addition, Davivienda rigorously applies the environmental and social risk assessment methodology to loan applications submitted by our business clients. This methodology is based on the IFC Performance Standards (IFC PS), Specifically, Performance Standard 6 recognizes that the protection and conservation of biodiversity, the maintenance of ecosystem services, and the sustainable management of living natural resources are fundamental to sustainable development.



Moreover, we acknowledge the importance of identifying, assessing, and managing **dependencies** (understood as the ways in which economic activities depend on ecosystem services and natural capital assets) and **impacts** on biodiversity (defined as the ways in which economic activities affect ecosystem services and natural capital assets) as a result of the activities we finance. Consequently, in 2023 **we started a diagnosis using the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool for 270 projects evaluated under SARAS.** These were housing construction projects and other projects in: mining and coal, industrial, energy and engineering and civil works.

Our main findings identified that most projects depend on groundwater or surface water as the main physical input, as well as depend on water filtration for mitigation of direct impacts, protection against interruptions such as stabilization of mass movements and erosion control, and protection against floods and storms. In this regard, we identified

that the three main drivers of impacts to biodiversity are water pollution, greenhouse gas emissions, and soil pollutants.

For the Bank, it is important to consider the interconnections between climate change and biodiversity loss in order to manage the associated risks, and for joint disclosure purposes. That is why, in 2024, we will challenge ourselves to expand the diagnosis to other activities in our loan portfolio, better identifying these factors and integrating this data with the various areas involved to raise awareness, manage, and identify opportunities to leverage projects with benefits for biodiversity as well as to promote

instruments that allow the generation of new products with a positive impact on ecosystems and species. As such, we will move forward within the Bank in alignment with the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

It is not only in Colombia that we have contributed with our sustainable portfolio. In Central America, we boast **two green products that are contributing in an integral way to the biodiversity of** the countries we serve: the Davivienda Green Accounts (El Salvador and Panama) and the Davivienda Seguros green insurance (Honduras, El Salvador, Costa Rica).

Green insurance, with more than 13 years of experience, **is the only one in Central America where the client directly supports the conservation**



**of biodiversity and the mitigation of climate change.** With each policy issued, the insured contributes to the restoration of mangrove ecosystems.

### Honduras

Green insurance was launched in July 2022 with **more than 3,626 policies placed**, contributing to the restoration of 3 hectares of mangrove forest.

### El Salvador

We have more than **22,000 active policies** with a 59% share in mass insurance placements. Thanks to this, in the last 5 years the insured contributes 1% of the insurance premium for the restoration of 6.2 hectares of mangroves.

### Costa Rica

Green insurance was launched in 2023 with more than **3,725 policies placed**, contributing to the restoration and monitoring of 10 hectares of mangroves in a protected area.

### Green Accounts in Central America:

#### El Salvador

The client contributes to a sea turtle conservation program. Over the past 14 years, more than **1.5 million hatchlings** of this species have been released.

#### Panamá

We are developing a product to enable our customers to directly support a program that seeks to plant **10,000 coral fragments** for reef restoration just by opening a mobile account.

## Clarifications of gri eco-efficiency standards

General



General Details

### Answers

- ▶ Baseline corresponds to 2022, the year where the Bank returns to its normal operation after the Covid 19 pandemic.
- ▶ The greenhouse gas emissions (Scope 1, 2 and 3) inventory is carried out through the Greenhouse Gas Protocol with a focus on consolidating operational control.
- ▶ Variances are calculated using the following formula: (Current Year - Baseline)/ Baseline.

GRI 302-1



Energy consumption within the organization

- ▶ Data on energy purchased from the grid is consolidated by a partner that manages the organization's utilities, through software that uses bots to collect and consolidate the energy consumption of the bills of each service provider for each installation.
- ▶ Total energy reported reflects the consumption of facilities in general, as there is no detail of electricity consumption, refrigeration consumption, among others.
- ▶ The Bank does not sell energy.
- ▶ The total energy consumption of the grid is: 27,285,251.16 kWh. Conversion of consumption to Megawatt-hour (MWh) = 1000 kWh<sup>59</sup>.
- ▶ Power generated from solar panels is consolidated and monitored through the Fronius Solar Web platform, where real-time power generation is available for each installation.
- ▶ The certificates of electricity acquired for 20,305 MWh in 2023 originate from the Hidrobarrancas SAS ESP (ID EGOX-PR-293) and La Rebusca (ID EGOX-PR-291) projects, which are included in the ECOGOX platform.

Source Camacol: learn more here.

<sup>59</sup> Source: <https://www.convertir-unidades.info/Convertir+Kilovatio-hora+en+Megavatio-hora.php>.

GRI 302-4

Energy  
consumption  
reductions

#### Answers

- ▶ Power reduction refers to the energy consumed from the national interconnected system and generation by solar panels.
- ▶ Reduction quantification is based on the comparison of the current period with the 2022 baseline.
- ▶ Total energy reductions reported refer to general consumption at facilities, as there is no detail of electricity consumption, cooling consumption, among others.

GRI 303-5

Water  
consumption

- ▶ Water consumption information is consolidated by a partner that manages the organization's utilities, through software that uses bots to collect and consolidate water consumption from the invoices of each service provider for each facility.
- ▶ Since the Bank's water source for the operation of its facilities is the Aqueduct, there is no detailed water consumption by water stress zones.
- ▶ The volume of water consumed is converted by calculating the equivalence between the number of m<sup>3</sup> in megaliters, 1000m<sup>3</sup> <sup>60</sup> corresponds to 1 megaliter.
- ▶ Total water consumed 64 megaliters.
- ▶ There has been no change in water storage and this does not have an impact on the report.

<sup>60</sup> source: <https://www.alltheunits.com/es/volumen/metros-cubicos/megalitros/>





## GRI 305-1

### CO<sub>2</sub> emissions Scope 1

#### Answers

Quantification of CO<sub>2</sub> emissions by biogenic sources from the combustion of the percentage of biomass (biofuel) contained in the fuel used in electric power plants, 3.6 Ton CO<sub>2</sub>e

Emission factors issued by:

FECOC, IPCC 2006, GWP - IPCC Fifth Assessment Report AR6: FECOC, IPCC 2006, GWP - IPCC Fifth Assessment Report AR6.

Factors used:

► Fuels: Diesel or ACPM (No biodiesel blend):

- CO<sub>2</sub>: 10,149 kg CO<sub>2</sub>/gal
- CH<sub>4</sub>: 0,00001 kg CO<sub>2</sub>/gal
- N<sub>2</sub>O: 0,000006 kg CO<sub>2</sub>/gal

► Engine Gasoline: (Without bioethanol blend):

- CO<sub>2</sub>: 8,8085 kg CO<sub>2</sub>/gal
- CH<sub>4</sub>: 0,0000266 kg CO<sub>2</sub>/gal
- N<sub>2</sub>O: 0,0000053 kg CO<sub>2</sub>/gal

► Biodiesel palm:

- CH<sub>4</sub>: 0,0000263 kg CO<sub>2</sub>/gal
- N<sub>2</sub>O: 0,0000053 kg CO<sub>2</sub>/gal

► Anhydrous bioethanol:

- CH<sub>4</sub>: 0,0000146 kg CO<sub>2</sub>/gal
- N<sub>2</sub>O: 0,0000029 kg CO<sub>2</sub>/gal

► Coolants:

- R410A: 2.255,5 kg CO<sub>2</sub>e/kg
- R22: 1.960 kg CO<sub>2</sub>e/kg

► Fire extinguishers GWP:

- CO<sub>2</sub>: 1
- HCFC 123: 90,4.



# 9. ECONOMIC CAPITAL



*The world  
is our  
home*

*Let's make it more prosperous,  
inclusive and green*



## ECONOMIC CAPITAL

We create **long-term value** for our shareholders and investors, fairly rewarding their trust with solid returns that maximize the value of their investments, in line with our Higher Purpose, Mission, and Principles and Values.



# ➤ Macroeconomic context and financial system

## MACROECONOMIC CONTEXT AND FINANCIAL SYSTEM IN COLOMBIA<sup>61</sup>

Global economic growth in 2023, though modest, exceeded initial estimates. At the beginning of the year, the World Bank anticipated a 1.7% annual expansion, but the growth estimate later increased to 2.4%<sup>62</sup>. Developed economies registered better-than-expected growth. The United States, Russia and China stood out due to their good performance; in the latter, the opening of the economy compared to the strict confinement policies implemented until 2022 to combat covid-19, as well as an expansionary fiscal policy, contributed to results above expectations.

In addition, **Latin America also experienced an upward correction in growth:** the projected 1.3% figure at the beginning of the year rose to an estimated 2.2% by the end of the year. The better-than-expected results were linked to moderation in inflation and declines in monetary policy rates in some countries, especially emerging ones. Favorable conditions in Latin America were tied to improved harvests, moderation in oil prices and the robust performance of the United States' economy, particularly benefiting Mexico and Central American countries.

It is crucial to note that, even though global growth exceeded initial estimates, it remained subdued compared to historical averages for this

century. This was primarily attributed to the withdrawal of fiscal stimuli and high interest rates put in place to curb inflation.

The average price of oil saw a significant reduction in 2023 compared to the price observed in the previous year. In fact, Brent crude oil's price averaged USD 98.75 per barrel in 2022 and dropped to USD 82.2 per barrel in 2023. The year-end quotation settled at USD 77.60 per barrel compared to USD 84.97 per barrel at the end of 2022. The decline in oil prices was influenced by various factors, including modest global growth, increased production in countries like the United States, Brazil and Guyana as well as a substantial

<sup>61</sup> Document prepared by the Executive Directorate of Economic Studies with information available as of January 18, 2024.

<sup>62</sup> See the World Bank's global economic perspectives, January 2023.

flow of oil from Russia to nations like China and India, which do not participate in the Russian sanctions following the 2022 invasion of Ukraine. The price drop would have been more significant without Saudi Arabia's policy of production cuts.

In Colombia, growth results in 2023 were modest, with an estimated 0.6% annual GDP increase. This situation occurred as the economy was affected by several factors, including:

- ▶ A low global economic growth.
- ▶ The increase in international and local interest rates resulting from restrictive monetary policy to control inflation.
- ▶ The reduction of the fiscal impulse (deficit) in order to comply with the fiscal rule.
- ▶ The rise in certain key relative prices in the economy (such as the price of new and second-hand housing properties) that slowed the growth of some sectors.
- ▶ A significant decline in investment as a result of high exchange rate levels in the second half of 2022, an increase in interest rates and the uncertainty generated by the policies of the new government.

**GROSS DOMESTIC PRODUCT**

According to figures from DANE, the Colombian GDP grew by 0.6% in 2023, showing a significant moderation compared to the 7.3% observed in 2022. This is supported by a favorable annual growth figure during the first quarter (2.9%), while in the second quarter the variation was almost null (0.1%). In the third quarter of the year, GDP contracted by 0.6%, and in the last quarter, annual growth was only 0.3%.

From the perspective of economic activities, during 2023, the most dynamic sector was "financial and insurance activities" with a 7.9% growth, followed by "artistic, entertainment, recreational, and other service activities" with a 7.0% growth and the "public administration, defense, health, education, and compulsory affiliation social security plans" with a 3.9% growth.

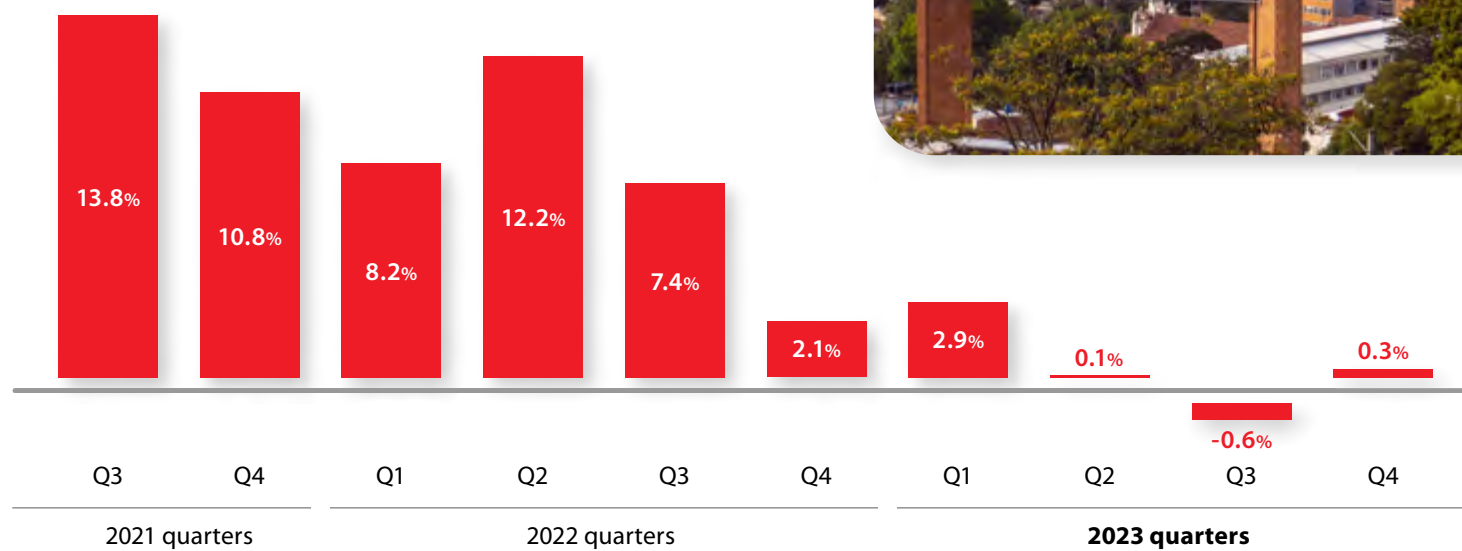
On the other hand, the sectors with the worst performance in 2023 were construction (-4.2%), manufacturing industries (-3.5%) and commerce, which includes vehicle repair, transportation, storage, accommodation and food services (-2.8%).

The analysis from the components of aggregate demand indicates that domestic final demand contracted by 3.8% in real terms during 2023. Household consumption grew by 1.1%, government spending increased by 0.9% and gross capital formation fell by 24.8% (even lower than the observed figure in 2020, when it fell by -20.7% due to the pandemic).

Variables related to the external sector contributed to mitigating the macroeconomic imbalance that the Colombian economy has been experiencing; indeed, exports grew by 3.1% in the period mentioned, while imports fell by 14.7%.

**Colombia - Gross Domestic Product**

(Annual percent change)



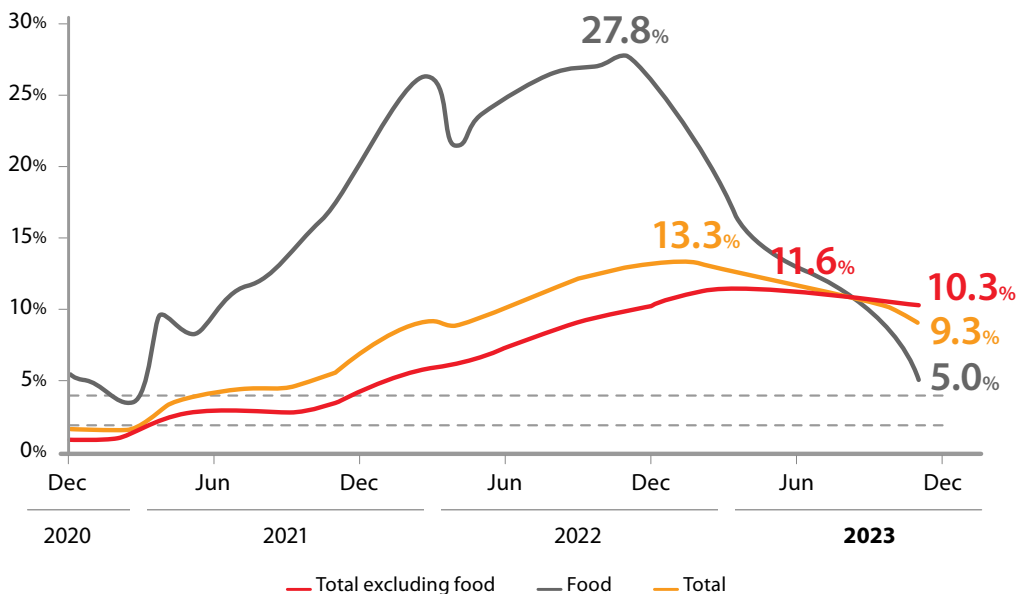
### INFLATION

2023 closed with single-digit inflation: 9.28%, which was lower than the previous year's figure (13.12%), but well above the target range of the Central Bank (2% to 4%).

# 9.28%

**ANNUAL INFLATION**  
in Colombia 2023.

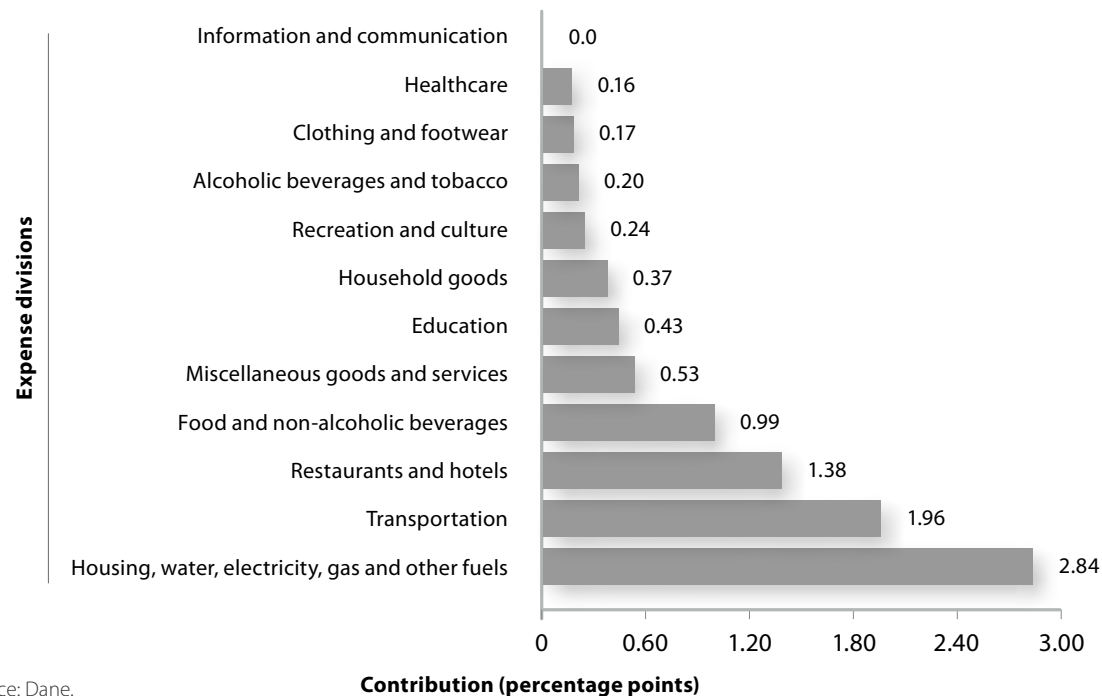
### Colombia - Annual inflation



Source: Dane.

### Colombia - Annual contribution by expense divisions

(in percentage points)



Source: Dane.

Throughout 2023, inflationary pressures on the representative household basket were persistent. Housing costs and public utilities payments contributed to about one-third of the total annual inflation; indeed, rent indexation to the 2022 inflation and growing concerns about the El Niño phenomenon drove up rents and electricity rates, respectively. On the other hand, there was strong pressure in transportation due

to increases in gasoline prices, making this category the second division with the highest contribution to inflation. Likewise, dining out activities were impacted by higher operating costs such as rent, electricity and some food items that did not decrease in price, such as meats, leading the restaurants and hotels activities to become the third-largest inflationary factor for the entire year.



The significant appreciation of the Colombian peso against the dollar throughout the year also contributed to the deceleration in annual inflation. This effect was quite noticeable in the prices of both new and used vehicles, vehicle parts, some household appliances and technological devices, among other goods.

The increase in the monthly minimum wage for 2024 was set by decree by the national government at 12.07%, amounting to COP 1,300,000 (COP 1,462,000 with transportation allowance). Therefore, the minimum wage increase was 2.79% above the total annual inflation of 2023.

**MONETARY POLICY AND INTEREST RATE**

During 2023, the Central Bank accelerated the monetary normalization cycle that had started in September 2021. The monetary policy rate was increased three times during the year, reaching a level of 13.25% in the April meeting, 125 basis points higher than at the end of 2022. Thus, the monetary policy rate reached levels not seen since November 1999.

After this decision, the Bank kept the monetary policy rate unchanged for eight consecutive months until it was cut by 25 basis points in the December meeting.

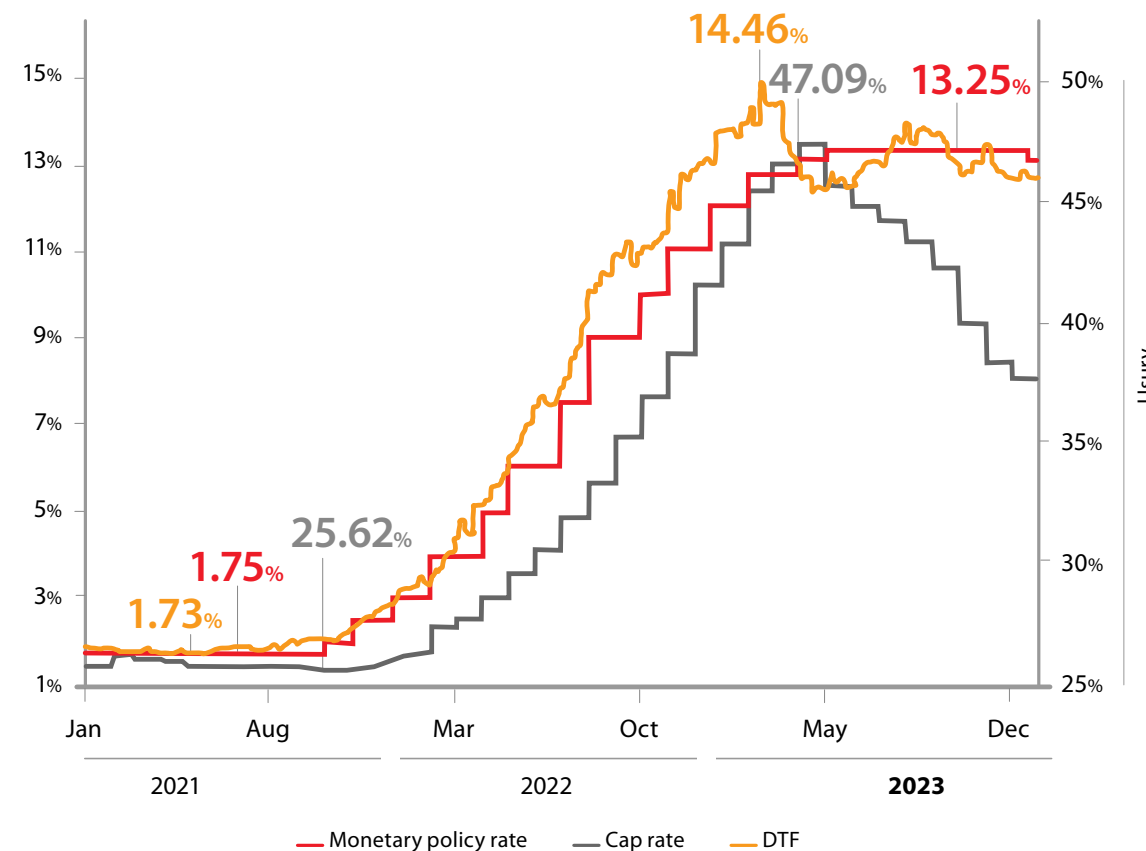
In Colombia, the movements in monetary policy were mainly driven by the following reasons:

- ▶ Inflation showed a slow decline throughout the year, remaining well above the Central Bank's target range.
- ▶ Medium- and long-term inflation expectations remained elevated for a large part of the year.
- ▶ Economic activity showed a weaker performance, reflecting the stance of monetary policy.
- ▶ Developed economies maintained stability in their interest rates, allowing for a slight easing in the country's external financial conditions.

**PESO APPRECIATION**

**In 2023, the Colombian peso appreciated sharply against the dollar, which contributed to the deceleration of annual inflation.**

**Colombia - Interest rates 2023**



Source: Banco de la República.



The DTF<sup>63</sup> rate, as well as longer-term deposit rates, showed a stable behavior with some volatility during the second and third quarters of the year. They then started a downward trend in the final part of 2023, reaching a level of 12.7% in the last week of the year, a rate that is 100 basis points lower than the observed rate at the end of 2022. Part of the volatility in the second and third quarters of the year was associated with liquidity constraints, largely explained by the high balances in the Nation's deposits at the Central Bank<sup>64</sup>. In turn, in the final part of the year, there was less pressure derived from the regulatory adjustments made by the Financial Superintendence of Colombia (SFC) to the Net Stable Funding Ratio (NSFR)<sup>65</sup>.

Finally, the cap rate closed 2023 at 37.56%, showing a reduction of 3.9 percentage points compared to the level at the end of 2022, and 9.5 percentage points compared to the peak observed in April (47.09%). These reductions were largely associated with the methodological change<sup>66</sup> in the calculation of the current bank interest rate, which represents a reduction in interest rates, especially for consumer loans including credit cards.

## FISCAL POLICY

In fiscal matters, preliminary figures indicate that during 2023 the national government's net debt reached 52.8% of GDP and managed to comply with the fiscal rule. Government revenues amounted to COP 296.3 trillion, a figure that shows a decrease of COP 12.8 trillion compared to the estimate presented in the Medium-Term Fiscal Framework (MTFF) last year. This decline was driven by lower revenues from tax collection (COP 10.9 trillion) as well as lower capital surpluses (COP 2.4 trillion). As for expenses, they amounted to COP 363.3 trillion and turned out to be lower than the initial estimate of COP 378.6 trillion, thanks to

## COMPLIANCE

The central government's net debt represented 52.8% of GDP and complied with the fiscal rule.

lower resources allocated to interest payments (COP 8.1 trillion) and primary spending (COP -7.1 trillion). The lower level of expenses managed to offset the decline in revenues, allowing the national government's deficit to reach 4.2% of GDP, a figure very close to the target of 4.3% of GDP set in the MTFF and consistent with compliance with the fiscal rule.

<sup>63</sup> Fixed Term Deposit Rate, for its Spanish acronym, is the weighted average of the effective 90-day deposit rates recognized by the financial system to its customers.

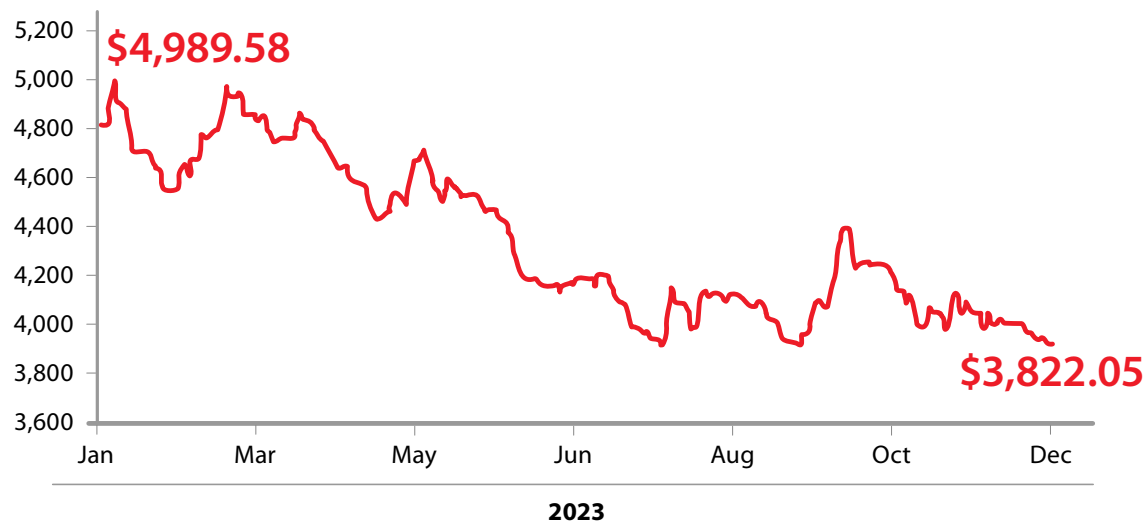
<sup>64</sup> During the second and third quarters of the year, the balance of the Nation's deposits at the Central Bank recorded an average close to COP 40 trillion, higher than the historical average of COP 20 trillion, representing a larger amount of resources that were not injected into the national economy during those periods. For the fourth quarter, the average balance decreased to COP 30 trillion.

<sup>65</sup> In September, the Financial Superintendence of Colombia changed the weights of the Available Stable Funding (ASF) of the NSFR for deposits from Supervised Entities and Collective Investment Funds. The regulation states that the weight for these deposits changed from 0% to 25% starting on September 30, 2023, and will be in effect until August 31, 2025. From that moment on, deposits will have a weight of 0% or 50% depending on whether they are non-operational or operational, respectively.

<sup>66</sup> The Financial Superintendence of Colombia modified the methodology for calculating the current bank interest rate, which changed from being calculated as the simple average of the weighted rates for consumer loans, credit cards, and ordinary loans to being calculated as the weighted average of these rates.

### Colombia - Exchange rate 2023

(COP per USD 1)



Source: Superintendencia Financiera de Colombia.

**20.54%**  
**THE COLOMBIAN PESO**  
 was among the most revalued  
 currencies in Latin America.

#### EXCHANGE RATE

During 2023, Latin American currencies reversed a significant portion of the devaluations they had experienced the previous year. In this context, the Colombian peso was one of the most appreciated currencies in the hemisphere. In fact, the Colombian peso appreciated by 20.54%, while the Mexican peso, the Brazilian real, and the Peruvian sol appreciated by 12.9%, 8.12%, and 2.65%, respectively. The Chilean peso, on the other hand, was one of the exceptions, with a depreciation of 3.58%.



In Colombia, the exchange rate went from COP 4,081.20 on the last day of 2022 to COP 3,822.05 at the end of 2023.

The appreciation of the Colombian peso was associated with at least three important factors:

- ▶ Beginning in November 2022, the dollar began to lose value in international markets due to the prospect of stabilization in interest rates in the United States.

- ▶ During the first half of the year, the national government made ministerial cabinet adjustments that limited support for government reforms in Congress. Additionally, throughout the year, court rulings (such as those related to energy tariff controls, economic emergency for La Guajira, and the unconstitutionality of paragraphs regarding the non-deductibility of royalties in the income tax of oil companies) demonstrated the strength of the country's institutions, which reduced political risk.

- ▶ The low growth of the Colombian economy, particularly in investments, significantly reduced the demand for imported goods, allowing for a significant correction of the external imbalance of the economy and a lower demand for dollars.



During 2023, there was an outflow of foreign investors from Colombia amounting to approximately USD 4.32 billion<sup>67</sup>, possibly the largest outflow in this category in history. Additionally, for the fourth consecutive year, there was an outflow of portfolio investment from Colombians to foreign countries, reaching USD 2.035 billion.

**FOREIGN TRADE<sup>68</sup>**

During 2023, foreign trade activities showed a setback as a result mainly of the slowdown in economic activity, both internationally and locally, and the decline in international oil prices.

Throughout the year, exports totaled USD 49.5 billion, representing a 12.9% decrease compared to 2022. This decline was driven by the decrease in the value of sales of the country's main export products: coffee (-29.5%), coal and coke (-25.4%) and oil and derivatives (-16.6%). Exports of manufactured goods also deteriorated during this period, showing a 3.8% decrease as a result of lower external sales of primary plastics (-31.4%) and iron and steel (-27.2%).

On the other hand, imports amounted to USD 62.8 billion, registering a reduction of 18.9%. In terms of their components by use or economic destination, imports of raw materials and intermediate goods amounted to USD 30.4 billion, remaining the most important group with a 48.5% share, though they showed a 21.2% decrease. Imports of capital goods and consumer goods followed, totaling USD 17.8 billion and USD 14.6 billion, with decreases of 22.5% and 8.0%, respectively.

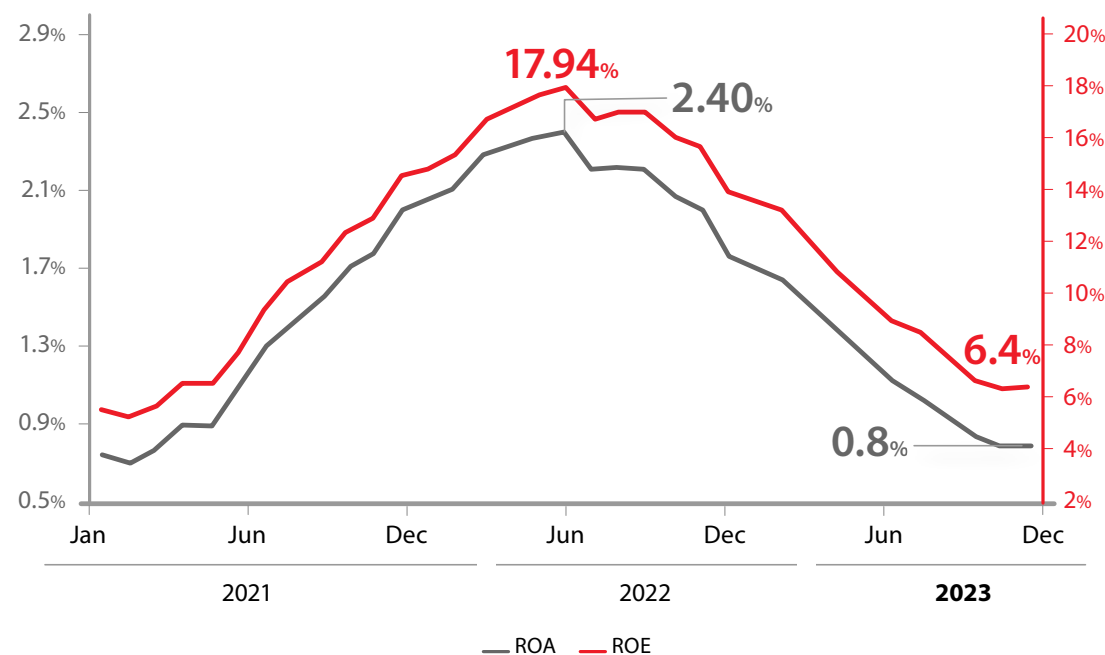
Considering the above, in 2023, the Colombian economy recorded a trade deficit<sup>69</sup> of USD 9.9 billion, compared to the deficit of USD 14.3 billion obtained the previous year.

**FINANCIAL SECTOR**

As of November 2023, the profitability of the financial system, measured by the return on assets (ROA)<sup>70</sup> and return on equity (ROE)<sup>71</sup>, stood at 0.8% and 6.4%, respectively. The performance during 2023 reflected a constant

decline in the system's profitability, after reaching peak levels in the second quarter of 2022. Nonetheless, the monthly change suggested stability in profitability at the end of the year<sup>72</sup>.

**Colombia - Financial sector profitability\***



\* Includes banks, financing companies and financial corporations.

Source: Superintendencia Financiera and Davivienda's calculations - Executive Directorate of Economic Studies.

<sup>67</sup> Figures from the foreign exchange balance sheet of the Central Bank of Colombia.

<sup>68</sup> For the purposes of this document, exports are expressed in terms of Free on Board (FOB) and imports are expressed in terms of Cost, Insurance, and Freight (CIF).

<sup>69</sup> Estimated as the difference between FOB exports and FOB imports.

<sup>70</sup> ROA = 12-month net income / 12-month average assets.

<sup>71</sup> ROE = 12-month net income / 12-month average equity.

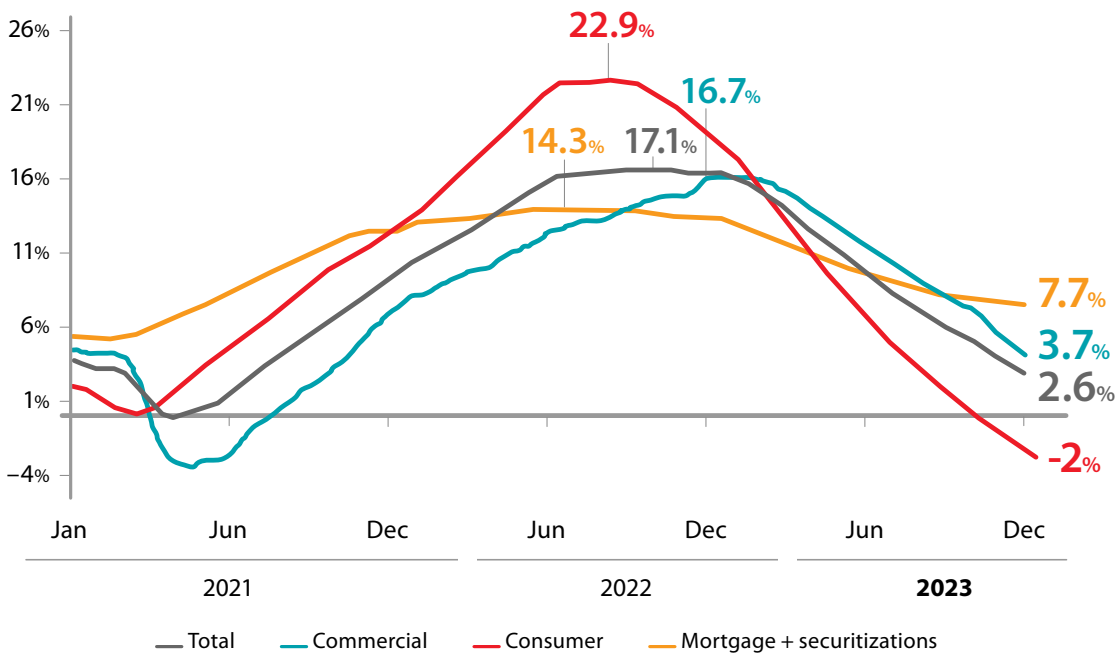
<sup>72</sup> For November, the Return on Assets (ROA) and Return on Equity (ROE) decreased by 3 basis points and 1 basis point, respectively, compared to October, after experiencing changes of around 100 bps and 15 bps during the first three quarters of the year.

The trend in the results was explained by higher provisions expenses in the face of increases in past due loans, a credit demand that showed greater deceleration and a narrowing of the net interest margin due to high passive rates and a reduction in the cap rate.



### Colombia - Financial system's gross loans

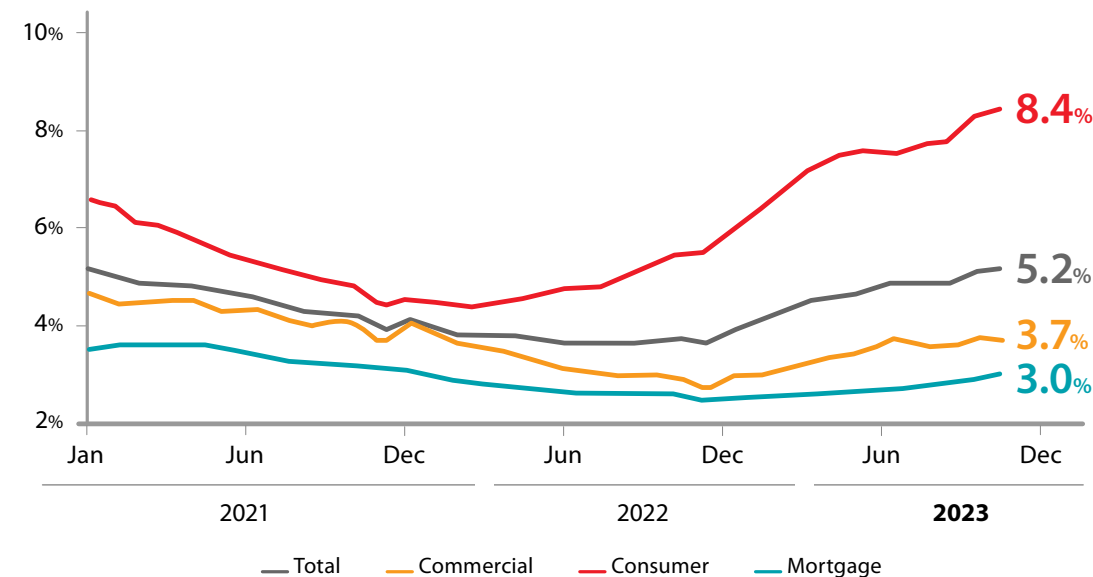
(Annual nominal variation MA(4))



Source: Banco de la República

### Colombia - 30-day past due loans

(Past due loans as a percentage of total loans)



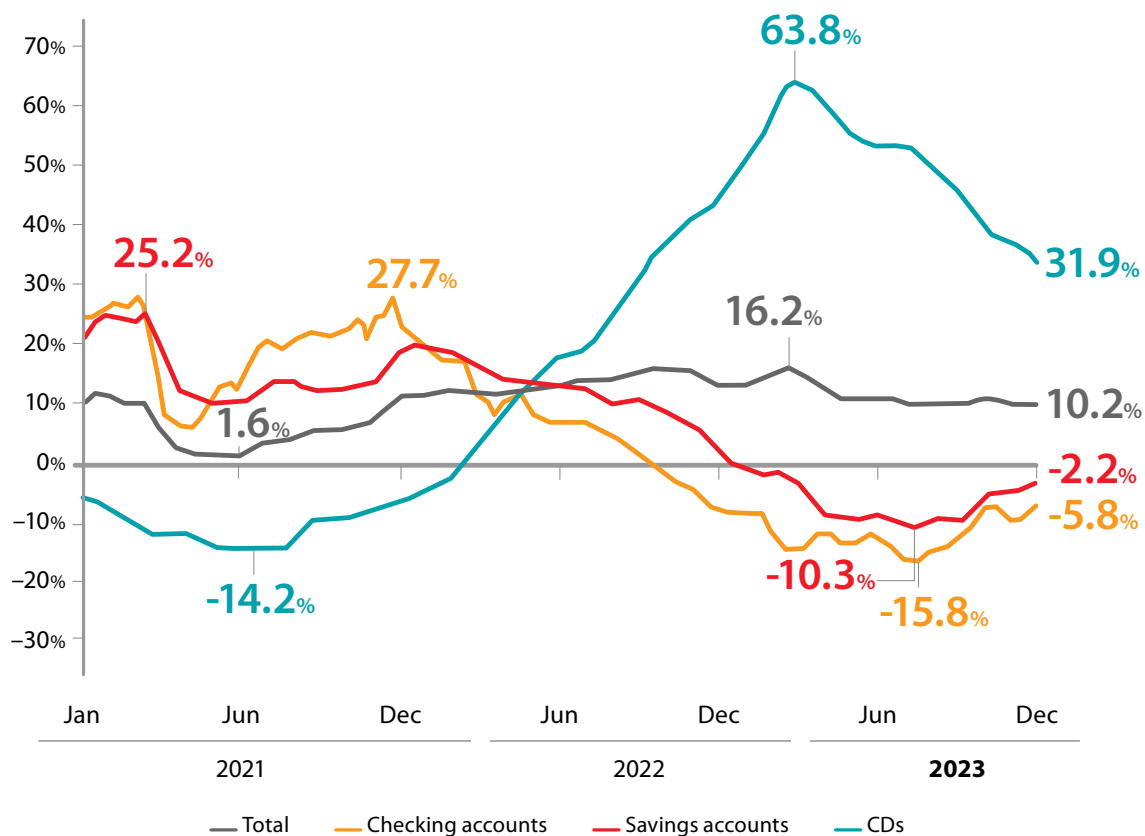
Source: Superintendencia Financiera de Colombia.

The loan portfolio showed a downward behavior throughout the year, after reaching peak levels during the second and third quarters of 2022. Thus, the total portfolio recorded an annual growth of 2.6% in the last week of the year, explained by moderation in the mortgage and

commercial loan segments and by contractionary behaviors of the consumer portfolio. In this sense, the portfolio reflected the transmission of the contractionary monetary policy to the dynamics of credit and local economic activity.

### Colombia - Financial system funding

(Annual nominal variation MA(4))



Source: Banco de la República

Regarding asset quality, the past due loan indicator of the total portfolio<sup>59</sup> showed significant deteriorations throughout 2023, reaching 5.2% in November, which is 151 basis points higher than the result obtained at the end of 2022. The behavior is explained by a significant increase in the past due loans indicator of the consumer segment, which stood at 8.4% in November, a level similar to that observed in 2009, showing that the level of interest rates combined with the poor performance of economic activity affected household delinquency levels.

Funding recorded an annual growth of 10.2% at the end of 2023, below the 13.1% annual growth registered at the end of the previous year. The result is explained by a loss of momentum in the funds obtained via CDs, which recorded an annual variation of 31.9% at the end of the year, after reaching rates above 60% in the first quarter of the year. This was associated with the downward behavior of long-term deposit rates, as financial institutions had lower long-term funding needs. On the other hand, annual variations in savings accounts and checking accounts remained negative throughout 2023, reaching variations of -2.2% and -5.8%, respectively, by December.

<sup>59</sup> 30-day past due loans as a percentage of total loans.



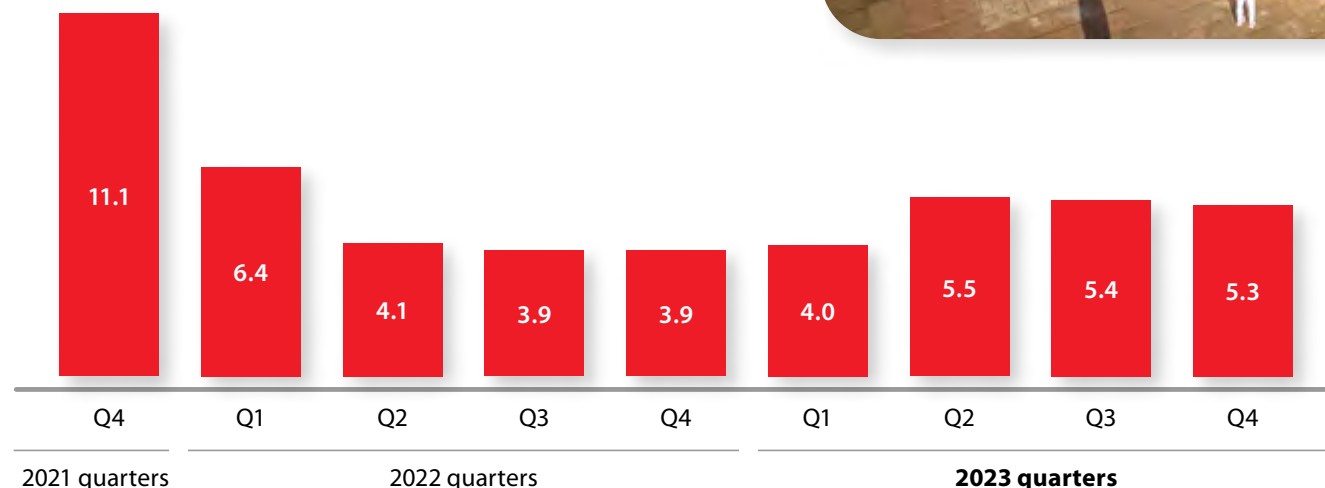


**MACROECONOMIC ENVIRONMENT AND FINANCIAL SYSTEM IN CENTRAL AMERICA**

# Costa Rica

## Costa Rica - Gross Domestic Product

(Annual percent change)



Source: Banco Central de Costa Rica and Davivienda's calculations.



### ECONOMIC ACTIVITY

The evolution of the Costa Rican economy in 2023 was influenced by a complex international environment characterized by persistent inflationary pressure, geopolitical conflicts, rising interest rates and a global economic slowdown.

In the fourth quarter of 2023, the pace of growth moderated slightly compared to the third quarter, as it showed a year-on-year variation of 5.3%, 0.1% lower than the immediately preceding quarter, which was 5.4%. Economic activity, measured by GDP, recorded a growth of 5.1% in 2023 (4.6% in 2022).

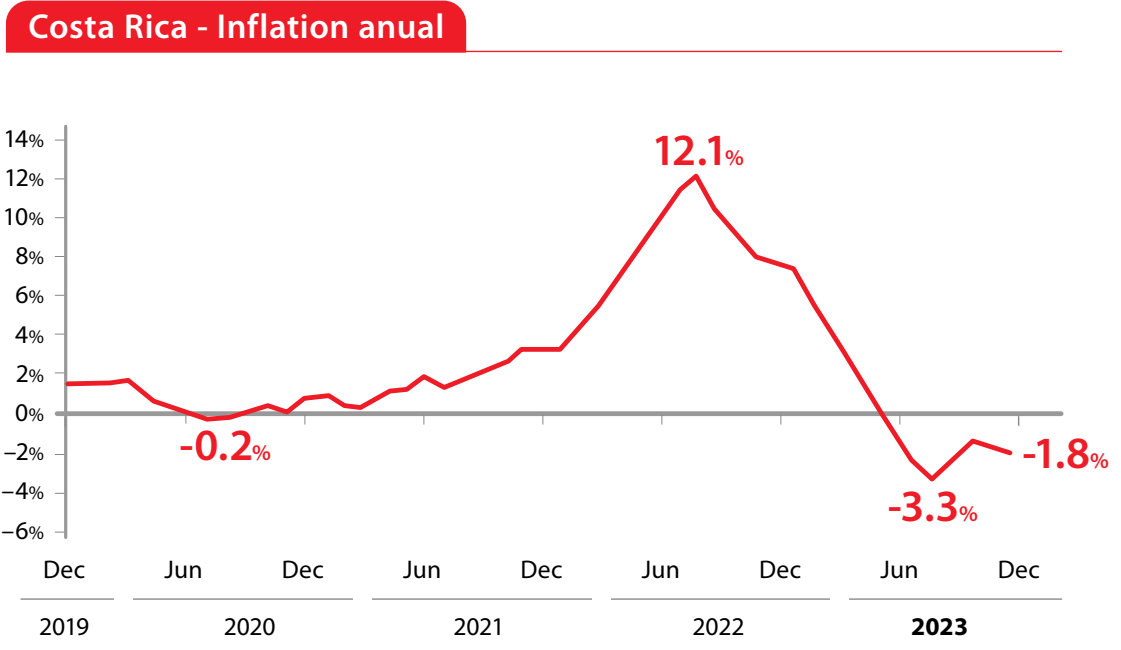
The dynamism of external demand was linked to a higher-than-expected growth of trading partners, as well as the arrival of new corporations to the country for the production of both manufactured goods and services, resulting from the geographical relocation process<sup>73</sup>. As for domestic demand, it also showed improvement, driven by the recovery of disposable income, which positively influenced household consumption, as well as increased investment, mainly in private construction.

<sup>73</sup> The relocation of companies or nearshoring refers to the geographical shift in the production chain towards certain countries that are closer in proximity to the end consumer.

According to the figures from the Central Bank, in terms of trade regime, the acceleration of GDP growth in 2023 is identified with the performance of the definitive regime<sup>74</sup>, where the recovery of activities such as agriculture, construction, and trade stands out. Construction went from a contraction of -5.4% in 2022 to a growth of 13.5% in 2023, a trend associated with a lower price environment for imported materials. In terms of private construction, residential construction (apartment buildings and houses) and non-residential construction (buildings, commercial premises, and parking lots) stood out. Furthermore, public infrastructure projects experienced a slight improvement (growth of 1.1% in 2023 compared to a decline of 11.1% in 2022).

**Inflation**

The variation in the consumer price index (CPI) showed a marked downward trend during 2023, exhibiting deflation since June, although in three out of the last four months of the year the monthly variation was positive.



Source: Central Bank of Costa Rica and Davivienda's calculations.

Throughout the year, the reduction in inflation has been determined by the reversal of external supply shocks and a restrictive monetary policy.

Particularly, the indicator was strongly influenced by the decrease in international prices of raw materials,

particularly fuels, and the downward evolution of the dollar exchange rate. The appreciation of the local currency reduced upward pressures on prices of goods, mainly imported ones.



<sup>74</sup> The definitive regime corresponds to companies that are not affiliated with any special regime. The special regimes, according to PROCOMER's definition, include Free Trade Zone, Active and Definitive Drawback. This regime consists of a series of tax benefits and incentives granted by the Costa Rican government to companies that decide to make investments in the country.





### Exchange rate

During the first quarter of 2023, the foreign exchange market faced significant downward pressures, following the appreciation trend observed since the second half of 2022.

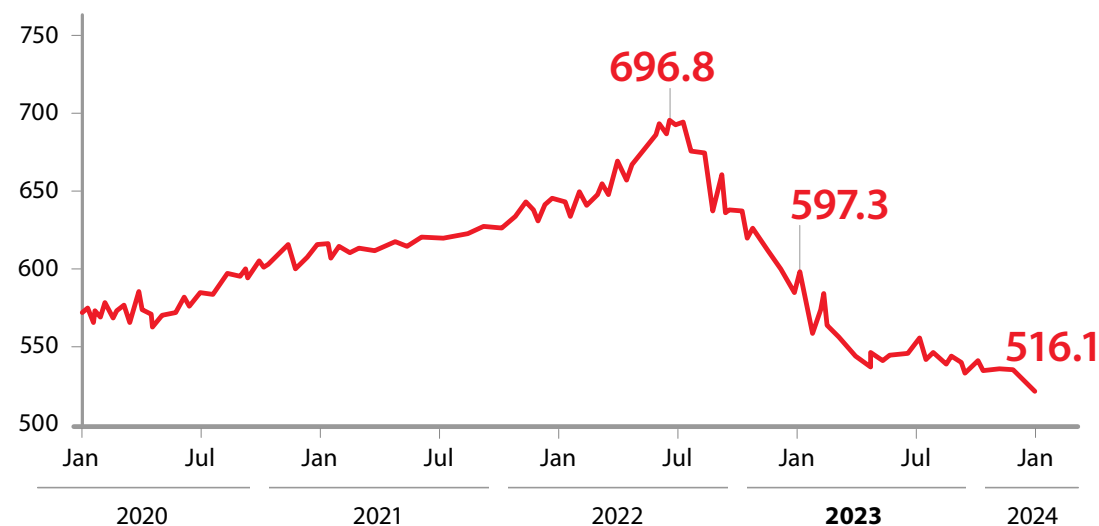
A period of relative stability in the exchange rate level stands out from the second quarter of 2023 until the end of the year, still with a moderate appreciation trend.

The appreciation of the Costa Rican colón observed during the year was the result of tourism recovery, increased foreign direct investment flows, improved risk perception, deceleration in raw material prices and lower demand for foreign currency by pension operators, among other factors. These elements influenced a greater availability of foreign currency, which led to a 12.4% decrease in the exchange rate compared to the previous year, closing 2023 at CRC 526.88 per dollar.

Given the greater availability of foreign currency, the Central Bank actively participated in the foreign exchange market as a net buyer; specifically, the total net amount acquired by the Central Bank in Monex represented 66.6% of the total amount traded in the year. As a result of the above, at the end of 2023, the level of international monetary reserves stood at USD 13.2 billion (USD 4.7 billion more than in December 2022).

### Costa Rica - Nominal exchange rate

(CRC per USD 1)



Source: Central Bank of Costa Rica.

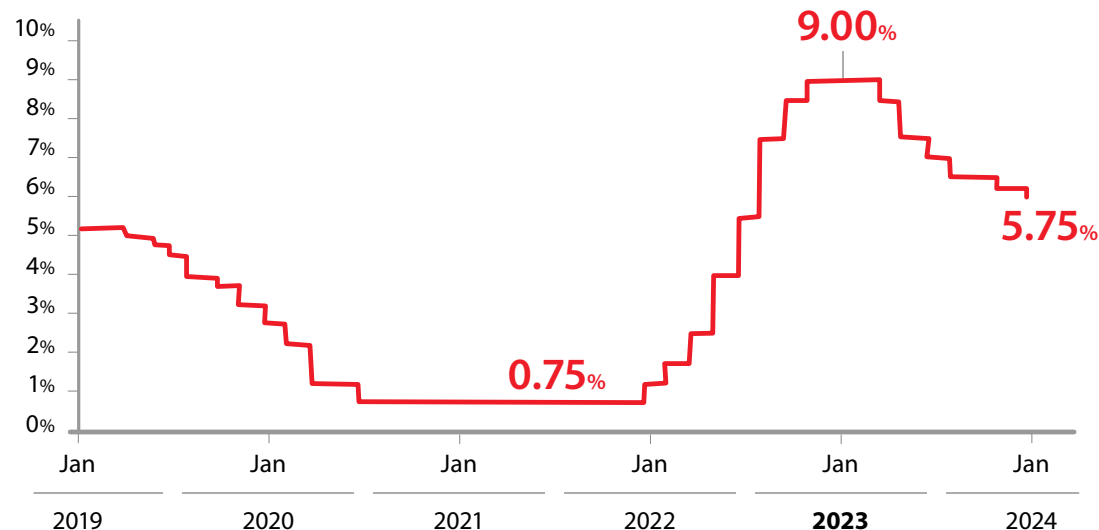


**Monetary policy, fiscal policy and risk ratings**

The decline in inflation enabled the Central Bank to initiate a gradual process of reducing the monetary policy rate (MPR) in March 2023. Throughout the year, it was lowered seven times, going from 9% to 6% (-300 basis points)<sup>75</sup>.



**Costa Rica - Monetary policy rate**



Source: Central Bank of Costa Rica.

The entity defended the rate cuts by arguing that the economic activity maintained robust growth, as well as improvements in labor market indicators (formal employment increased and unemployment and underemployment rates decreased). Additionally, inflation expectations ended the year within the tolerance range around the target.

On the other hand, the central government of Costa Rica presented a primary surplus of 1.8% of GDP in the cumulative period from January to November 2023 (2.2% of GDP in the same period of 2022). Likewise, the financial balance as of November was -4.4% of GDP in 2023 (-4.2% of GDP one year earlier).

In this same line, total revenues also had a positive performance, reaching an amount equivalent to 13.6% of GDP between January and November 2023 (14.5% in 2022), while total expenditure excluding interest represented 16.1% of GDP (16.5% in 2022).

These results contributed to a reduction in the central government's debt compared to the end of 2022 (63.3% of GDP in November 2022 vs. 61.6% of GDP in November 2023). Thus, the performance of public finances exceeded the targets agreed with the IMF<sup>76</sup> in terms of the primary balance and the debt-to-GDP ratio.

Regarding financing, the IMF concluded the fifth review under the Extended Fund Facility in December, which enabled a disbursement equivalent to USD 276 million. Additionally, the second review of the Resilience and Sustainability Service Agreement was concluded, allowing for approximately USD 495 million to support the country's climate change agenda.

<sup>75</sup> In its first meeting of 2024, the Board of Directors of the Central Bank cut the MPR by 25 basis points, setting the rate at 5.75%.

<sup>76</sup> The goals consist of *quantitative performance criteria*, which are specific and measurable conditions related to macroeconomic variables, as well as indicative targets to monitor certain aspects of the economy. The goals include the establishment of a minimum level of international reserves, a limit on the central government's primary balance, as well as issues related to inflation control and delays in external payments by non-financial entities of the public sector and the Central Bank (which should remain at 0).

Additionally, the government conducted eurobond issuances in March and November for USD 1.5 billion each time. The March issuance was for a term of 11 years and the November issuance for a term of 31 years. This was done under the legislative framework of 2022 to issue USD 5 billion in eurobonds.

In this context, Fitch Ratings, Moody's Investors Service and Standard & Poor's upgraded the country's risk rating to BB-, B1 and BB-, respectively, while Fitch and S&P maintain a stable outlook.

### Financial Sector

The reductions in the monetary policy rate (MPR) in 2023 were transmitted to the rest of the financial system's interest rates, albeit more significantly in the passive rates. The average active rate in Costa Rican colones<sup>77</sup> decreased by only 160 bps, while the average passive rate in colones decreased by 358 bps during 2023. The decrease in passive interest rates in colones, coupled with the relative stability in passive rates in dollars and the appreciation of the colón, reduced the premium<sup>78</sup> for saving in colones and placed it at values close to zero (-31 bps for the 180- to 209-day term and -58 bps for the 360- to 539-day term) at the end of December.

Regarding the main monetary aggregates, private sector credit grew by 6.7% in 2023 (6.1% in 2022), with a greater boost from foreign currency operations (which grew by 11%). The increased demand for dollar-denominated credit was consistent with the relative increase in the cost of credit in colones. As for the banking system's delinquency, the Monetary Policy Report of the Central Bank indicated that it remained relatively stable: in November 2023, the regulatory delinquency indicator for the loan portfolio (delinquency over 90 days or in judicial collection) stood at 2.0% (2.2% in November 2022).

On the other hand, total liquidity and financial wealth grew at an annual rate of 7.5%, highlighting a greater preference of savers for highly liquid deposits in colones, to the detriment of term deposits, whose annual growth decreased from 17.6% in June to 5.7% in December. This behavior is consistent with the lower opportunity cost of holding low-yielding instruments, given the reduction in passive interest rates in colones.

<sup>77</sup> Average of other deposit-taking institutions, including banks, cooperatives, mutuals, and financial institutions.

<sup>78</sup> The interest rate premium for saving in local currency refers to the additional gain of saving in that currency due to the interest rate differential compared to foreign currencies.







### Costa Rica - Main financial sector figures and indicators

(in USD million)

	Amount			Variation (1)	
	December 2023	December 2022	December 2021	2023-2022	2022-2021
<b>Total assets</b>	76,967	67,401	61,813	0.1%	1.4%
<b>Investments</b>	15,572	13,358	13,789	2.2%	-9.9%
<b>Total loans</b>	47,905	41,545	37,336	1.0%	3.5%
<b>Commercial*</b>	17,276	15,018	13,650	0.8%	2.3%
<b>Consumer*</b>	14,727	12,018	10,507	7.4%	6.4%
<b>Mortgage*</b>	12,607	11,247	10,277	-1.8%	1.8%
<b>Other assets**</b>	13,490	12,498	10,687	-5.4%	8.7%
<b>Liabilities</b>	65,242	57,850	53,050	-1.2%	1.4%
<b>CDs</b>	25,554	21,735	18,935	3.0%	6.7%
<b>Savings</b>	13,309	11,300	10,675	3.2%	-1.6%
<b>Other liabilities***</b>	11,377	11,527	10,273	-13.5%	4.3%
<b>Checking accounts</b>	15,002	13,288	13,167	-1.1%	-6.2%
<b>Equity</b>	11,726	9,551	8,763	7.6%	1.4%
<b>ROA (2)</b>	0.65%	0.99%	0.92%		
<b>ROE (3)</b>	4.37%	7.04%	6.44%		

\* Loans by type are extracted from loans by type to the private sector, therefore the sum of the modalities does not equal the total portfolio of the SUGEF's financial sector balance sheet. Figures for 2023 are as of November.

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

\*\*\* Other liabilities include overdrafts, capitalization contracts, debentures and liabilities without cost. The closing exchange rates for 2021, 2022 and 2023 were used.

(1) Variations are based on the local currency.

(2) Twelve-month profit to twelve-month average assets. Calculation by Davivienda.

(3) Twelve-month profit to twelve-month average equity. Calculation by Davivienda.

Source: Superintendencia General de Entidades Financieras de Costa Rica (SUGEF).



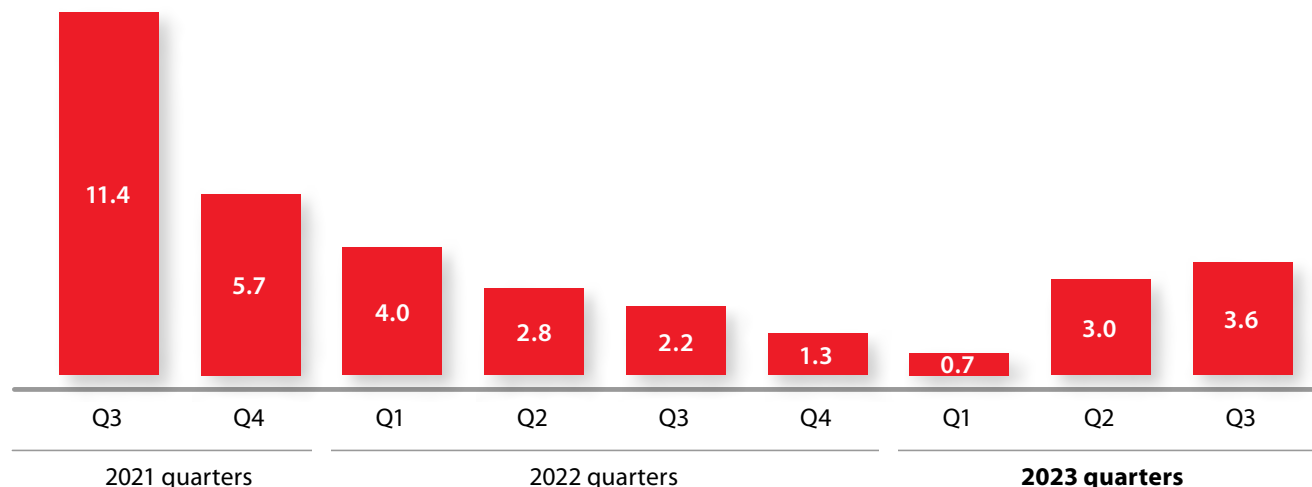
# El Salvador

## Economic activity

According to the Central Reserve Bank (BCR), in 2023 the country was exposed to adverse international economic conditions, especially a drop in external demand. However, it was noted that other factors favored domestic production, such as investment in infrastructure, an increase in electricity generation capacity, tourism, the development of internationally scaled events, and a substantial improvement in public security indicators. In this way, El Salvador experienced a moderate acceleration in its economic activity, following the downward trend recorded since the second quarter of 2021.

### El Salvador - Gross domestic product

(Annual percent change)



Source: Central Reserve Bank and Davivienda's calculations.



Up to the third quarter of the year, GDP grew at an average rate of 2.4%. Specifically, when averaging the annual variations of GDP for the first three quarters of 2023, the activity that showed the highest annual growth was construction (17.1%), followed by electricity (14.8%) and professional, scientific and technical activities (10.6%). In the case of construction, the Salvadoran Chamber of Construction (Casalco) estimated an investment of approximately USD 1.9 billion for 2023, distributed between both public and private projects. On one hand, the private sector addressed the housing demand and the execution

of shopping centers, and on the other hand, the government focused on the development of road infrastructure, renovation of sports venues, recovery of public spaces, relocation of merchants, and attention to schools and public buildings.

On the other hand, trade had an average annual growth of 0.6% in the first three quarters, lower than the 2.4% recorded for the same period in 2022. Likewise, the manufacturing industry decreased by 4.3%, especially due to the drop in orders to the maquila sector towards the United States.

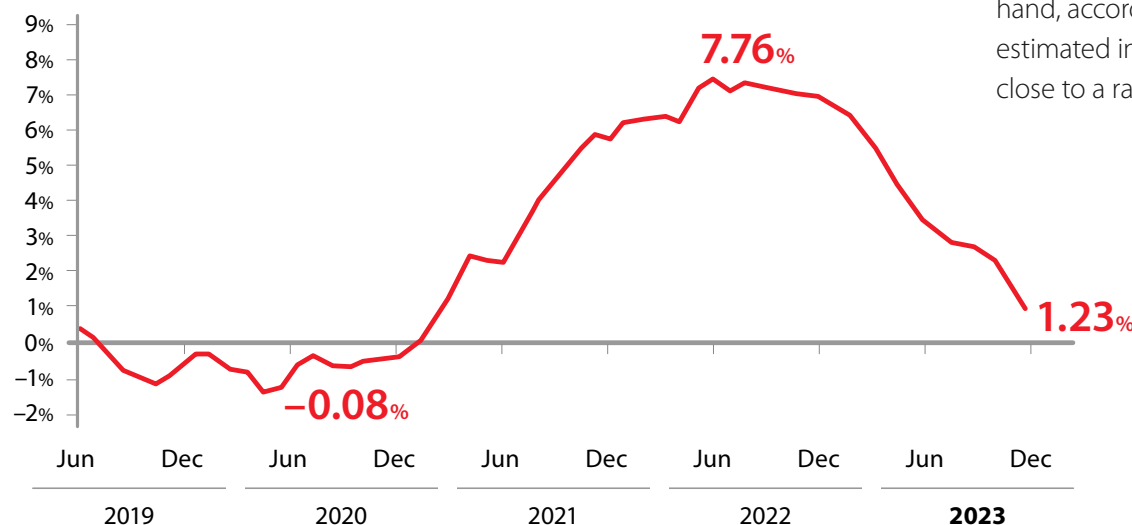


# 4.63% INCREASE IN REMITTANCES in El Salvador in 2023.

In the case of the external sector, exports fell annually by 8.7%, within which traditional products, non-traditional products, and maquila contracted by 10.7%, 5.2%, and 23.1%, respectively. In turn, imports fell by 8.5%, with breakdowns of 1.7%, 15.7% for consumer and intermediate goods, 28% in the maquila sector, and only capital goods recorded a growth of 0.4%.

Meanwhile, remittances experienced a growth of 4.63%, reaching USD 8.2 billion, higher than the previous year's 3.2% growth. Finally, progress was made in tax collection<sup>79</sup>, which was 2.4% higher than budgeted at the beginning of 2023 and 5.1% higher than the amount collected in 2022.

## El Salvador - Annual inflation



Source: Central Reserve Bank and Davivienda's calculations.

### Inflation

In 2023, inflation started with a marked downward trend, going from an annual variation of 7.03% in January to an indicator of 1.23% in December. Unlike in 2022, the government did not implement price control measures (fuels), only maintaining the traditional subsidies for electricity, transportation, propane gas, and drinking water services. In terms of categories, food and non-alcoholic beverages had the highest growth, averaging 7.9% throughout the year. On the other hand, according to the IMF, the estimated inflation for 2024 will be close to a rate of 2.4%.

### Fiscal policy and risk ratings

According to data from the Ministry of Finance, as of December 2023, the debt balance of the non-financial public sector (NFPS) was USD 19.4 billion, registering an annual decrease of USD 5.3 billion and representing 55% of the country's GDP, a reduction of 21 percentage points from the 76% of GDP recorded at the end of 2022. The reduction was related to the dissolution of the Trust for Pension Obligations (FOP) and the transfer of the Pension Investment Certificates (CIP) to the new Salvadoran Institute of Pensions (ISP), in accordance with the special law issued in December 2022. In this sense, the reforms allowed the pension debt balance (USD 9.5 billion as of December 2023) to be accounted for within the Financial Public Sector. When considering only the NFPS (excluding the effect of pensions), the annual increase in debt was 5%.

79 Ministry of Finance: Data as of December 31, 2023.



The main changes of the reform included an increase in the contribution rate, the removal of life insurance cost, a reduction in administration fees, the elimination of the 25% advance of funds<sup>80</sup>, and a 30% increase in old-age pensions. Additionally, the government and the pension fund administrators (AFP) agreed on a grace period of 4 years, during which no interest or capital will be paid for the pension debt. After this period, a 7% annual interest will be amortized over a 50-year term.

On the other hand, in 2023, after the pension system reform, Fitch Ratings downgraded the sovereign rating from CC to RD (default) and subsequently to CCC. Meanwhile, Standard & Poor's (S&P) downgraded its rating to SD (default) from CCC+ on May 9, but a day later, it raised it again to CCC+. Later in November, S&P improved the rating to B- from CCC+, establishing a stable outlook. According to S&P, the improvement was due to the short-term debt reprofiling strategy. Moody's, on the other hand, affirmed the rating at Caa3, improving the outlook from negative to stable.

Additionally, in September, the Ministry of Finance announced an agreement with the national banking sector to modify the conditions of short-term debt (maximum period of 365 days) by issuing local bonds with maturities of 2, 3, 5, and 7 years. This allows for a reduction in short-term public debt levels and a better medium-term debt maturity profile. At the time the measure was announced, the balance of short-term debt was USD 2.4 billion, of which USD 1.7 billion would be distributed across the aforementioned maturities.

Finally, El Salvador recorded a deficit of USD 860 million in 2022, representing 2.6% of that year's GDP. As of November 2023, the fiscal deficit amounted to USD 307.7 million (1% of GDP), which is a 179% reduction compared to the same period of the previous year; however, this reduction was influenced by the dissolution of the FOP (similarly to the public debt).

### Financial Sector

The Central Reserve Bank, in its annual Financial Stability report, indicated that as of the first quarter of 2023, the

banking system experienced a notable reactivation in its role as a facilitator of resources to the economy, with credit growth rates exceeding 10%. However, since the second quarter of 2023, its behavior has tended to moderate towards pre-crisis averages. Nevertheless, financial institutions continued to exhibit adequate liquidity and capital strength, as well as good metrics for credit risk management and efficiency, allowing them to achieve optimal profitability indicators.

Banks, cooperative banks, and savings and credit institutions have different sources of financing to obtain financial resources for banking intermediation operations. The main sources of financing for the Salvadoran banking system are deposits (87.2%), external financing (8.8%), and own issuance securities (4.5%). On the other hand, the Basic Passive Interest Rate (TIBP) and Basic Active Interest Rate (TIBA) have shown a significant increase compared to 2022. The TIBP, corresponding to 180-day term deposits, ranged between 4.90% and 5.58%, with an average of 5.26%,



experiencing an increase of 71 bps compared to the previous year (4.54%). The upward trend in active rates is related to the increase in deposit remuneration and the higher returns demanded by investors for debt instruments issued by banks in the local securities market.

<sup>80</sup> With the 2017 reform, affiliates were allowed to withdraw 25% of their individual pension savings balance before reaching retirement age. This advance had to be repaid in cash or work years.



**El Salvador - Main financial sector figures and indicators**

(in USD million)

	Amount			Variation	
	December 2023	December 2022	December 2021	2023-2022	2022-2021
<b>Total assets</b>	23,978	22,373	21,724	7.2%	3.0%
<b>Investments</b>	3,593	2,940	2,763	22.2%	6.4%
<b>Total loans</b>	15,731	15,143	13,711	3.9%	10.4%
<b>Commercial*</b>	8,008	7,855	6,822	1.9%	15.1%
<b>Consumer*</b>	5,438	5,089	4,719	6.9%	7.9%
<b>Mortgage*</b>	2,744	2,653	2,590	3.4%	2.5%
<b>Other assets**</b>	4,654	4,290	5,250	8.5%	-18.3%
<b>Liabilities</b>	20,868	19,344	18,658	7.9%	3.7%
<b>CDs</b>	6,446	5,512	5,256	16.9%	4.9%
<b>Savings</b>	5,771	5,613	5,120	2.8%	9.6%
<b>Other liabilities***</b>	2,591	2,674	2,516	-3.1%	6.3%
<b>Securities</b>	1,332	828	804	60.9%	2.9%
<b>Checking accounts</b>	4,728	4,717	4,963	0.2%	-4.9%
<b>Equity</b>	2,551	2,469	2,412	3.3%	2.4%
<b>Future commitments and contingencies</b>	559	561	655	-0.2%	-14.4%
<b>ROA (1)</b>	1.34%	1.38%	1.22%		
<b>ROE (2)</b>	12.48%	12.49%	10.92%		

Source: Superintendencia of the Financial System of El Salvador (SSF)

Regarding the main monetary aggregates, the portfolio balance of the national financial system showed an annual growth of 4.3% (10.5% the previous year), mainly driven by loans to companies, suggesting increased investments in productive activities.

On the other hand, total liquidity, understood as the total financial assets available to the economy issued by the Financial System, both monetary and quasi-monetary, has regained momentum. At the end of 2023, the indicator recorded an annual variation of 5.2%, higher than the 4.6% observed the previous year.



\* The portfolio by type does not include provisions for uncollectibility of the portfolio; therefore, the sum is not equal to the total portfolio available in the balance sheet figures.

\*\* Other assets include available funds, temporary acquisition of notes, fixed assets and other assets.

\*\*\* Other liabilities include demand obligations, traded notes, checks and values to be applied, subordinated debt and other liabilities..

(1) The numerator is calculated by annualizing the accumulated balances per month (balance x 12/ number of months); the denominator is the accumulated balances per month. Methodology of the Superintendencia of the Financial System of El Salvador for ROA.

(2) The numerator is calculated by annualizing the accumulated balances per month (balance x 12/ number of months); the denominator is the accumulated balances per month. Methodology of the Superintendencia of the Financial System of El Salvador for ROE.

# Honduras

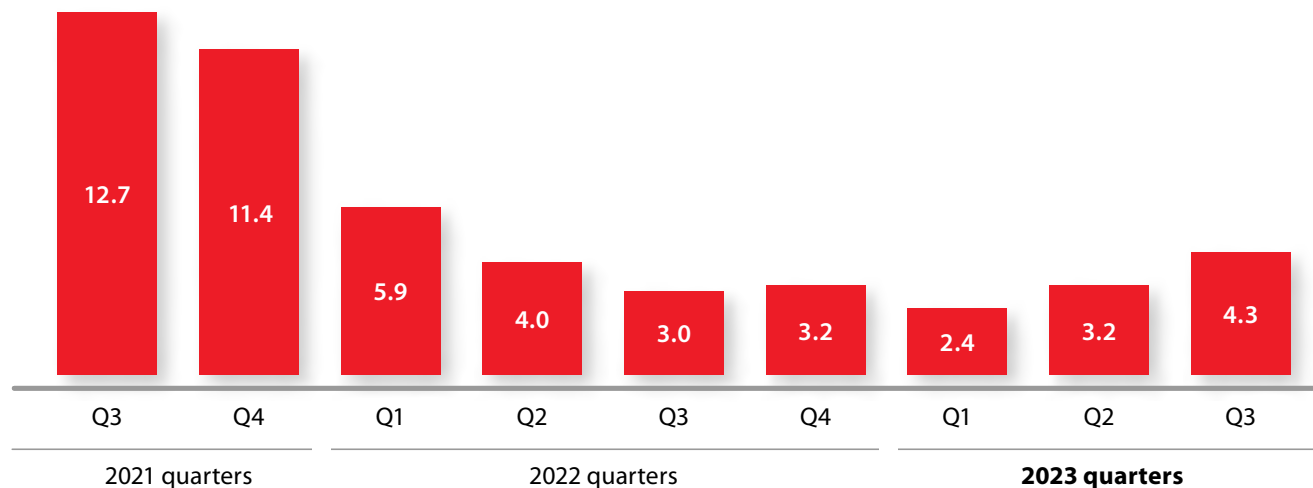
## Economic activity

In 2023, the Honduran economy was affected by a decline in external demand mainly for textile goods, which had a significant impact on the manufacturing sector. However, it showed resilience by reversing the deceleration process observed from March 2022 to March 2023, indicating greater dynamism for the second and third quarters of the year. The average growth experienced for the first three quarters of 2023 was 3.31%, lower than the same period of the previous year when it was 4.31%.

Moderate growth in the United States, the country's main export destination, led to a reduction in textile activity; according to official data from the Central Bank of Honduras, measured through the IMAE, the textile sector had decreased by an average of 23% as of October 2023, compared to a growth of 14% shown in the same period of the previous year.

## Honduras - Gross domestic product

(Annual percent change)



Source: Central Bank of Honduras and Davivienda's calculations.

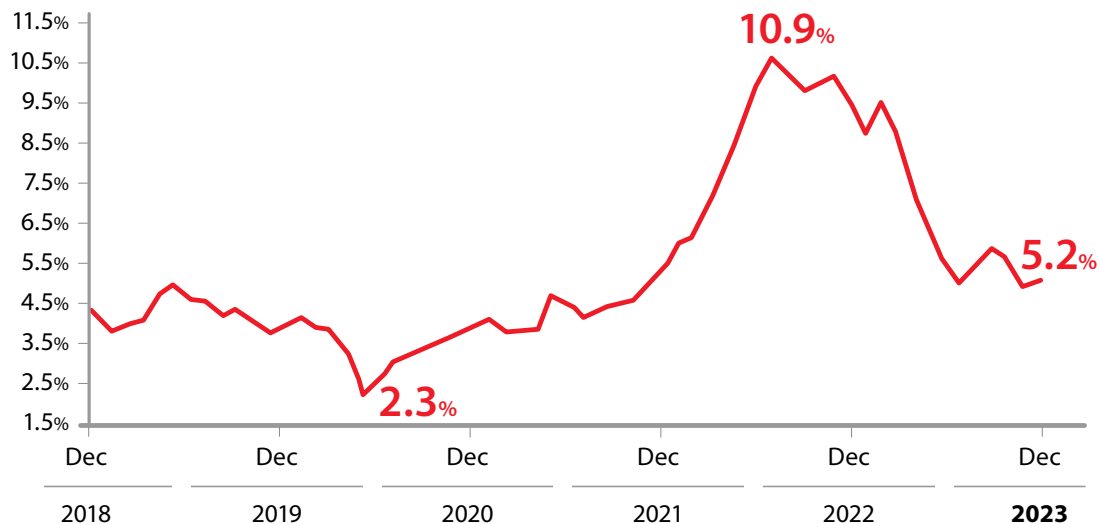
On the other hand, the financial intermediation sector showed good results – a quarterly average contribution to GDP of 3% – something never seen in the last 23 years. This explains part of the better economic results in the last two quarters of 2023, due to better intermediation margins, increased credit placement, and insurance premiums.

Furthermore, exports, excluding the textile sector, as of September 2023, reflected a decrease of 3%, explained by a decline in the main export products such as coffee and palm oil, the former affected by price behavior observed in international markets and the latter by lower production.

Imports, on the other hand, showed a decrease of 2%, explained by lower payments for fuels and industrial supplies compared to 2022, due to a fall in prices in international markets.



### Honduras - Annual inflation



Source: Central Bank of Honduras and Davivienda's calculations.

#### Inflation

The annual inflation rate in December 2023 was 5.19%, the lowest in the past three years, following a turbulent 2022 due to the military conflict between Ukraine and Russia, when it reached its highest figure (9.80%). In 2023, inflation decreased significantly, especially in sectors such as transportation,

electricity, and other fuels. In its December report, the Central Bank of Honduras (BCH) highlighted that imported inflation closed at 1.08%, showing an improvement compared to 2022 when it was 5.20%.

However, the food and non-alcoholic beverages sector, although it has reduced its upward trend, continues to have a considerable impact on inflation, in some cases due to seasonal scarcity of certain basic foods and in others due to increased demand for goods. On average, this sector showed an inflation rate of 2.93% in 2023, higher than the pre-pandemic level of 0.59% (2019).

**5.19%**  
**ANNUAL INFLATION**  
 in Honduras, the lowest  
 in the last 3 years.

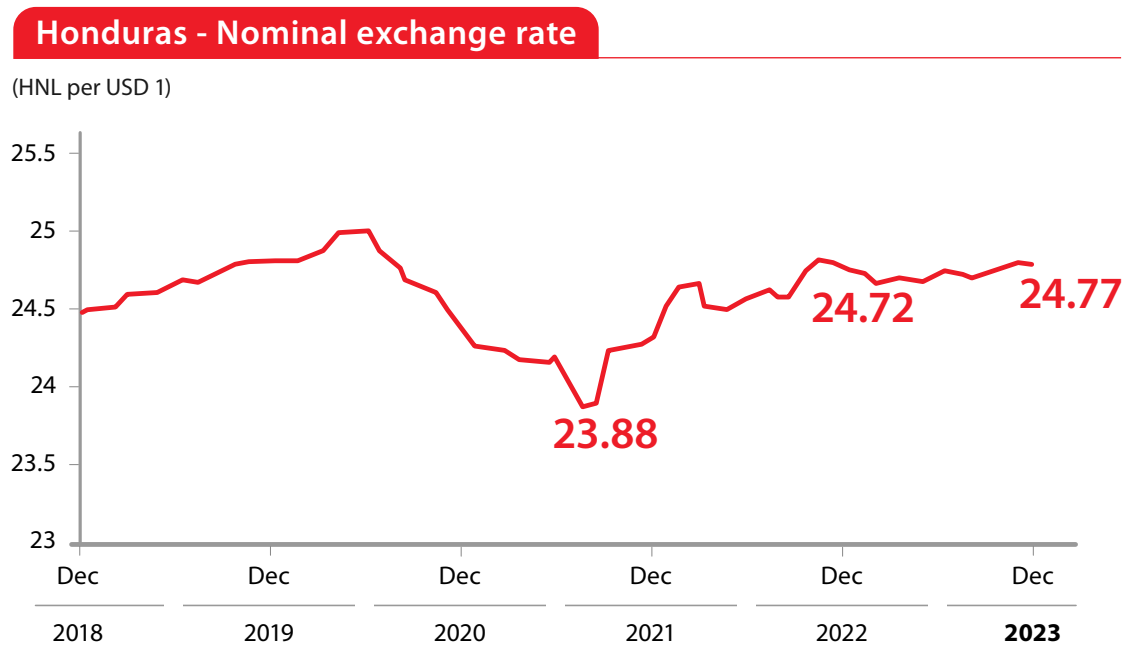




### Exchange rate

As of December 2023, the Honduran lempira against the US dollar maintained a stable trend, with a variation of 0.22%, representing the lowest depreciation in the past 5 years. This is due to the constant and increasing flow of remittances entering the country: as of September 2023, remittances increased by 6.14% compared to 2022, representing about 26% of GDP.

However, it should be noted that international reserves showed a decrease of 10% in December 2023 compared to the same month in 2022. In April 2023, the BCH decided to reactivate the foreign exchange auction system<sup>81</sup>, which aims to establish greater control over the allocation of foreign currencies in order to reduce speculative pressures on the exchange rate. This mechanism was in place for 25 years and was replaced in 2017 by the interbank foreign exchange market<sup>82</sup>.



Source: Central Bank of Honduras.



<sup>81</sup> The selling modality of currencies adopted by the Central Bank (BCH), in which the offered currencies (available for sale by the BCH) are allocated or sold to the bidders who offer the highest price for them.

<sup>82</sup> It is a market where banks and the Central Bank (BCH) come together to submit bids for the purchase and sale of currencies in accordance with the regulations issued by the BCH as the executing entity of the exchange rate policy.

**Monetary policy, fiscal policy and risk ratings**

During 2023, the Central Bank of Honduras (BCH) maintained the monetary policy rate (MPR<sup>83</sup>) at 3%, with the aim of continuing to stimulate bank credit and spending in the economy. However, the decision was made to increase the rate on

permanent credit and investment facilities from 3.5% to 4% that the BCH grants to commercial banks<sup>84</sup>. This is intended to provide an alternative mechanism to reduce the impact of excess liquidity that may arise in the financial system.

**55%**  
**INDIRECT TAXES**  
**accounted for more than**  
**half of tax revenues.**

In fiscal matters, the Ministry of Finance, in its monthly report, informed that the fiscal deficit of the central administration, as a percentage of GDP<sup>85</sup>, was 0.6% as of November 2023, contrary to the surplus reflected in the same month of 2022 when it was 0.1%.

Regarding revenues, a growth of 10% was observed, mainly driven by indirect taxes, which accounted for 55% of tax revenues compared to 29% for direct taxes. Other sources of revenue included foreign trade taxes (5%), road contributions, and social spending (11%). Compared to the previous period, there was a 14% increase in indirect taxes, while direct taxes decreased by 2%. This decrease was due to a 1% drop in income tax collection, which represents 89% of direct taxes.

As for current expenditure, it increased by 12% compared to 2022 and represented 89% of total revenues (87% in November 2022), while capital expenditure absorbed 15% of revenues (12% in November 2022). The increase in these items was due to higher transfers to municipalities as

part of the poverty reduction strategy and debt service payments, which saw a 19% growth compared to 2022.

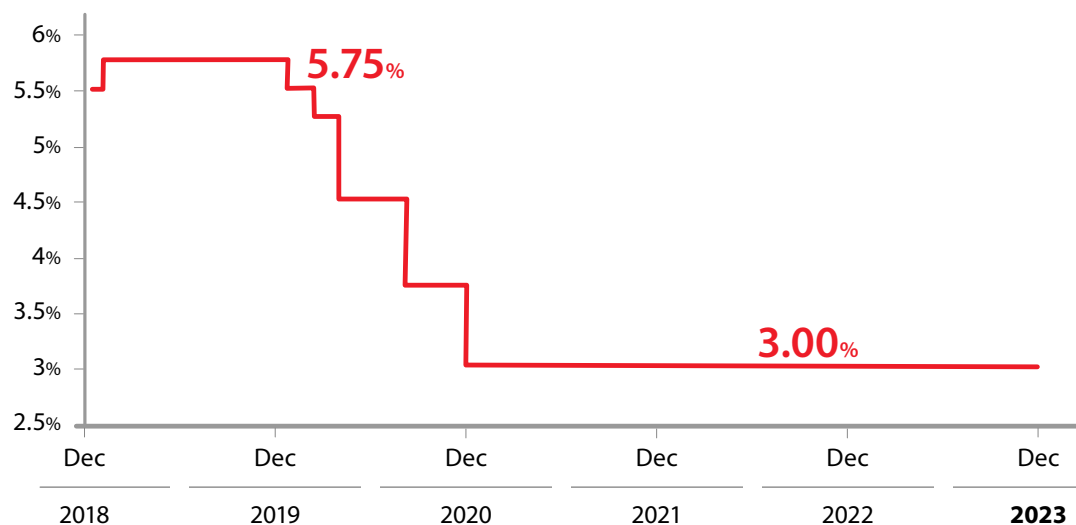
Regarding the public debt of the Central Administration, the Ministry of Finance reported a decrease as of September 2023 for the third consecutive year, representing 47.1% of GDP (49.5% in September 2022). This decrease is due to slower debt growth and the greater dynamism shown by the economy.

**83** The Monetary Policy Rate (MPR) established by the BCH will be the maximum accepted for buying bids in liquidity auctions directed at institutions of the national financial system, and it will be the minimum for selling bids. The MPR will serve as a reference for interbank operations.

**84** It is a credit operation in the national currency with a one-day term (overnight), used by the BCH to inject short-term liquidity into institutions of the national financial system.

**85** This figure represents the accumulated fiscal deficit of the Central Administration between January and November. Due to the revenue and expenditure structure of the Honduran government throughout the year, the deficit increases towards the end of the year. On average, since 2015, the result between October and December has increased by 2.3 percentage points.

**Honduras - Monetary policy rate**



Source: Banco Central de Honduras

In October 2023, the credit rating agency Standard & Poor's decided to maintain Honduras' risk rating at BB-, changing the outlook from negative to stable. Moody's, on the other hand, highlighted that there were no changes in its risk rating and assigned a B1 rating with a stable outlook. The signing of a new agreement with the IMF in August 2023, for a three-year period and an amount of USD 830 million, along with the government's containment of the fiscal deficit with stable medium-term metrics, are some of the main factors highlighted by the agencies in their reports.

**Financial Sector**

In the financial sector, the financial system continues to show strength and dynamism. The financial stability report prepared by the Central Bank of Honduras as of June 2023 highlighted compliance with the minimum solvency regulatory requirements, in line with data published by the supervisory authority (National Commission of Banks and Insurance). As of December 2023, it is worth

noting that the asset quality showed an improvement, decreasing from 2.35% in 2022 to 2.16% in 2023, which can be attributed to efficient risk management. On the other hand, loan placements reflected a growth of 19%, contributing to improved profitability ratios, closing with an average of 14.46% in 2023 compared to 14.16% in 2022.

Due to increased lending, the financial system required more resources, resulting in an annual increase of 11.18% in the deposit portfolio in 2023. Checking accounts (7%) and fixed-term deposits (16%) were the main sources of deposits, representing approximately 78% of the financial system's deposit structure. However, this was insufficient to meet the existing demand, leading to an 18% growth in interbank lending (both domestic and foreign) in 2023 compared to the previous year. This resulted in a decrease in liquid assets within the financial system, returning to pre-pandemic levels.

**Honduras - Main financial sector figures and indicators**

(in USD million)

	Amount			Variation (1)	
	December 2023	December 2022	December 2021	2023-2022	2022-2021
<b>Total assets</b>	40,557	35,283	32,777	15.3%	8.5%
<b>Investments</b>	4,103	4,863	4,486	-15.5%	9.3%
<b>Total loans (2)</b>	23,301	19,592	17,009	19.2%	16.2%
<b>Commercial</b>	16,652	14,401	12,881	15.9%	12.7%
<b>Consumer</b>	4,756	3,668	3,020	29.9%	22.5%
<b>Mortgage</b>	3,316	2,716	2,337	22.4%	17.2%
<b>Other assets*</b>	13,173	10,827	11,283	21.9%	-3.2%
<b>Liabilities</b>	36,879	31,896	29,678	15.9%	8.4%
<b>CDs</b>	7,861	6,576	6,045	19.8%	9.7%
<b>Savings</b>	11,283	10,539	9,890	7.3%	7.5%
<b>Other liabilities**</b>	12,495	10,218	9,903	22.6%	4.0%
<b>Checking accounts</b>	5,239	4,563	3,840	15.1%	19.8%
<b>Equity</b>	3,698	3,391	3,099	9.3%	10.3%
<b>ROA (3)</b>	2.2%	2.5%	1.8%		
<b>ROE (4)</b>	11.6%	14.0%	9.2%		

\* Other assets include: Cash and cash equivalents, contingent assets and other assets.

\*\* Other liabilities include: Financial costs payable, other deposits, bank obligations, accounts payable and subordinated term obligations.

(1) Variations are in local currency.

(2) Figure corrected for accumulated impairment estimation on loans and interest and loan subsidy, according to the balance sheet reporting methodology for the Financial System of the CNBS. The figures for the portfolio by type are not corrected for these items, which is why the sum does not equal the total loans of the balance sheet.

The closing exchange rates for 2021, 2022, and 2023 were used.

(3) Annualized results / average real assets. CNBS methodology.

(4) Annualized results / capital and reserves. CNBS methodology.



# Panama

## Economic Activity

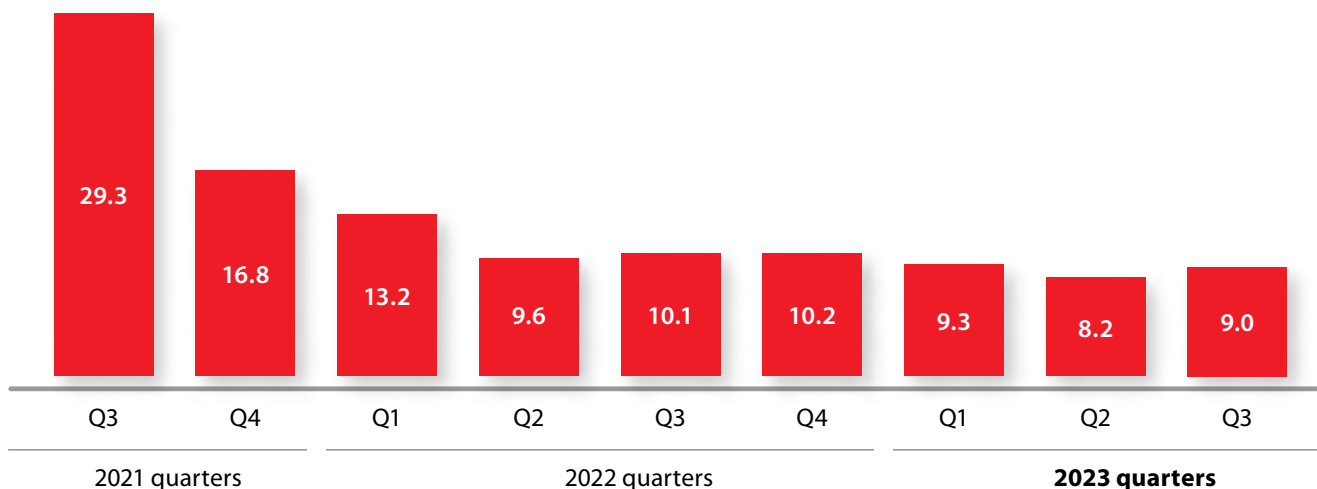
In 2023, Panama experienced an average increase of 8.9% in its economic activity for the first two quarters of the year, and 9% for the third quarter compared to the same period in 2022. According to INEC (2023), this growth was mainly driven

by the performance of the construction, wholesale and retail trade, manufacturing industries, electricity and water, hotels and restaurants, and land passenger transportation sectors.



## Panama - Gross domestic product

(Annual percent change)



Source: INEC Panama and Davivienda's calculations.

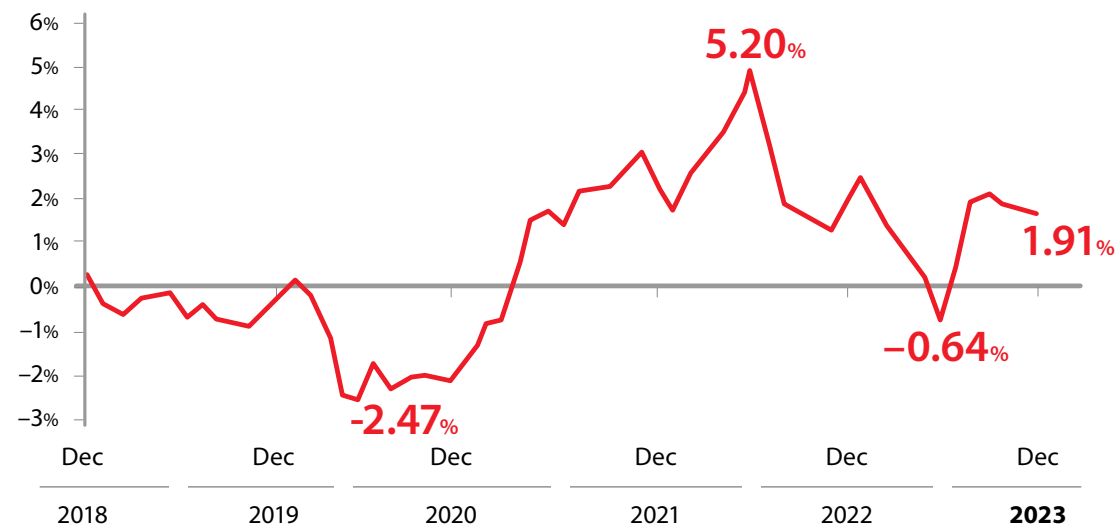
Regarding trade with the rest of the world, INEC reported favorable external conditions that positively impacted transportation activities, operation of the Panama Canal, and mining and quarrying activities until the third quarter of the year. Specifically, in this last period, there was a 10.8% increase in value added for the transportation sector and a 21.2% increase for the mining and quarrying sector.

Despite operational contingency measures due to drought, the Panama Canal recorded a 12.7% annual increase in toll revenues from January to November, while the total number of vessel transits decreased by 4.9% during the same period. Regarding mining and quarrying, it is worth noting that the government announced in early December 2023 the closure of the copper mine and the cancellation of the contract with Minera Panama.



**Inflation**

**Panama - Annual inflation**



Source: Panama and Davivienda's calculations.

**12.7%**  
**ANNUAL INCREASE**  
 of toll revenues in  
 the Panama Canal.

The government's subsidies on food, medicine, and fuel helped alleviate price pressures, leading to a decline in inflation in the first half of 2023. However, there were external pressures on food supply and increases in energy tariffs, which in turn pushed prices higher.

In April 2023, the subsidy on the price of 95-octane gasoline was eliminated, and in January 2024, the subsidy on 91-octane gasoline and diesel was also removed. Additionally, the subsidy on electricity tariffs, which covered customers with a consumption of up to 750 kilowatt-hours per month<sup>86</sup>, was eliminated starting from January 2023. This subsidy was granted through the Tariff Stabilization Fund (FET)<sup>87</sup> and was a relief measure within the framework of the Covid-19 emergency.

More precisely, the inflation report for the month of December showed an annual growth of 1.91% in consumer prices, higher than the minimum reached of -0.64% in the year-on-year variation in June, but lower than the 2.1% of the same period the previous year. According to INEC (2023), the increase was mainly explained by the groups: housing, water, electricity, and gas, which had a 9.9% increase, education with a 3.7% increase, goods and services with a 3.6% increase, among others.

<sup>86</sup> In the first semester of 2022, the Panamanian government highlighted that it subsidized 48% of the bill for those who consumed up to 300 kWh and 34% of the bill for those who consumed from 301 to 750 kWh.

<sup>87</sup> The ordinary subsidy to the electricity tariff for customers with consumption below 300 kWh per month remained. This subsidy was implemented in the year 2004.

**Fiscal policies and risk ratings**

In fiscal matters, the deficit as a proportion of GDP for the Central Government decreased to 3.73% in 2023, compared to 4.11% in 2022. This reduction was possible thanks to a 14.9% increase in total revenues compared to a 10.9% increase in total expenses annually. Within revenues, tax revenues grew by 9.1% and non-tax revenues by 24.5% annually. On the expenditure side, capital expenditures decreased by 4.3%, while transfer payments increased by 14% and debt interest payments increased by 63% annually. Public debt as a proportion of GDP decreased from 57.9% to 56.3% between December 2023 and December 2022.

In terms of risk ratings, Moody's downgraded Panama's rating in October from Baa2 to Baa3, while S&P and Fitch Ratings changed the outlook from stable to negative. The main motivation was the increase in fiscal challenges and, in the case of S&P, the potential negative impact on investor confidence and economic growth due to the cancellation of the contract with Minera Panama.

**Financial Sector**

The Superintendence of Banks of Panama (SBP) highlighted in its Financial Stability Report that for the first half of 2023, the profitability and performance of credit institutions continued to show signs of improvement and adequate levels of liquidity and solvency within regulatory limits.

According to the SBP, the improvement in profitability in 2023 was due to increased lending and a decrease in provisions for asset deterioration, continuing the positive cycle of the post-pandemic portfolio. The SBP highlighted the positive performance of the construction sector's loan portfolio, which has been showing positive annual growth since June 2023, not seen since May 2018.

In terms of solvency, the capital adequacy ratio for the International Banking Center was 16% as of June 2023, higher than the regulatory minimum of 8%. Finally, the asset quality deteriorated in 2023, reaching 2.7% in November, compared to 2.6% in the same period of the previous year. However, the SBP highlighted that the reserve coverage levels of most banks provide adequate buffers.

**Panama - Main financial sector figures and indicators**

(in USD million)

	Amount			Variation	
	Noviembre 2023	Noviembre 2022	Noviembre 2021	2023-2022	2022-2021
<b>Total assets</b>	129,751	123,788	116,155	4.8%	6.6%
<b>Investments</b>	26,537	24,260	22,133	9.4%	9.6%
<b>Total loans</b>	80,425	76,153	68,360	5.6%	11.4%
<b>Consumer</b>	13,631	13,077	12,904	4.2%	1.3%
<b>Mortgage</b>	20,483	19,737	18,681	3.8%	5.7%
<b>Other loans</b>	24,746	23,851	21,605	3.8%	10.4%
<b>Foreign</b>	21,566	19,488	15,171	10.7%	28.5%
<b>Other assets*</b>	22,789	23,375	25,663	-2.5%	-8.9%
<b>Liabilities</b>	115,878	111,215	103,763	4.2%	7.2%
<b>CDs</b>	47,767	43,329	42,824	10.2%	1.2%
<b>Savings</b>	15,335	16,286	16,008	-5.8%	1.7%
<b>Other liabilities**</b>	38,744	37,285	30,949	3.9%	20.5%
<b>Checking accounts</b>	14,033	14,315	13,981	-2.0%	2.4%
<b>Equity</b>	13,873	12,573	12,393	10.3%	1.5%
<b>ROA (1)</b>	1.73%	1.22%	0.97%		
<b>ROE (1)</b>	16.63%	11.81%	8.99%		

Source: Superintendence of Banks of Panama (SBP).

\* Other assets include liquid assets and other assets.

\*\* Other liabilities include local and foreign official deposits, debentures and other liabilities.

(1) Calculation by the Superintendence of Banks of Panama.





# > Financial results

## CONSOLIDATED FINANCIAL REPORT

The figures herein refer to the consolidated results achieved by Banco Davivienda in 2023 in contrast with the results recorded in 2022, under IFRS accounting principles for both periods.

## ASSET ANALYSIS AND STRUCTURE

At the end of the year, assets totaled COP 178.2 trillion, decreasing by 3.2% over the year. Excluding the effect of the COP appreciation over the year (+20.5%), assets increased by 3.8%.

Cash and interbank funds increased by 9.9%, mainly explained by higher active operations in the money market, in line with the liquidity strategy, as well as an increase in cash available in offshore accounts.

The investment portfolio expanded by 3.0%, mainly due to the expansion of the liquid assets portfolio and the acquisition of debt securities in Colombia.

Gross loans decreased by 6.1%, explained by:

- ▶ The effect of the appreciation of the Colombian peso during the year (+20.5%), as excluding this effect, gross loans decreased by 1.3%.
- ▶ The contraction of the consumer portfolio, resulting from lower disbursement levels due to the implementation of origination policies and a reduced activity in the commercial portfolio, particularly in the corporate and business sectors.
- ▶ The write-offs made during the year.

The loan loss reserves decreased by 3.9% as a result of the write-offs made throughout the year.

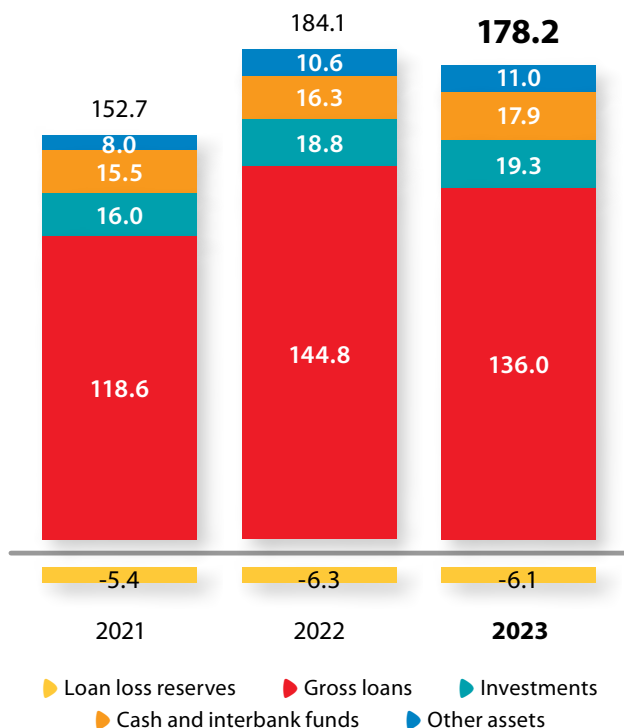
Commercial loans decreased by 7.0%, mainly explained by the lower demand in the corporate and business segments. Excluding the effect of the appreciation of the Colombian peso during the year (+20.5%), the commercial portfolio decreased by 1.0%.

Consumer loans decreased by 14.2%, due to the contraction of the unsecured personal loans, payroll, and vehicle loans in Colombia throughout the year. Excluding the effect of the appreciation of the Colombian peso during the year (+20.5%), the consumer portfolio decreased by 9.8%.

The mortgage loan portfolio increased by 5.5%, driven by growth in the low-income housing and leasing segments, particularly in Colombia. Excluding the effect of the appreciation of the Colombian peso during the year (+20.5%), the mortgage portfolio increased by 8.7%.

**Banco Davivienda Assets**

(Figures in COP trillion)



As of December 2023, 90-day PDLs increased by 181 bps over the year, mainly as a result of a challenging credit cycle materialization for the financial system in Colombia, where increases in delinquency levels were observed due to the macroeconomic situation that has affected the levels of indebtedness and the payment capacity of customers.

The PDL ratio for the commercial portfolio increased by 103 bps over the year, as a result of the impact on some clients, due to the macroeconomic environment.

The PDL ratio for the consumer portfolio increased by 374 bps over the year, mainly due to high interest rates that affected the payment capacity for some customers, and the change in this portfolio's risk profile in Colombia.

The PDL ratio for the mortgage portfolio increased by 104 bps over the previous year, mainly explained by an increase in delinquency levels related to the impact on the repayment capacity of some clients due to high interest rates, as well as by adjustments in the write-off policies, which seek to apply write-offs only in cases where the real expectation of recovery is very low.

Our coverage for 90-day past due loans closed 2023 at 90.5%, around 49 percentage points lower than the 139.5% figure reported in December 2022, mainly explained by the increase in the portfolio's delinquency levels and the write-offs made during the last 12 months, as well as by the adjustments made in the commercial and mortgage portfolios, better recognizing the collaterals.

It is important to mention that the coverage indicators for the commercial and mortgage portfolios have been decreasing as a result of a better recognition of the collaterals that the Bank has for these types of portfolios. As collaterals help mitigate credit risk by backing loans with tangible assets that can be liquidated to cover losses, provisions associated with these loans can be less intensive. Consequently, the expected loss is lower when discounting the potential recovery of the collateral, allowing the Bank to adjust the coverage levels for these portfolios.

In this sense, the coverage ratio including collaterals, allows for better recognition of credit risk exposure, as it includes the collaterals backing the obligations. At year-end 2023, the ratio was 132.3%

# LOW-INCOME HOUSING AND LEASING

Thanks to the growth of these segments, the mortgage portfolio increased 5.5%.







**132.27%**  
INDICATOR  
of total coverage including collaterals.

**Banco Davivienda  
PDL and Coverage Ratio**

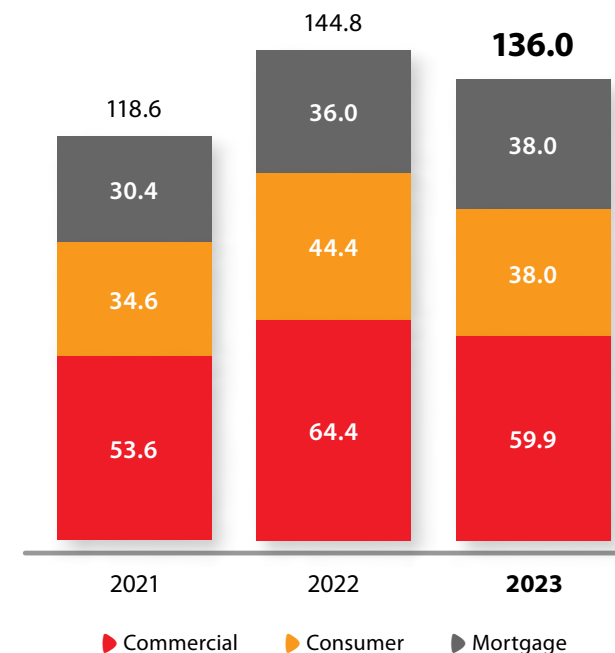
(90-day PDL and Coverage ratios)

**PDL and Coverage Ratio**

	December 2023	December 2022	December 2021
Commercial	3.79%	2.76%	3.53%
Consumer	6.97%	3.23%	2.19%
Mortgage	4.69%	3.65%	4.35%
Total PDL	4.94%	3.13%	3.35%
Total coverage	90.51%	139.48%	135.24%
Coverage + Collaterals	132.27%	186.18%	192.52%

**Banco Davivienda  
Loan Portfolio**

(in COP trillion)





**LIABILITIES ANALYSIS AND STRUCTURE**

Total liabilities decreased by 2.6% over the year, closing at COP 163.5 trillion for 2023. This is mainly attributable to a decrease in demand deposits (-14.6%) and credits with entities (-24.6%).

During the year, funding sources decreased 2.5%, mainly as a result of the appreciation of the Colombian peso during the year (+20.5%); excluding this effect, funding sources increased 3.8%.

Credits with entities decreased by 24.6% during the year. This result is mainly explained by the decrease in financial obligations with foreign entities and the revaluation of the peso against the dollar.

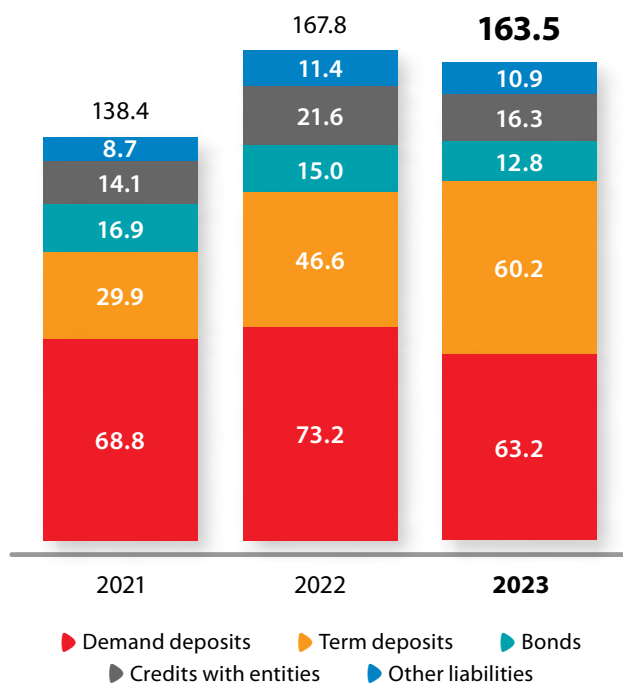
The increase in traditional deposits came mainly from term deposits, which grew 29.2%. This is explained by the preference of customers for these products given the high interest rate environment, and due to long-term funding needs, especially in the first quarter of 2023 in the context of the NSFR implementation in Colombia. Demand deposits decreased 13.6% in the year, mainly in Colombia (COP 6.4 billion).

Bonds decreased 14.3% compared to the year-end 2022, mainly due to the maturity of local issuances during the year, as well as the appreciation of the Colombian peso against the US dollar.



**Banco Davivienda Liabilities**

(in COP trillion)



**Banco Davivienda - Funding sources**

(in COP trillion, except percentages)

	December 2023		December 2022		Variation	
	Balance	Percentage	Balance	Percentage	Balance	Percentage
Savings accounts	47.3	31.0%	55.4	35.4%	-8.1	-14.6%
Checking accounts	15.9	10.4%	17.8	11.4%	-1.9	-10.5%
Term deposits	60.2	39.4%	46.6	29.8%	13.6	29.2%
Bonds	12.8	8.4%	15.0	9.6%	-2.1	-14.3%
Credits with entities	16.3	10.7%	21.6	13.8%	-5.3	-24.6%
Funding sources	152.6	100.0%	156.4	100.0%	-3.9	-2.5%

### EQUITY ANALYSIS AND STRUCTURE

Consolidated equity totaled COP 14.8 trillion as of December 2023, decreasing by 9.5% compared to the same period of the previous year, due to the year's results, dividend distributions and FX impact on foreign subsidiaries' equity.

The Common Equity Tier 1 ratio (CET1) decreased by 82 bps over the year, mainly as a result of dividend distribution of 2022 profits, as well as a higher value of operational risk due to a change in a parameter since January 2023, in line with regulations.

Additionally, the Total Capital Adequacy Ratio decreased compared to the figure reported at year-end 2022, mainly explained by the lower weighting of subordinated debt and the appreciation of the Colombian Peso throughout the year.

The leverage ratio decreased by 87 bps compared to year-end 2022.

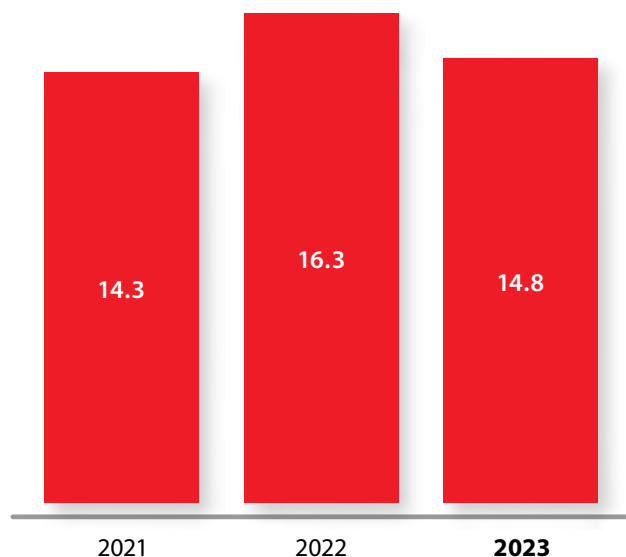
Risk-Weighted Assets Density decreased by 100 bps compared to year-end 2022 (72.7%).

## CAPITAL STRENGTH

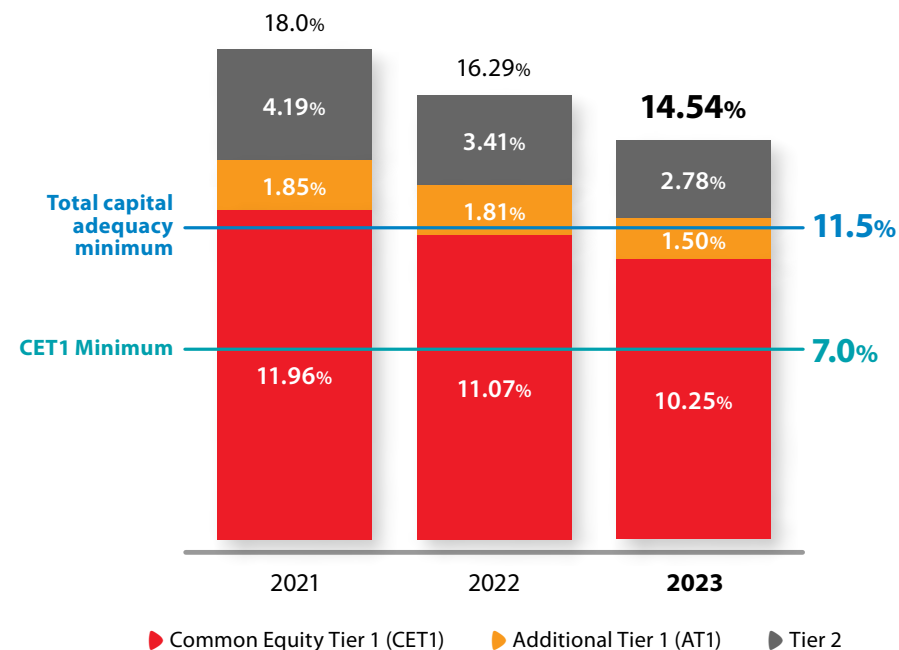
Total Capital Adequacy ratio of 14.54% and Common Equity Tier 1 (CET1) of 10.25%. Strong levels to continue developing our business.

### Banco Davivienda Equity

(in trillion COP)



### Banco Davivienda Capital Adequacy Ratios



**LIQUIDITY SITUATION**

2023 was characterized by high interest rates as a result of a contractionary monetary policy as a response of central banks to control inflation levels. This led to a low pressure on portfolio growth and a preference of agents for term products, which allowed maintaining liquidity surpluses and improving funding stability both in Banco Davivienda and in all subsidiaries.

On average, the Bank and its subsidiaries maintained liquid assets of COP 12.8 trillion, which allowed a compliance of 1.3 times the liquidity needs in a 30-day horizon, according to the standard methodology of the Financial Superintendency of Colombia.

**1.3 TIMES**  
 We would be able to meet our liquidity needs within 30 days thanks to our liquid assets.



**Banco Davivienda Subsidiaries Average Indicator Compliance for 2023**

	Short term ratio		Long term ratio	
	Compliance	Limit	Compliance	Limit
Honduras	1.25	>1	1.14	>1
El Salvador	1.27	>1	1.23	>1
Costa Rica	1.31	>1	1.17	>1
Panama	1.5	>1	1.53	>1

Finally, the Consolidated Exposure Indicator (IEC), established by the Financial Superintendence of Colombia to measure the short-term liquidity risk of the consolidated balance sheet, recorded an average USD 1.69 billion positive gap.

**INCOME STATEMENT**

Consolidated result closed at COP -372.3 billion, decreasing by 123.0% compared to the accumulated figure as of December 2022, mainly explained by the increase in financial expenses, operating expenses and provision expenses, as well as a negative result in exchange and derivatives income. As a result, the 12-month return on average equity (ROAE) closed at -2.38%.

The accumulated gross financial margin reached nearly COP 9.3 trillion in December 2023, increasing by 5.0% compared to the figure recorded in the same period of 2022, reflecting higher financial income compared to the increase in financial expenses.

The 12-month NIM closed at 5.87%, decreasing by 17 basis points compared to the indicator reported the previous year, as a result of a decrease in the loan portfolio income due to the lower performing assets and the increase in funding costs.



Provision expenses (net of recoveries) as of December 2023 reached COP 5.9 trillion, increasing by 71.7% compared to the same period in 2022. This behavior is in line with expectations and is the result of the recognition of the portfolio conditions, particularly the deterioration of the consumer portfolio, due to the materialization of a challenging credit cycle in line with the performance and challenges of the financial sector throughout 2023.

Other net income increased 42.8% compared to December 2022, due to higher income from the sale of assets received as payment, as well as the results from insurance operations in Central America.

Accumulated operating expenses as of December 2023 reached COP 5.9 trillion, increasing by 13.2% compared to the accumulated expenses as of December 2022, impacted by inflation, salary increases and exchange rates. Excluding the effects of exchange rate fluctuations throughout the year (depreciation of the Colombian peso against the dollar and appreciation of the colón against the dollar), operational expenses would have increased 11.2%.



Personnel expenses increased as a result of the aforementioned salary increase between 2022 and 2023 for operations in Colombia and Central America.

The accumulated income before tax as of December 2023 closed at COP -993.8 billion, decreasing by 142.8% on an annual basis. The accumulated income tax as of December 2023 was COP -621.5 billion, decreasing compared to the amount accumulated during the same period of the previous year, due to a lower result before taxes and the use of tax deductions contemplated in the law.

### Banco Davivienda - Figures as of December 2023

(Figures in COP billion, except for percentages)

	December 2023	December 2022	Variation	
			Amount	Percentage
<b>Financial income</b>	22,331	15,862	6,469	40.8%
Loan income	19,782	15,162	4,620	30.5%
Investment income	2,065	525	1,540	293.5%
Interbank income	483	175	309	177.0%
<b>Financial expenses</b>	13,039	7,010	6,029	86.0%
<b>Gross financial margin</b>	9,292	8,851	440	5.0%
Provision expenses	5,917	3,446	2,472	71.7%
<b>Net financial margin</b>	3,374	5,406	-2,032	-37.6%
Operating income	1,981	1,809	172	9.5%
Operating expenses	5,940	5,247	693	13.2%
Foreign exchange and derivatives, net	-613	279	-891	-319.8%
Other income and expenses, net	204	74	130	176.3%
<b>Result before taxes</b>	-994	2,320	-3,313	-142.8%
Taxes	-621	704	-1,325	-188.3%
<b>Net result</b>	-372	1,616	-1,988	-123.0%

**RESULTS BY SEGMENTS AND PERSPECTIVES**

To review the detailed results of the operation by segments, please refer to Note 9 of the Consolidated Financial Statements.

**INDIVIDUAL FINANCIAL REPORT**

The following figures correspond to the individual results obtained in 2023 by Banco Davivienda S.A. and are compared with the results as of 2022, both periods under the accounting standards in force in Colombia in Colombian Pesos (COP), which are based on the International Financial Reporting Standards (IFRS) with adjustments established by the Financial Superintendency of Colombia.

**ASSET ANALYSIS AND STRUCTURE**

As of December 2023, the assets of Davivienda Colombia totaled COP 138.7 trillion, growing by 1.1% on an annual basis.

Cash and interbank deposits totaled COP 11.0 trillion, presenting an increase of 35.7% annually. The growth in the year is mainly due to interbank operations, given that by the end of 2023 operations in the money market increased.

Gross loans closed at COP 103.1 trillion, a decrease of 4.0% annually. The commercial portfolio closed at COP 42.9 trillion, decreasing by 3.8% compared to the previous year, mainly due to lower dynamics in the corporate and business portfolios, accompanied by the slowdown in the commercial and industrial sectors in 2023.

The consumer portfolio totaled COP 28.8 trillion, decreasing 16.5% compared to the previous year, in line with lower credit demand, as well as the new origination and write-off policies implemented in Colombia.

The mortgage portfolio closed at COP 31.5 trillion, increasing by 10.8% annually. This behavior is mainly due to the performance of the low-income housing portfolio, where there has been a greater dynamic in the allocation of government subsidies.

Loan loss provisions reached COP 6.89 trillion, increasing 4.7% compared to the previous year. The annual increase is explained by the risk dynamics of the credit portfolio, mainly in the consumer segment, given the increase in delinquency levels.

The investment portfolio closed at COP 19.6 trillion and increased by 10.4% compared with December 2022. The cash and interbank funds increased by 35.7%, as a result of a higher level of liquid assets yielded through active money market operations, compared to a year ago.

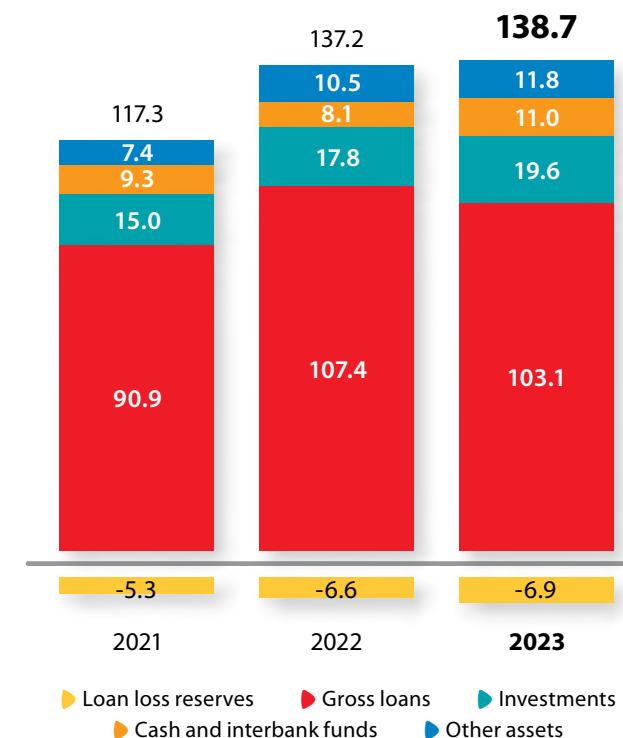
In 2023, we remained the second largest bank in Colombia in terms of gross loans. As of December, our market share was 15.17%<sup>88</sup>.

Finally, other assets increased by 12.7% compared to the previous year. The annual growth was mainly seen in accounts receivable for network compensation and the balance in favor of income tax.

**OUR MORTGAGE PORTFOLIO**  
 closed at COP 31.5 trillion,  
 increasing 10.8% compared to 2022.

**Banco Davivienda Assets**

(in COP Trillion)



<sup>88</sup> Information reported by the Financial Superintendency of Colombia.

### LIABILITIES ANALYSIS AND STRUCTURE

As of 2023, the Bank's liabilities totaled COP 125.6 trillion, increasing by 2.3% on an annual basis, due to the result of the growth in term deposits.

Demand deposits reached a balance of COP 47.6 trillion, decreasing by 14.0% annually, reflecting customers' preference for higher-yield products.

Term deposits reached COP 47.0 trillion, increasing by 43.0% in the year. This behavior is mainly due to the high interest rate environment which increased demand for this type of instrument.

Bonds closed the quarter at COP 9.3 trillion, decreasing by 12.2% in the year. This is mainly explained by the FX difference due to the COP appreciation and the maturities throughout the year.

**43%**  
**ANNUAL INCREASE**  
of term deposits due to the high rates that boosted their demand.

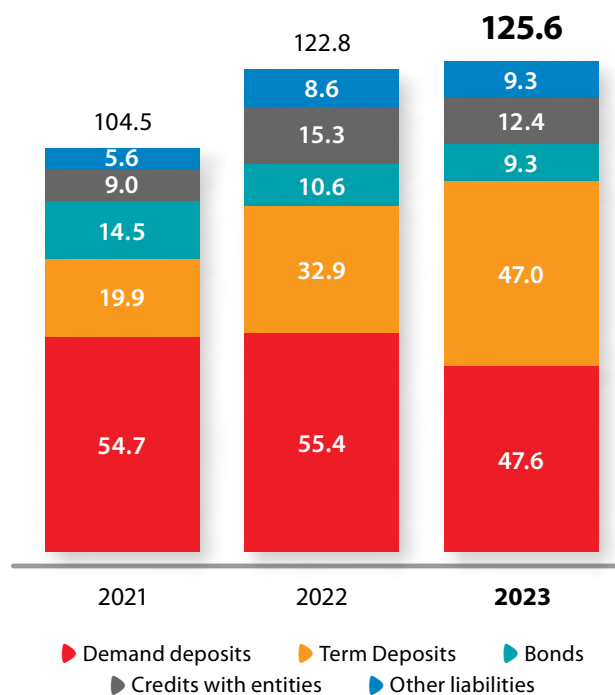
Credits with entities totaled COP 12.4 trillion, decreasing by 18.9% in the year, as a result of the impact of the currency appreciation on the obligations acquired with entities abroad.

Of the total funding sources, savings accounts represented 33.7%, checking accounts 7.2% and certificates of deposit (CDs) 40.4%. Finally, 8.0% of the funding sources corresponded to bonds and 10.7% to credits with entities.

At year end, gross-loans-to-funding-sources ratio was 88.6%.

### Banco Davivienda Liabilities Composition

(in COP trillion)





# POSITIVE GAP

NSFR had a positive gap of COP 6.7 trillion in 2023.

## EQUITY ANALYSIS AND STRUCTURE

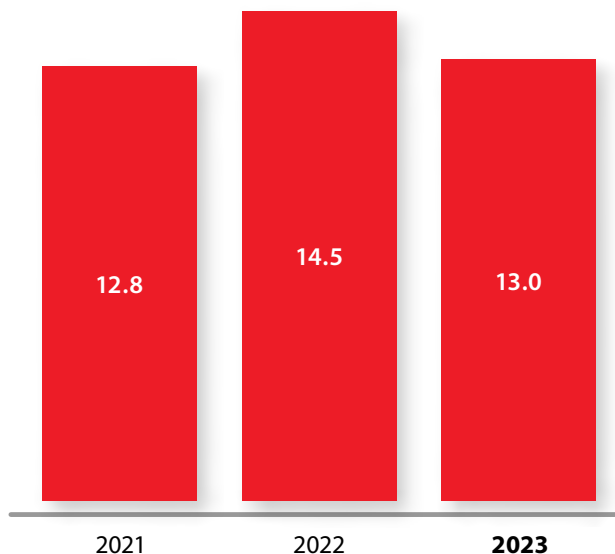
The individual accounting equity closed at COP 13.0 trillion as of December 2023, decreasing by 9.9% annually, as it was impacted by lower accumulated earnings for the year.

On the other hand, the Common Equity Tier 1 ratio (CET1) closed at 10.73%, decreasing by 182 bps annually.

Total Capital Adequacy Ratio closed at 16.76% as of December 2023, increasing by 314 bps annually.

## Banco Davivienda - Equity

(in COP trillion)



## LIQUIDITY SITUATION

2023 was characterized by a sustained increase in interest rates, an environment of political uncertainty and a marked economic slowdown. In this context, there was a slowdown of credit in Colombia and a preference of agents to invest in term deposits.

In this context, the Bank permanently observed liquidity surpluses and improved the participation of stable funding within its total funding, thus improving long-term liquidity indicators.

During the year, the regulatory liquidity indicators were sufficiently fulfilled. The Liquidity Risk Indicator (IRL), which measures the sufficiency of liquid assets to meet liquidity needs over a 30-day horizon, showed an average over-execution of 198 times. On the other hand, the net stable funding ratio (CFEN), which seeks to guarantee that entities have sufficient stable funding to support their structural assets, averaged 107.2% during the year, with an average positive gap of COP 6.7 trillion.

## INCOME STATEMENT

Accumulated net profits closed at COP 105.9 billion, decreasing by 90.7% compared to the accumulated figure as of December 2022, mainly explained by the growth in financial expenses and provision expenses.

Interest income increased by 40.4% compared to 2022. Loan portfolio interest income grew 29.8%, mainly as a result of the increase in the commercial portfolio.

At year-end 2023, the investment portfolio recorded accumulated income of close to COP 1.5 trillion, an increase of 549.8% compared to the previous year, which is explained by the valuation of the fixed income instruments portfolio due to the sovereign debt behavior during the year.

Financial expenses increased by 92.1% compared to the accumulated figure for 2022, as a result of the high interest rate environment that affected the cost of liabilities.





On an accumulated basis, gross financial margin closed at COP 6.5 trillion, decreasing by 3.6% as a result of the increase in financial expenses, given the higher costs of liabilities in the system, accompanied by a higher share of term deposits in the funding mix.

Provision expense (net of recovery) closed at COP 5.5 trillion, increasing by 53.6% compared to the same period of the previous year. The overall increase is due to the materialization of a credit cycle with increases in delinquency levels in the financial system in Colombia.

The Bank's net financial margin had an annual decrease of COP 2.1 trillion, equivalent to a reduction of 66.4%.

Likewise, non-financial income increased by 44.6%, mainly explained by the income received from the transfer of shares of the subsidiaries Banco Davivienda Internacional Panamá S.A and Banco Davivienda Panamá S.A. at fair value, in return of the subscription of Holding Davivienda Internacional S.A shares, additionally, the performance of commissions and services revenues also contributed to this growth.

Operating expenses closed at COP \$4.3 trillion, increasing by 13.3% compared to the accumulated figure in December 2022. This increase was impacted by inflation, salary increases in Colombia, and currency exchange rate volatility throughout the year. Additionally, this increase can be attributed to higher expenses of industry and commerce tax, and deposit insurance.

The accumulated profits before taxes for 2023 reached COP -922 billion, an annual decrease of 169.7%.

The accumulated income tax as of December 2023 was COP -1.0 trillion, decreasing compared to the accumulated figure in the same period of the previous year, due to the fiscal loss of the period and the use of deductions contemplated by law.

### Banco Davivienda - Results as of December 2023

(in COP billion, except percentages)

	December 2023	December 2022	Variation	
			Amount	Percentage
<b>Financial income</b>	17,623	12,549	5,074	40.4%
Loan income	16,213	12,492	3,721	29.8%
Investment income	1,484	228	1,256	549.8%
Interbank income	-74	-171	98	-57.0%
<b>Financial expenses</b>	11,085	5,770	5,315	92.1%
<b>Gross financial margin</b>	6,539	6,779	-241	-3.6%
Provision expenses	5,455	3,552	1,904	53.6%
<b>Net financial margin</b>	1,083	3,228	-2,144	-66.4%
Operating income	1,629	1,622	7	0.5%
Operating expenses	4,307	3,801	506	13.3%
Foreign exchange and derivatives, net	-86	244	-330	-135.2%
Other income and expenses, net	758	30	729	2454.1%
<b>Result before taxes</b>	-922	1,322	-2,244	-169.7%
Taxes	-1,028	183	-1,211	-662.6%
<b>Net result</b>	106	1,139	-1,034	-90.7%

# > Current issuances and their performance

## CURRENT SECURITIES ISSUANCES

### EQUITY MARKET

Davivienda has consolidated its position as an issuing entity in local market. We operate in the equity market of the Colombian Stock Exchange (BVC), as an issuer of the main market stock index, the MSCI

Colcap. Furthermore, our shares are traded on the Santiago Stock Exchange (BCS) through the Colombian Global Market (MGC) system.

The following is a detail of outstanding issuances as of December 2023:

### Banco Davivienda - Common and Preferred Shares

Type of Security	Authorized Capital (Shares)	Shares Outstanding	Total Shares Outstanding	Stock Exchange
Common Shares	500,000,000	343,676,929	451,670,413	Unlisted
Preferred Shares		107,993,484		BVC - BCS





**FIXED-INCOME MARKET**

We have consolidated our position in the local securities market as a recurring issuer; there are currently two bond issuances and placement programs in place and a hybrid bond issue in the international market, listed in the Singapore Stock Exchange (SGX) fixed income market.

In addition, the Bank is also listed on the Colombian Stock Exchange with term certificates of deposit (CD).

The following is a breakdown of outstanding issuances under each Issuance and Placement Program (PEC) registered with the Financial Superintendence of Colombia:



**LOCAL BONDS**

**Banco Davivienda - Senior and Subordinated Bonds Program 2011**

(in COP billion)

The global amount of the Senior and Subordinated Bonds Program is up to COP 6 trillion; as of December 31, 2023, COP 200 billion were available. We detail the results of each issuance batch corresponding to the program in the table below.

Senior and Subordinated Bonds Program 2011	Date Of Issuance	Maturity Date	Amount Issued*	Amount Placed	Outstanding Amount (Dec 23)**
Second issuance	25/04/2012	25/04/2027	400	400	219
Third issuance	15/08/2012	15/08/2027	500	500	230
Fourth issuance	13/02/2013	13/02/2028	500	500	185
Sixth issuance	15/05/2014	15/05/2024	600	600	161
Seventh issuance	09/10/2014	09/10/2024	600	600	128
Eight issuance	12/02/2015	12/02/2025	700	700	134
Ninth issuance	13/05/2015	13/05/2025	400	400	400
Tenth issuance	10/11/2015	10/11/2025	600	600	274
<b>Total</b>					<b>1,729</b>

\* Corresponds to the total amount of each issuance as stated in the public offering memorandum.

\*\* The outstanding amount only includes principal.

### Banco Davivienda - Senior and Subordinated Bonds Program 2015

(in COP billion)

The global amount of the Senior and Subordinated Bonds Program is up to COP 14.51 trillion; as of December 31, 2023, COP 7.96 trillion were available. We detail the results of each issuance batch corresponding to the program in the table below.

Senior and Subordinated Bonds Program 2015	Date Of Issuance	Maturity Date	Currency	Amount Issued*	Amount Placed**	Outstanding Amount (Dec 23)**
First Issuance	27/07/2016	27/07/2028	COP	600	600	246
Second Issuance	28/09/2016	28/09/2026	COP	400	359	359
Third Issuance	29/03/2017	29/03/2025	COP	400	399	399
Fourth Issuance	07/06/2017	07/06/2027	COP	700	700	343
Fifth Issuance	15/11/2018	15/11/2026	COP	300	253	166
Sixth Issuance	19/02/2019	19/02/2029	COP	500	500	224
Seventh Issuance	16/07/2019	16/07/2029	COP	600	600	430
Eight Issuance	26/09/2019	26/09/2031	COP	700	700	409
Ninth Issuance	11/02/2020	11/02/2032	COP + UVR	700	791	791
Tenth Issuance	18/02/2021	18/02/2031	COP + UVR	700	759	759
Eleventh Issuance	7/09/2021	7/09/2031	COP	700	700	700
<b>Total</b>						<b>4,825</b>

\* Corresponds to the total amount of each issuance as stated in the public offering memorandum.

\*\* The Real Value Unit (UVR) value as of December 31, 2023 is used to restate the UVR Bonds in COP. The outstanding amount only includes principal.



**DOMESTIC ISSUANCES WITH A SINGLE INTERNATIONAL BUYER**

The following issuances were listed in the local market with a single buyer. The COP 433 billion issue (Green Bond) was purchased by the IFC and the COP 363 billion issue (Social Gender Bond) was purchased by the IDB.

**Domestic issuances with a single international buyer**

(in COP billion)

Senior	Holder	Date of Issuance	Maturity Date	Currency	Amount Placed	Outstanding Amount (Dec 23)**
Senior	IFC	25/04/2017	25/04/2027	COP	433	433
Senior	IDB	25/08/2020	25/08/2027	COP	363	363

\* The outstanding amount only includes principal.



**INTERNATIONAL BONDS**

Currently, we have an international issuance of a perpetual AT1 instrument with a placed and outstanding amount of USD 500 million as of December 31, 2023. This instrument is traded on the Singapore Stock Exchange (SGX).

**Banco Davivienda - International Bonds**

(in USD million)

Type	Date of issuance	Maturity date	Currency	Amount placed	Outstanding (Dec 23)	Coupon rate	Risk ratings	Stock exchange
AT1	22/04/2021	Perpetual NC10	USD	500	500	6.65%	Fitch: B Moody's: B2	SGX

**DISTRIBUTABLE ITEMS**

As of December 2023, Banco Davivienda had distributable items in its Individual Financial Statements with a total value of COP 2.0 trillion. According to Colombian regulations, distributable items consist of:

- ▶ Accumulated earnings from previous years.
- ▶ Occasional reserves.

The General Shareholders' Meeting held in March 2020 approved the creation of a reserve equivalent to the annual payment of the AT1 Hybrid Bond, a reserve that as of December 31 amounts

to COP 161 billion. This reserve is included in the occasional reserves with specific purpose, and is established as a last resort resource, as Banco Davivienda meets the payment of the bond coupon with its liquidity sources in the same way it meets its other financial obligations.

Usually, the value of this reserve is updated at the General Shareholders' Meeting each year based on the expected COP/USD exchange rate for the year.



### TERM DEPOSITS (CDS)

Term Deposits (CDs) issued by Banco Davivienda are traded and listed on the Colombian Stock Exchange. The nominal value as of December 2023 was COP 24.4 trillion.

The maximum price of 29,050 COP was reached in January and the minimum price was 15,340 COP in November. The average price for 2023 was 18,733 COP, lower than the average price for 2022 (31,216 COP).

**COP 2.07 TRILLIONS**  
Market capitalization of preferred shares listed on the Colombian Stock Exchange.

### STOCK PERFORMANCE

#### STOCK PERFORMANCE<sup>89</sup>

By 2023, Davivienda had a total of 451,670,413 shares issued, 76.1% common and 23.9% preferred.

The preferred shares are listed on the Colombian Stock Exchange, with a market capitalization of COP 2.07 trillion at the end of 2023.

Out of the 100% of preferred shares, at the end of December 2023, 55.6% were held by pension funds; 20.5% by foreign investors; 18.4% by Colombian companies; and the remaining 5.5% by individuals.

Davivienda's preferred share price contracted 30.4% during the year, from 27,560 COP at the end of December 2022 to 19,180 COP at the end of December 2023.

#### Share Price Performance



<sup>89</sup> At year-end 2023, there were 451.7 million Davivienda shares outstanding.

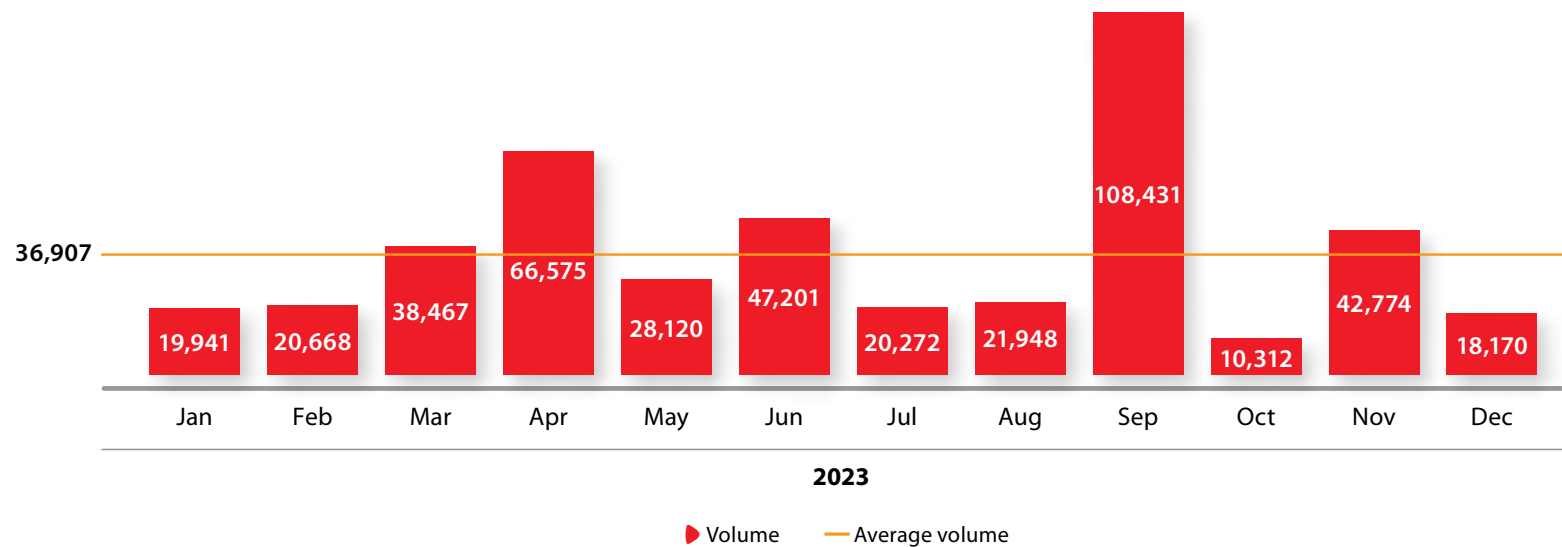
The total volume for 2023 was around COP 443 billion, with an average monthly traded volume of COP 36,907 million; this volume corresponds to a daily average of COP 1,830 million, compared to the values in 2022 of the monthly average of COP 46,668 million and the daily average of COP 2,286 million in 2022.



In general terms, the behavior of the stock during the year was in line with the trend observed in the Colombian market, where the MSCI Colcap contracted 7.1% in the year and the share prices of listed banks also lost some value given the cycle that the financial system in Colombia is going through, the challenging macroeconomic conditions, the political uncertainty and the low levels of liquidity and depth in the local market.

### Davivienda's Shares - Traded Volume

(in million COP)



### BONDS PERFORMANCE

#### LOCAL BONDS

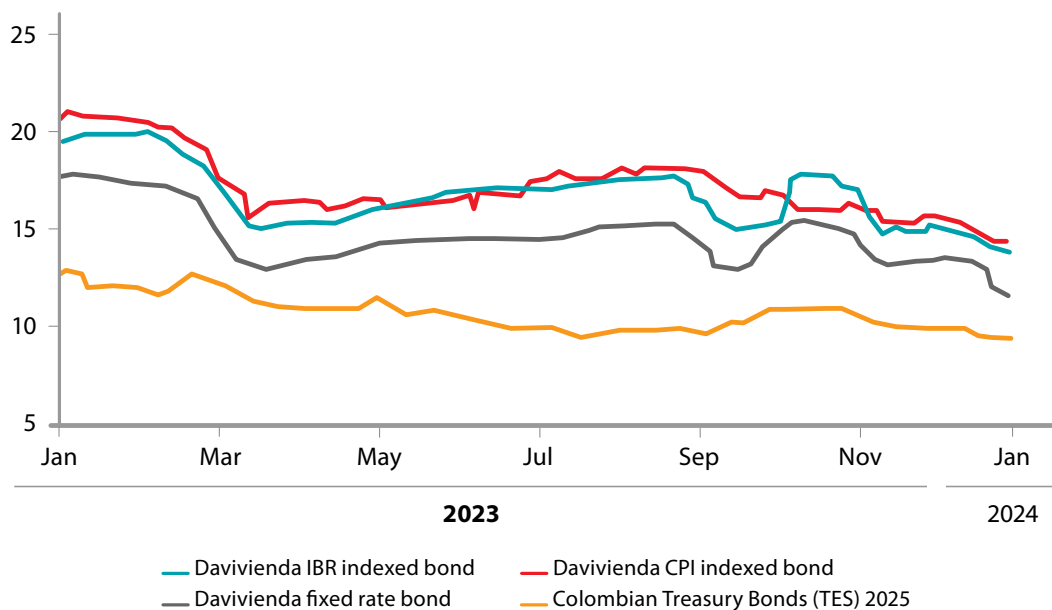
In 2023 we did not engage in primary bond placements in the local market. The volume of local market bond placements was COP 3.23 trillion, 30% more than the previous year, but 70% less than those registered in 2021. The low placement of this type of assets is explained by the high level of interest rates and the uncertainty of agents regarding the monetary policy cycle.

In the secondary market, our fixed-rate bonds maturing in July 2024 began the year with a valuation rate of 17.53% and closed at 11.39%, showing an appreciation of 614 basis points. For instruments indexed to IPC and IBR, the valuation was 625 and 571 basis points, respectively.

**Secondary market bonds 2023**

Issuer	Secondary market bonds
<b>Banco Davivienda</b>	2.07 trillion COP
<b>Rest of the market</b>	13.50 trillion COP

**Bonds and public debt comparison**



**Davivienda - Perpetual Bond**



\* Price by the end of 2023.

**INTERNATIONAL BONDS**

In 2023, Banco Davivienda did not engage in new issuances in the international market. There is currently a subordinated perpetual bond issuance for USD 500 million at a rate of 6.65% issued in April 2021, with a B rating by Fitch and B2 by Moody's.

In the secondary market, these bonds increased their yield rate by 312 basis points from 9.88% to 13.00% between December 2022 and December 2023. This was explained by the increase in the monetary policy rate of the United States Federal Reserve, which significantly affected the yields of all bonds at a global level. On the other hand, the performance of the instrument during the year was also marked by a higher aversion presented on perpetual instruments, as well as by the Bank's challenging results in 2023.



**CD PERFORMANCE<sup>90</sup>**

In 2023, the volume of new issues in dematerialized CDs grew 61% compared to 2022, as a result of the market's preference for more profitable instruments, as well as the need for long-term funds to comply with the net stable funding ratio (NSFR).

However, term deposit rates decreased during the year as a result of lower inflation levels, expectations of downward adjustments in the intervention rate, as well as less competition for long-term funds, once the NSFR was met in March 2023.

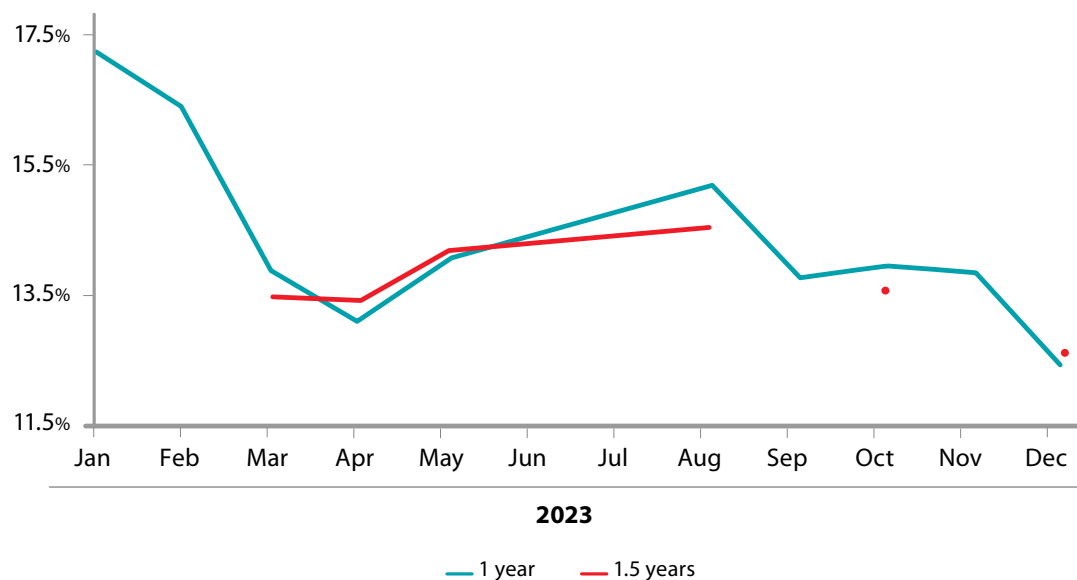
**61%**  
**GROWTH**  
in the volume of  
new issuance in  
dematerialized CDs.

**Total amount of CDs \***

Issuer	Total amount of CDs Primary Market*	Total amount CD secondary market*
<b>Banco Davivienda</b>	COP 22.41 trillion	COP 24.65 trillion
<b>Rest of the market</b>	COP 106.30 trillion	COP 109.94 trillion

\* Amounts corresponding to CDs registered in the Colombian Stock Exchange.

**Average funding rates 2023**



<sup>90</sup> Amounts corresponding to CDs issued electronically and recorded in book entries.



## > Glossary

- ▶ **Additional Tier I Capital (AT1):** Perpetual debt instruments that help withstand losses when core equity is not sufficient to weather adverse economic events.
- ▶ **API:** Application Programming Interfaces.
- ▶ **Blockchain:** It is a Bitcoin block explorer service that also functions as a cryptocurrency wallet.
- ▶ **Bot:** A computer program that performs specific and usually repetitive automated tasks on a network.
- ▶ **Broker:** An intermediary that executes securities purchase and sale orders in financial markets.
- ▶ **CET 1:** The bank's ability to meet its financial obligations (with its own capital) in the event of adverse economic events.
- ▶ **Clean Development Mechanism (CDM):** instrument created under the Kyoto Protocol that enables Certified Emission Reductions, meaning, greenhouse gas emissions that would have been caused without the mitigation initiative.
- ▶ **COP:** Colombian Pesos. Exchange rate as of December 31, 2022: COP 4,810.20 = USD 1 (one United States dollar).
- ▶ **CO<sub>2</sub>eq:** Carbon dioxide equivalent. Estimated in kilograms or tons. Method used to calculate total greenhouse gas (GHG) emissions using a single measure through a conversion that factors in gas mass and heat-trapping capacity.
- ▶ **Cost of risk (12-month):** Net accumulated provision expense / Gross loans.
- ▶ **Cost to income (12-Month):** Operating expenses / (Gross financial margin + Net operating income excluding dividends + Net foreign exchange and derivatives + Net other income and expenses).
- ▶ **Coverage:** Loan loss provisions / 90-day PDLs.
- ▶ **C-FER:** REC (Renewable Energy Certificate), a tradable product created when an energy source is certified as renewable. By acquiring a certain number of RECs, a company may certify that the same amount of kilowatt hours consumed is generated from renewable sources.
- ▶ **Deceval:** Depósito Centralizado de Valores de Colombia S.A.
- ▶ **Density of risk-weighted assets:** (Assets weighted by credit risk level + Market risk + Operational risk) / Total Assets.



- ▶ **DevOps:** Development Operations refers to a culture, automation, and design approach to IT platforms to drive increased business value and resilience by delivering high quality, agile services.
- ▶ **DevSecOps:** Development, Security, Operations is a software development methodology and culture that seeks collaboration and communication between development (Dev) and operations (Ops) teams. Its goal is to accelerate software delivery, improve quality and process efficiency, and foster automation and continuous integration.
- ▶ **Digital Transformation:** Use of technological tools to streamline processes, operations, and services, thereby improving the customer experience and enhancing product and customer service efficiency.
- ▶ **Eco-coverage:** Intended to encourage and promote sustainable development alternatives for both developers and buyers through eco-friendly housing projects aimed at reducing the carbon footprint.
- ▶ **End to end:** A process that enables companies to gain full visibility into projects, end-to-end, ensuring that goals are accomplished, powered by process automation and continuous improvement.
- ▶ **Exchange and derivative income:** Income from derivative contracts and foreign currency transactions.
- ▶ **FinOps:** A cloud-based financial management system to implement best practices, enabling responsible financial management of variable cloud-related spending.
- ▶ **Funding Sources:** Demand deposits (Savings accounts + Current accounts) + Term deposits + Bonds + Credits with entities.
- ▶ **IFRS:** International Financial Reporting Standards (IFRS), a global accounting practice.
- ▶ **IR:** Investor relations.
- ▶ **Intellectual Property:** Exclusive commercial rights over literary or artistic works. A legal right granted to the author by law for a certain period of time.
- ▶ **Leverage Ratio:** Minimum capital (equity) required to cover the total level of assets (must be greater than 3%).
- ▶ **Machine learning:** A realm of AI that uses algorithms to enable computers to identify patterns in big data and generate predictions.
- ▶ **Metaverse:** Synthetic three-dimensional environments where users engage in the cyberspace as avatars using virtual reality and augmented reality hardware, i.e., using headgear and glasses to access immersive digital images.
- ▶ **Mobile Loan:** a fixed-rate, fixed-term loan for unrestricted investment that is immediately disbursed.
- ▶ **MWh:** Megawatt-hour, equal to one million watt-hours. Unit to measure power consumption by large industrial facilities and urban conglomerates.
- ▶ **NFC:** Near field communication refers to a set of communication protocols that enable communication between 2 electronic devices at a 4 cm proximity or less.
- ▶ **NIM (12 months)** = Gross Financial Margin (12 months) / Average Productive Assets (5 periods).
- ▶ **Non-Financial Income:** Fee income + Other income and expenses, net.
- ▶ **NPS:** Net promoter score. This metric measures customer satisfaction levels for products or services, as well as how likely are customers to promote the brand to others.
- ▶ **NSFR:** Net Stable Funding Ratio (CFEN by its Spanish acronym), an indicator of the Colombian Financial Superintendency that seeks for entities to maintain a stable funding profile in relation to their assets.
- ▶ **Obsolescence:** When a product or equipment is rendered obsolete due to technological developments.
- ▶ **Operating expenses:** Personnel Expenses + Operating Expenses + Other expenses derived from normal course of business.
- ▶ **PAD:** Debtors Support Program. Set of measures adopted by lending institutions to help debtors manage their financial obligations when their income or payment capacity is impaired.
- ▶ **PCR:** Post consumer recycled.
- ▶ **PDET:** Development programs designed under a territorial approach.



- ▶ **Preferred stock:** Preferred dividend stock without voting rights, nominative, capital, freely negotiable.
- ▶ **Productive Assets:** Interest-earning assets (Gross loans + Investments in debt securities + Interbank funds), excluding non-performing loans.
- ▶ **Provisions:** Capital reserve to cover potential expenses in the event of default of loan obligations.
- ▶ **PWA:** A Progressive Web App uses APIs and emerging web browser features in conjunction with a traditional continuous improvement approach to build native applications.
- ▶ **Risk:** Uncertainty for an investor or financial institution, stemming from market fluctuations.
- ▶ **ROAA** = Net profits / average assets.
- ▶ **ROAE** = Net profits / average equity.
- ▶ **RPA:** Robotic Process Automation refers to a business process automation technology powered by metaphorical software robots or digital workers/ artificial intelligence.
- ▶ **Sandbox:** Test space provided by the Financial Superintendence of Colombia to the companies regulated by this entity, where it grants regulatory waivers.
- ▶ **SMS:** Mobile short message service.
- ▶ **TELECOM:** Term used to refer to a large telecommunications company that demands massive applications to provide services to millions of customers.
- ▶ **Tier II Capital:** Complementary level of basic and additional equity. Composed of subordinated debt instruments.
- ▶ **Total Capital Adequacy Ratio:** The bank's ability to meet its financial obligations in the event of adverse economic events.
- ▶ **Traditional Deposits:** Demand deposits (Savings accounts + Checking accounts) + Term deposits.
- ▶ **VIS:** Low-income housing units meeting quality urban design, architecture, urban planning, and construction standards, valued up to a maximum of 135 current monthly minimum salaries" (Ministry of Housing). 135 current monthly minimum salaries were equivalent to COP 150.4 million in 2023.







# APPENDICES

## Appendix 1

Davivienda 2023 TCFD Report

## Appendix 2

GRI table and SDGs

## Appendix 3

Independent review memorandum

## Appendix 4

Other aspects

## Appendix 5

Consolidated and individual financial statements

## Appendix 6

Certification and responsibility of financial information

## Appendix 7

Certifications on controls and procedures used for reporting to the National Registry of Securities and Issuers





# APPENDIX 1 / TCFD REPORT 2023

Davivienda Colombia





# Message from the CEO

2023 was a challenging year both internationally and locally; the economy and the financial sector in general continued to be affected by historically high levels of inflation and interest rates, which impacted the cost of living for households and businesses, as well as their ability to meet their obligations. In Colombia, we experienced the lowest economic growth in the last decade - excluding the pandemic - joined by lower credit offering and demand, as well as high deposit and lending rates.

Our financial results reflected the challenging operating environment that has materialized since mid-2022,

being impacted by higher funding costs that pressured our net interest margin and higher provisioning expenses.

Within this context, we have capitalized on several lessons to strengthen our management, by taking several measures to protect our business' performance. For example, we have been implementing various strategies to improve our credit portfolio profile, to gradually adjust our funding composition safeguarding our margins, to strengthen other sources of income, and to improve productivity, so that we can capture greater efficiencies in our operations.



# SUSTAINABLE LOAN PORTFOLIO

In 2023 it increased by around 20% compared to 2022, reaching COP 17.1 trillion.

Amidst these challenges, we have maintained our capital strength, with a Total Capital Adequacy Ratio of 14.54% and a Common Equity Tier 1 Ratio of 10.25% by the end of 2023, solid and sufficient levels to continue developing our business. Additionally, we continue to support our 23.6 million customers in Colombia and Central America, with a market share of 15.17%<sup>1</sup> and 8,96%<sup>2</sup>, respectively, and a gross loan portfolio of COP 136<sup>3</sup> trillion

In this way, we remain determined in our vision for the future, and we

are convinced that there are multiple opportunities to seize. We remain focused on our strategy, leveraging our digital capabilities and sustainable management, to continue working towards our higher purpose.

**Over more than half a century of experience, we have faced and overcome various obstacles, and each challenge has been a valuable lesson that strengthens our resilience and drives us to continue building the bank of the future.**

## OUR STRATEGY IS SUSTAINABLE

Responsible banking is one of the most important pillars of Davivienda, and every day we work towards harmonizing economic objectives with global commitments to the environment and society.

In 2023, our sustainable loan portfolio increased by around 20% compared to 2022, reaching COP 17.1 trillion, representing a 12.6% share of the total gross loan portfolio. We are consistently advancing towards our

goal of making 30% of our portfolio sustainable by 2030.

Beyond being a banking solution, we aim to transcend towards the health and financial well-being of our customers through tailored products and services, as well as financial education content. In 2023, this content reached nearly 19 million people, including both customers and non-customers, from children to retirees.

In terms of climate, we recognize the importance of acting rapidly to address this global challenge. One of our action plans is to increase our disbursements in environmentally sustainable projects.

For example, in the agricultural sector, we work to improve access to financing for the sector companies, as well as to protect the most vulnerable population. We reach small-scale producers with financial inclusion solutions, technical assistance and climate adaptation. In this regard, we closed 2023 with a 14% market share in the agricultural sector, financing

52 thousand producers, over 30 thousand SMEs in 763 municipalities in Colombia, and providing climate change protection through parametric insurance to nearly 14 thousand low-income small-scale producers. This solution was designed in partnership with Finagro and Seguros Bolívar.

On the other hand, we acknowledge that our impacts and dependencies on climate and biodiversity are concentrated not in our operations but in the activities we finance. Therefore, we measure on an annual basis the evolution of greenhouse gas emissions from our asset portfolio, initially focusing on commercial banking and some investment vehicles.

Thus, we act to guide our corporate and business clients on their path towards an orderly, fair, and equitable energy transition, increasing our involvement in financing low-emission green businesses, funding projects that contribute to energy transition and efficiency, renewable energy generation, optimization

of productive resources, cleaner production, and sustainable infrastructure.

Additionally, in order to strengthen our actions in terms of financial health, climate, and nature management, and in line with our vision of being Net-Zero by 2050, in 2023 we joined various initiatives such as UNEP FI (United Nations Environment Programme Finance Initiative) and its Principles for Responsible Banking (PRB), as well as the NZBA (Net Zero Banking Alliance), GFANZ (Glasgow Financial Alliance for Net Zero), and SBTi (Science Based Targets Initiative).

**At Davivienda, we are committed to making the world our home, and we will continue working to make it more prosperous, inclusive, and green.**

<sup>1</sup> Source: Financial Superintendence of Colombia. Participation by gross loans plus securitized as of December 2023.  
<sup>2</sup> Local figures. Share by weighted gross loans in Costa Rica, El Salvador and Honduras as of December 2023.  
<sup>3</sup> COP: Colombian Pesos. The exchange rate (TRM) in effect on December 31, 2023, was USD 1 = COP 3,822.05.





## Introduction

Our actions are guided by our higher purpose: **to enrich life with integrity**. We are committed to promoting a sustainable financing model capable of contributing to the prosperity of people and the countries we serve, as we protect the planet, remaining accountable towards our stakeholders, and highly aware of environmental issues in the midst of the growing challenges that the 2030 Agenda poses for the world, and especially for the financial sector.

**We are committed to sustainable development** and understand the urgency of acting in the face of the triple planetary crisis that has generated considerable environmental, social, and economic impacts: climate change, biodiversity loss, and pollution. From our role in the financial sector, we strive to offer

sustainable financial solutions that allow our clients to make structural changes in their businesses, promote mitigation and adaptation to climate change, manage potential negative impacts, and contribute to the conservation of biodiversity.

**In 2023, we embodied this vision as an organizational priority through the exercise of our dual materiality:** impact and financial. In this exercise, we prioritized and declared **natural capital** as a material issue, that is, our commitment to promote initiatives for businesses to contribute to the protection, conservation, restoration, and regeneration of ecosystems and resources, as well as to mitigation and adaptation to climate change, and that, in addition, lead to a resilient and low-carbon economy, yielding positive results for nature.



**The financial sector recognizes the effects of climate change and the vulnerability of our economies,** which is why we work to contribute to the mitigation of our own greenhouse gas emissions, our financing and investment decisions, and adaptation to climate change.

We welcome the global call to accelerate climate action and to integrate climate into strategic business decision-making and mobilizing funds for activities that contribute to the transition to a resilient and low-carbon economy. We also ensure due diligence processes to avoid the promotion of actions that threaten life and ecosystems, and we work to ensure that our financial solutions yield results that positively impact nature.

**Davivienda has initiatives in place to manage emissions,** ranging from the reduction of water and energy consumption and the mitigation of our greenhouse gas emissions, which represent less than 0.2% of

all emissions, to the financing of sustainable construction projects, the leveraging of non-conventional renewable energy (NCRE) and circular economy projects, among others. These initiatives seek to reduce the bulk of the Bank's emissions, i.e., financed emissions. This is driven by a sustainable culture in which we mobilize our people and all our stakeholders towards **this shared purpose of making the world, our home, more prosperous, inclusive, and green.**

Since 2014, we have been designing lines of credit with environmental benefits that contribute to adaptation and mitigation to climate change and that seek to generate a positive impact on business investments. We align our commitments to the highest global standards, seeking to adopt best practices in climate change management on an ongoing basis. **Accordingly, since 2014 we have also reported our climate performance through the Carbon Disclosure Project (CDP)<sup>4</sup>.**



## SUSTAINABLE INITIATIVES

We finance sustainable construction projects and promote NCRE projects to reduce our financed emissions.

<sup>4</sup> To view the 2023 CDP ranking obtained by the Bank, click here: [https://www.cdp.net/es/responses/37464/Banco-Davivienda-SA?back\\_to=https%3A%2F%2Fwww.cdp.net%2Fes%2Fresponses%3Fqueries%255Bname%255D%3Ddavivienda&queries%5Bname%5D=davivienda](https://www.cdp.net/es/responses/37464/Banco-Davivienda-SA?back_to=https%3A%2F%2Fwww.cdp.net%2Fes%2Fresponses%3Fqueries%255Bname%255D%3Ddavivienda&queries%5Bname%5D=davivienda)

**For 10 years we have been part of the Dow Jones Sustainability Index (DJSI)** for the Latin American market. In addition, since 2015 we have been part of the Standard and Poor's (S&P) Sustainability Yearbook, which recognizes the **15% of companies with the best sustainability practices in the world.**

In 2020, with the aim of strengthening and advancing our sustainable management, we ratified our responsibility in the face of climate change with the commitment to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This allows us to identify, manage, and disclose the opportunities, risks and financial impacts arising from climate change.

On the other hand, in 2022 we joined the Partnership for Carbon Accounting Financials (PCAF) with the purpose of measuring our financed emissions and the Principles for Responsible Investment (PRI), which aims to promote responsible investment to create sustainable markets.

In 2023, and in the interest of maturing our sustainable financial practices and the integration of Environmental, Social and Governance (ESG) criteria in our operations and investments, we joined the United Nations Environment Programme Finance Initiative (UNEP-FI) and its Principles for Responsible Banking (PRB), the Net Zero Banking Alliance (NZBA) and the Glasgow Financial Alliance for Net Zero (GFANZ), in line with our vision of being Net-Zero by 2050, and SBTi (Science Based Targets Initiative). Under these actions, **the next few months will be crucial in setting our science based GHG emission reduction targets** so that they contribute meaningfully to climate change mitigation.

In this, our third TCFD report, we show progress on climate management and our commitment to align with the most up-to-date scientific recommendations to effectively address climate change and mitigate its impacts and continue to play an active role as catalysts for financial resources in high-impact projects, thus contributing significantly to the transition to a more sustainable and climate-resilient economy.

## NET ZERO 2050

We joined UNEP-FI and PRB in line with our objective of becoming Net Zero by 2050.



# Report Structure and Key Points



## Governance

This chapter presents the governance structure defined by the Bank, which is responsible for climate affairs, its management and control, and the main actions taken.

Recommended Disclosure	Key Points
<b>Board</b>	<ul style="list-style-type: none"> <li>▶ Responsibilities &amp; Roles</li> <li>▶ Formation</li> <li>▶ Associated Governance Committees</li> </ul>
<b>Senior Management and Responsible Areas</b>	<ul style="list-style-type: none"> <li>▶ Roles &amp; Responsibilities</li> <li>▶ Areas involved in the definition and development of the strategy</li> </ul>
<b>Main management actions 2023</b>	<ul style="list-style-type: none"> <li>▶ Definitions Board of Directors and Associated Committees</li> </ul>

## Strategy

This chapter describes our climate strategy and how it is integrated into our organizational and business strategy.

Recommended Disclosure	Key Points
<b>Our strategy</b>	<ul style="list-style-type: none"> <li>▶ Sustainable Business Strategy</li> <li>▶ Sustainable Development Goals - SDGs</li> </ul>
<b>Climate change management</b>	<ul style="list-style-type: none"> <li>▶ Management through our Banking Portfolios:                             <ul style="list-style-type: none"> <li>▶ Environmental Products and Programs as an Opportunity in Climate Change Management</li> <li>▶ Green Loans</li> <li>▶ Environmental and Social Risk Management System - SARAS</li> </ul> </li> <li>▶ Direct management of GHG emissions in our operations (Eco-efficiency)</li> <li>▶ Resiliency of our strategy</li> </ul>

## Risk Management

This chapter describes the process in place for identifying, anticipating, and monitoring the organization's risks in climate-related matters.

Recommended Disclosure	Key Points
<b>Integrated risk management</b>	<ul style="list-style-type: none"> <li>▶ Risks and opportunities arising from climate change within the framework of SARAS and as part of Banco Davivienda's Integrated Risk and Opportunity Management</li> </ul>
<b>Main management actions</b>	<ul style="list-style-type: none"> <li>▶ Description of main actions</li> <li>▶ Methodology</li> <li>▶ Analysis of Physical and Transition Risks and Opportunities</li> </ul>

## Goals & Metrics

This chapter describes the goals and metrics that the organization has defined to assess and manage the risks and opportunities associated with climate change, as well as our progress and fulfillment.

Recommended Disclosure	Key Points
<b>Objectives and goals in our banks</b>	<ul style="list-style-type: none"> <li>▶ Managing climate change through our Banking Portfolios                             <ul style="list-style-type: none"> <li>▶ Estimation of financed GHG emissions</li> <li>▶ Green Lines, Portfolio Balances</li> </ul> </li> </ul>
<b>Objectives and goals in our operation</b>	<ul style="list-style-type: none"> <li>▶ Managing climate change through our operations - Eco-efficiency</li> </ul>



# 1. GOVERNANCE

As part of our Integrated management of our sustainable strategy, **we promote actions that foster an organizational culture based on sustainability** and a governance model that ensures the engagement and participation of our stakeholders.

This outline presents the governance structure and the areas in charge of strategy, management, and decision-making in the face of environmental issues, including those associated with climate change.

## Governance Model

### Annual General Meeting

- ▶ Validates results (annual)

### Board

- ▶ Provides guidelines
- ▶ Monitors strategy and results

### Presidency Committee

- ▶ On-demand strategic business decision-making

Quaterly

### Corporate Governance and Sustainability Committee

Support to the Board of Directors in the supervision, review and implementation of policies, guidelines, procedures, and decision-making of corporate governance and ESG standards.

Quaterly

### Internal Sustainability Committee

Proposes and discusses the Bank's sustainable business strategy, policies and initiatives, and verifies its progress in mobilizing the strategy.

Monthly

### Directorate of Administrative Services

- ▶ Monitoring of the eco-efficiency strategy
- ▶ Regional alignment
- ▶ Metrics & Reporting

### Sustainability Department

- ▶ Strategy formulation
- ▶ Consolidation, analysis and reporting of information
- ▶ Advocacy and leadership in the adoption of practices
- ▶ Communication with stakeholders

### Vice Presidency of Credit Risk

- ▶ Definition of policies for products
- ▶ Environmental and social risk assessment in projects and activities
- ▶ Definition and compliance with green eligibility criteria.



The Board of Directors is the highest governing body that provides guidance and strategic guidance on issues related to the management of risks and opportunities in the face of climate change, in addition to monitoring the implementation of the climate strategy, the general monitoring of progress and the distribution of incentives to employees for the management of climate issues.

**Our Board of Directors recognizes climate change as a financial risk** given its potential impact on our stakeholders and the business.

In 2023, we reiterated the importance of working on climate issues, and since then, we have prioritized the role of senior management in providing strategic guidelines to mitigate risks and enhance opportunities related to this issue.

To implement these guidelines, the Board of Directors relies on supporting committees that, for the purposes of issues related to climate change, are observed by the **Corporate Governance and Sustainability Committee** and the **Corporate Risk Committee**. Members of the Bank's Senior

Management also participate as guests in these committees, who, from the executive vice-presidencies, vice-presidencies, and directorates, are responsible for mobilizing actions to achieve our sustainable business strategy.

Supporting Committees and direct reporting to the Board of Directors. In order for the Board of Directors to fulfill these duties, the supporting committees are responsible for reviewing, validating, and following up on actions on sustainability issues, including environmental and climate change issues.

## Supporting Committees Reporting Directly To The Board Of Directors

### Annual General Meeting of Shareholders

#### Board of Directors

Audit Committee

Corporate Risk Committee\*

Governance and Sustainability Committee\*

Compliance Committee

\* Directly accountable for climate affairs.

► In 2023, 3 sessions of the **Corporate Governance and Sustainability Committee** were held. The first two were attended by a representative of the Board of Directors, and, since the update of the regulations (following the recommendations of the Code of Best Corporate Practices -Country Code-), the last committee of the year was strengthened with the appointment of 2 new members. Accordingly, the Committee is currently made up of 3 members of the Board of Directors of Banco Davivienda, whose role is to know the plans proposed by Management for managing climate-related issues, validate them, issue recommendations, provide guidance, and monitor progress.

► On an annual basis, the **Corporate Risk Committee monitors** the bank's risk management report, which consolidates, among other matters, the management of environmental, social, and climate change risks.



# 18

## EMPLOYEES

exclusively dedicated to the management of our environmental topics.

The Sustainability Department ensures that the definition of the **sustainable business strategy reflects the commitments related to the material issues defined in the dual materiality (impact and financial)**, and to the strategic focuses, in addition to mobilizing the various areas with actions to achieve these commitments.



**At Davivienda we recognize that it is everyone’s responsibility to achieve a sustainable business strategy,** which includes climate issues and the development of actions aimed at managing the impacts, risks, and opportunities of material issues. The areas responsible for defining, mobilizing, and articulating actions aimed at the management of natural capital as a material matter in the strategic, tactical, and operational vision of the entity are:

- Vice Presidency of Credit Risk
- Administrative Services Directorate
- Business Vice Presidents
- International Executive Vice President
- Executive Vice President of Investment Risk of Grupo Bolívar
- Sustainability Department

The Strategic Risk and Planning Department monitors and controls the business and risk appetite indicators associated with sustainable management. The monitoring of the operational eco-efficiency strategy is carried out with the Directorate of Administrative Services. The Sustainability Department, the Legal Vice Presidency and the Executive Vice President for Risk are responsible for consolidating, monitoring, following up and presenting the progress of the strategy to the Corporate Governance and Sustainability Committee, as well as to the Board of Directors of Colombia and the Bank’s subsidiaries.

Finally, and in order to deepen the actions and objectives defined, in 2023 **we expanded the team of Sustainability, Eco-efficiency and Risk associates with specialized and technical profiles**, which allows us to advance in climate change management in a more forceful and agile way. Thus, the Bank relies on more than 18 people dedicated exclusively to the management of environmental issues, including climate change.



# Areas Responsible for Climate Change Management



**Sustainability Department**

- ▶ Mobilize the sustainable strategy by identifying opportunities, articulating with banking portfolios, and mainstreaming ESG initiatives.
- ▶ Ensures integrated ESG management and reporting.
- ▶ Shares the main results with stakeholders.

**Corporate Executive Vice Presidency**

- ▶ Through the different banking portfolios, creates and manages environmental products and programs that contribute to climate change mitigation and adaptation.

**International Executive Vice-Presidency**

- ▶ Executes and aligns the climate strategy in the countries we serve.

**Executive Vice-Presidency of Human Talent**

- ▶ Leads the eco-efficiency strategy and the management of the operation's direct GHG emissions.
- ▶ Promotes a sustainable culture, aligned with environmental and climate issues.

**Executive Vice-Presidency Personal Banking & Marketing**

- ▶ Through the placement and collection lines, it manages environmental products for all people.
- ▶ Reports and communicates sustainable management to the various stakeholders and works towards brand positioning.

**Executive Vice-Presidency Risk Guidelines**

- ▶ Ensures the appropriate Integrated management of risks and opportunities, including climate change.

**Vice President of Investment Risks, Grupo Bolívar**

- ▶ Ensures the proper management of financial and climate change risks and opportunities in investment portfolios.

On the other hand, we identify the current state of our governance model on environmental issues, including climate issues, as well as the gaps and challenges we face. To this end, we designed a 5-year plan that began in 2021 and that has allowed us to evolve in our actions, in the governance model and in the definition of roles at the

different levels of the organization. **Our interest is to continuously improve our practices for monitoring risks and opportunities related to climate change** by the Board of Directors, and the responsibilities of senior management in assessing and managing risks and opportunities in this area.

# > Committees



## CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

In 2021, the Board of Directors consolidated corporate governance and sustainability matters into a single committee with an integrated ESG business perspective.

### FUNCTIONS OF THE COMMITTEE

It is a supporting committee for the Board of Directors whose objective is to supervise, review and implement policies, guidelines and procedures in terms of good practices in corporate governance and sustainability standards, in accordance with national measures such as the Code of Best Corporate Practices -Country Code-, international measures such as the Dow Jones Sustainability Index, and voluntary agreements to be submitted to the Board of Directors for approval.

Therefore, the responsibility of this Committee is limited to supporting the Board of Directors in making decisions related to the Company's good governance and ESG issues.

The Corporate Governance and Sustainability Committee is made up of 3 members of the Board of Directors and is chaired by an independent member. The members of the Committee have experience that enables them to fully carry out their duties.

These are some of the functions of this Committee in the field of sustainability:

- ▶ Ensure compliance with and execution of the sustainability strategy at the multi-Latin level, in addition to the implementation of good practices in this area at the Bank and its national and international subsidiaries. This includes, among others, the review of the annual sustainability management report that must be approved by the Board of Directors before its presentation to the Annual General Meeting.
- ▶ Promote the Bank's participation and strategic linkage in the initiatives, national and international benchmarks, or sustainability commitments to which the organization adheres at the multi-Latin level.

The meetings of the Committee may also be attended as guests, by appointment and depending on the topic to be discussed at the respective meeting, by the President of the Bank, the Vice-Presidents and Directors as permanent guests, and other associates that the Committee deems appropriate, as well as the heads responsible for the areas involved in matters relating to this Committee. This, in order to provide the necessary and relevant information about matters within their competence and so that the Committee can provide adequate support to the Board of Directors.

## CORPORATE RISK COMMITTEE

It supports the Board of Directors and oversees the operation of Integrated Risk Management at Davivienda. It is composed of 3 members of the Board of Directors and meets 4 times a year, or whenever any of its members deems it appropriate. The Committee may be attended as permanent guests by the President of the Bank, the Executive Vice President of Risk, the Executive Vice President of Investment Risk of Grupo Bolívar, the International Executive Vice President and the Vice President of Compliance, as well as other officials who, due to specific topics and information, the committee considers their participation to be important on a sporadic and punctual basis.

## FUNCTIONS OF THE COMMITTEE

Monitoring the entity's risk profile and appetite, assessing its consistency with the business plan, capital, and liquidity levels, reporting to the Board of Directors on the main results, and issuing the corresponding recommendations when necessary or when there are deviations in risk appetite levels. In relation to climate change risk, the Committee reviews the progress of the plan established for 5 years and monitors the administration and management of climate risks for the scopes outlined, the improvements of the process, and the definition and adjustment of the corresponding appetites.

# 2023 Milestones

## Board of Directors

- Approval of reports.
- Monitoring of sustainability management results.

## Corporate Governance and Sustainability Committee

- Monitoring the progress of the Bank's strategy and sustainable management.
- Presentation and approval of the TCFD Report for subsequent publication as an annex to the annual report to be presented at the Annual General Meeting on March 23, 2023.
- Approval of the Responsible Investment Policy.
- Approval of the update of the Environmental and Climate Change Policy, which also included the declaration of phase out by 2040 and the goal of Net Zero by 2050.

Approval of adherence to UNEP-FI and also to the Principles for Responsible Banking (PRB), Net Zero Banking Alliance (NZBA) and Glasgow Financial Alliance for Net Zero (GFANZ).

Approval of the double materiality (impact materiality and financial materiality) of Banco Davivienda in 2023, and of the prioritized material issues, which includes the material issue of natural capital.

Approval of adhesion to the Science Based Targets Initiative (SBTi).

## Corporate Risk Committee

Follow-up and monitoring of the Integrated risk management of Banco Davivienda, which includes the management and activities developed within the framework of the Environmental, Social and Climate Change Risk System.



# > Policies Associated with Climate Change Management

The Integrated work of our sustainable management is also governed by the policy statement associated with these matters:

► **Sustainability Policy**

Senior Management has defined the following as our commitment: **the world is our home, let's make it more prosperous, inclusive, and green.**

- **Prosperous:** we offer **innovative solutions** to drive progress and competitiveness in our environment.
- **Inclusive:** we support everyone's life journey to **foster diversity and promote equity.**
- **Green:** we promote **forward-looking initiatives** to contribute to the regeneration of the planet.



► **Environmental and climate change policy**

In 2023, we updated the environmental and climate change policy that establishes the framework for action to identify and manage challenges and opportunities related to social and environmental impacts, including climate impacts, covering our operations, suppliers, customers, and business model, in line with our strategic objectives and national commitments in relation to environmental protection and emission reduction, as well as with existing international frameworks and agreements on environmental and climate change. *(Learn more: [click here](#))*

► **Responsible Investment Policy**

It lays out for Grupo Bolívar and its subordinate companies, including Banco Davivienda, the guidelines for the incorporation of ESG criteria in the evaluation

and investment decision-making processes, assuming an active role in risk management and developing responsible practices, including the management of climate change.

- This policy is aligned with the Principles for Responsible Investment (PRI) promoted by the United Nations, to which Banco Davivienda has adhered since 2022. *(Learn more: [click here](#))*

In July 2023, we updated this policy to include a more comprehensive description of the ESG factors considered in investments, relationship actions in asset management, and management associated with policy compliance. This update was approved by the Financial Risk Committee and the Corporate Governance and Sustainability Committee and the Boards of Directors of Davivienda, Fiduciaria, Corredores y Seguros Bolívar.

## > Management of internal control **over climate matters**

Our internal audit contributes to the management of climate issues by evaluating the Internal Control System (ICS) and its environmental and social risk management process. The audit has verified the operation of the system, finding it to be in accordance with the established policies and procedures, and therefore effective. The last review was in 2023 and was carried out depending on the risk priority defined in the year.





## > Other **Aspects**

The Financial Superintendence of Colombia issued Circular 031 of 2021 with instructions on the disclosure of information on social and environmental matters, including climate issues, by issuers. In this circular, the regulatory agency provides for the disclosure of these matters from a financial materiality perspective, through the adoption of the international standards of the Task Force for Climate Related Financial Disclosure (TCFD) and the SASB Standards of the Value Reporting Foundation (VRF).

In preparation for adopting these standards, we actively participated in the review and training phase, and defined an action plan developed in 2023 with the areas involved. We present the results of this exercise in our 2023 Annual Management

Report through our dual materiality, the analysis of risks and opportunities associated with sustainability issues that could have a financial impact on our operations, and the disclosure of our indicators of the Sustainability Accounting Standards Board (SASB) standard for commercial banks.

In addition, we maintain our active participation in the Green Protocol of the Colombian Banking Association (Asobancaria). This protocol focuses on the development, at the banking level, of issues associated with environmental risks and opportunities, including climate risks. Through this mechanism, we not only have the opportunity to contribute to the strengthening of the regulatory and policy framework by submitting comments on draft legislation at the local level, but we also promote

activities and projects that drive the transition to a resilient and low-carbon economy.

In Costa Rica, through several circular letters, regulatory changes, and declarations in 2023, the Superintendencies of the Financial Sector and the Pension and Securities Insurer have assumed a relevant role so that the entities, under their supervision, incorporate Environmental, Social and Governance issues in risk and investment analyses, in addition to including in their reports financing for activities that mitigate or adapt to climate change. In 2023, Davivienda Costa Rica worked to follow these new regulations in procedures and operation, and, in 2024, they will continue to implement these actions in all the companies of the Financial Group in the country.



## 2. STRATEGY

Davivienda promotes a sustainable business strategy that harmoniously embeds ESG components: Environmental, Social and Corporate Governance, to ensure a sustainable long-term operation that adds value to our various stakeholders.

### DAVIVIENDA'S SUSTAINABLE MANAGEMENT

In 2023 we carried out our first exercise of double materiality (impact materiality and financial materiality), a Integrated process that allowed us to identify and prioritize 7 material themes that align with the philosophy and material themes declared by Grupo Bolívar and that promote our commitment **“The world is our home: let’s make it more prosperous, inclusive and green”**.

This strategic exercise has provided us with a clearer vision of the critical aspects that impact our organization and our stakeholders, with a vision of risks and strategic planning that, from a financial point of view, allow us to strengthen our role in the generation of economic, social, and environmental value.

In our home we are moved by purpose

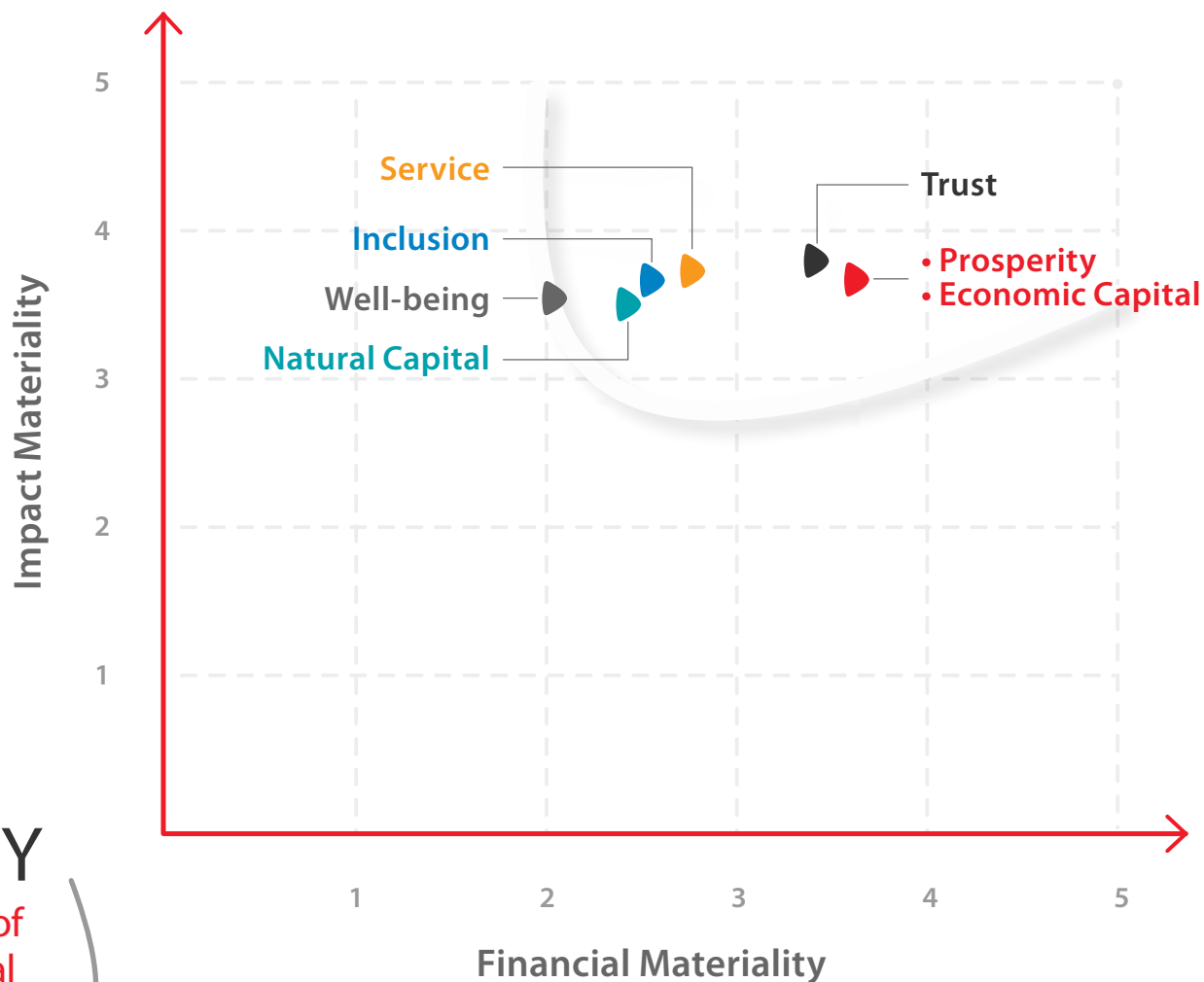


The scope of this exercise and our strategy apply to all strategic matters reported for the Bank and its subsidiaries in Colombia, Honduras, Costa Rica, Panama, and El Salvador.

With this exercise of double materiality, we prioritize **Natural Capital** as one of the material themes of our strategy, recognizing the role we have as a financial institution towards climate change and nature.

At Davivienda we are aware that our capacity to endure depends on the sustainability of our society and the planet, that global and local threats can have an impact on the bank's situation and that, as enablers, we are a vehicle to mobilize resources to face the challenges that compromise sustainable development. Therefore, through our financial instruments and relationship actions, we are committed to guiding our clients on their path towards an organized and fair energy transition.

## Matrix of double materiality 2023



### DOUBLE MATERIALITY

Natural Capital is one of our prioritized material topics in our strategy.

This is how we define our material themes related to the environmental dimension, and in particular, to climate change:



#### Natural Capital

We promote business initiatives that contribute to the **protection, conservation, restoration, and regeneration** of ecosystems and natural resources, as well as to mitigation and adaptation to **climate change**. This leads to a resilient, low-carbon economy with positive outcomes for nature.



#### Prosperity

We help **individuals, families, and businesses to fulfill their dreams** through innovative and sustainable solutions that contribute to their **progress** and the **competitiveness** of the countries we serve.

Likewise, as part of our climate strategy, we deploy actions that contribute to the fulfillment of the country's objectives, the Nationally Determined Contributions (NDCs) and their sectoral plans, the Paris Agreement, and the global goals for 2030 and 2050.

# Our **journey** The most relevant milestones in our management are:





Accordingly, and within the framework of the 2030 global agenda, Grupo Bolívar has been aligned with the Sustainable Development Goals (SDGs) since 2017. Particularly at Davivienda, in 2023 we carried out an exercise to prioritize our contribution to the SDGs in the context of Latin America and the Caribbean, and at the local level with the National Planning Department (DNP). To this end, we took as a starting point the double materiality exercise to align ourselves with the strategic issues identified and valued by Senior Management, our stakeholders, risk management and financial planning.

The theoretical basis of this process was the prioritization methodology proposed by the CODS (Center for the Sustainable Development Goals of Latin America and the Caribbean), which provides tools for a better understanding of the SDGs from the business environment and thus, to be able to articulate the contribution to the 2030 Agenda with clear strategic activities.



As a result, **we prioritized 7 of the 17 SDGs and 16 of the 169 targets**, to which we have a significant and direct contribution based on our operations and financial function. These are also aligned with material issues and strategic business focuses, and with our values and mission as a Bank.





In accordance with the prioritization, **we would like to highlight our contribution to the following SDGs and targets with positive results in environmental matters:**



### SDG 8 Decent Work and Economic Growth

**Target 8.4:** *Progressively improve the efficient production and consumption of global resources by 2030 and seek to decouple economic growth from environmental degradation, in line with the Ten-Year Programme Framework on Sustainable Consumption and Production Patterns, starting with developed countries.*

**We stand ready to partner with microbusinesses and SMEs**, as we recognize their key role in the country's economic growth and job creation. We develop actions that allow us to support our clients with solutions that encourage them to believe, grow and consolidate their activity. We also support them in the transformation and adoption of more sustainable practices through the specialized offer of green and social credit facilities. As of December 2023, the portfolio balance of green loans for SMEs in Colombia exceeded COP 60 billion. We highlight the use of resources for the financing of renewable energy projects (48%), agro-sustainability (31%), energy efficiency (9%) and electric and hybrid productive vehicles (6%), contributing to sustainable economic growth and the efficient use of resources.



### SDG 9 Industry, Innovation, and Infrastructure

**Target 9.4:** *By 2030, modernize infrastructure and convert industries to be sustainable by using resources more efficiently and promoting the adoption of clean and environmentally sound industrial technologies and processes, and engaging all countries to take action according to their respective capacities.*

**We are a strategic ally in the financing of high-impact infrastructure projects for the development of the countries we serve**, supporting road, port, power generation and transmission and real estate projects, among others, which contribute to the competitiveness and progress of the regions.

Additionally, through Construction, Corporate and Business banking, we contribute to the transformation and adoption of more sustainable practices in the different economic sectors we finance. As of December 2023, these three banking portfolios account for approximately 84% of our sustainable portfolio in Colombia, with a portfolio balance exceeding COP 3.6, highlighting the financing of certified sustainable construction projects with a balance of COP 1.6 trillion (45%), Agro-sustainable lines with COP 1.0 trillion (28%) and sustainable infrastructure projects with COP 785 billion (21.6%). In Central America, this portfolio balance totals USD 243 million, highlighting the use of resources for renewable energy (60%) and clean production (28%).

This allows us to contribute to the reconversion of industries in economic sectors such as agriculture and construction, support their transition towards sustainability, and support our clients with financing alternatives for the adoption of technologies that optimize the use of resources.



### SDG 11 Sustainable Cities and Communities

**Target 11.1:** *By 2030, ensure access for all to adequate and safe, affordable housing and basic services and upgrading slums.*

**Target 11.2:** *By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all and improve road safety, including through the expansion of public transport, paying particular attention to the needs of people in vulnerable situations, women, children, persons with disabilities and older persons.*

**We continue to consolidate our leadership in housing financing in Colombia**, supporting low-income people, women, and young people to fulfill their dream of acquiring housing on favorable terms. We also mobilize resources for the financing of hybrid and electric vehicles, achieving a reduction in emissions in mobility. As of December 2023, the balance of green mortgages in Colombia is COP 443 billion and eco-vehicles 199 billion; in Central America it is USD 3.7 million and green mortgages and eco-vehicle USD 15.4 million. These lines posted an overall growth of 26% compared to 2022, reaffirming our commitment to urbanization and sustainable mobility.



### SDG 12 Responsible consumption and production

**Target 12.2:** *By 2030, achieve sustainable management and efficient use of natural resources.*

**Target 12.5:** *By 2030, significantly reduce waste generation through prevention, reduction, recycling and reuse activities.*

**We are constantly working on the proper management of the resources and waste resulting from our operation**, recognizing that the optimal development of our strategy must be aligned with technological innovation and the articulation of alliances with our suppliers and other key actors in the value chain. In 2023, we managed to reduce energy consumption by 22% and water

# 26%

## CRECIMIENTO

general en nuestra línea de hipotecas verdes y ecovehículo con respecto a 2022.

consumption by 44% compared to our 2019 base year. We also use 74% of our waste and reduce its generation compared to 2022 by 29%.

We promote the optimization of our customers' production processes through the **Cleaner Production** financing facility, which seeks to optimize production processes by reducing consumption and using more efficient materials. As of December 2023, the balance of this line totaled COP 279 billion, growing by 39% compared to the previous year.

In addition, with our sustainable sourcing project, we strengthen the value chain through supplier development and sustainable procurement processes.







### SDG 13 Climate Action

**Target 13.2:** Incorporate climate change measures into national policies, strategies, and plans.

**We enrich the lives of people and the planet with integrity, fueled by the transformative power of our sustainable business models.**

We design a portfolio of products and services with innovative solutions that promote inclusion, the development of eco-efficient practices with a lower ecological footprint among our customers, and that express our interest in creating long-term value in a responsible way with our stakeholders and always with full awareness of the environment.

As of December 2023, the portfolio balance of our green portfolio amounted to COP 5.3 trillion, growing by 17.4%

compared to the previous year, allowing us to reach more clients in adopting measures related to climate change.

We are also working to reduce emissions from our operations. In 2023 we managed to reduce our emissions by 9% compared to the previous year, i.e. we emitted 451 tons less CO2e. In terms of financed emissions, we have improved the scope of our inventory with greater coverage of input data and measurable asset typologies, reflecting a 62% increase in the number of emissions. In 2024 we will work under the SBTi methodology in the structuring of our reduction targets for each of the scopes.



# > Climate change management

On our path to strengthen our management against climate change and increase our maturity level, in 2023 we adhered to globally recognized initiatives such as: UNEP-FI Principles for Responsible Banking (PRB), Net Zero Banking Alliance (NZBA), Glasgow Financial Alliance for Net Zero (GFANZ) and Science Based Targets Initiative (SBTi).

Based on the impact analysis of the Principles for Responsible Banking (PRB) and the recent adherence to SBTi, we committed to setting science-based short- and medium-term, Net Zero targets in no more than 18 months. To fulfill this commitment, we created a detailed work plan in collaboration with a specialized consultancy.

In this plan, we set out to expand the comprehensive and detailed

estimation of the emissions inventory for Scopes 1, 2 and 3; in the latter, covering all categories from 1 to 14 and also category 15 related to financed, investment, and insurance emissions in all the countries we serve, to expand the estimate of financed emissions made in recent years.

From this comprehensive baseline, with reference to 2022 and 2023, **we will establish scientifically backed decarbonization scenarios**, as well as the goals of the Paris Agreement, including limiting global warming to 1.5°C. This plan will allow us to develop concrete and sustainable strategies that meet the most rigorous scientific standards, strengthening our management of climate change and reaffirming our commitment to business sustainability through rigorous and technical tools.

Likewise, we worked on the integration and management of climate change opportunities due to the potential they have to generate material financial impacts for our business, and which were also part of the financial materiality process, in which the Bank's risk managers and the Financial Planning area weighed the impact of the following options:

- ▶ Positive impact on revenue from potential opportunities to develop new products and services, such as loans and green lines.
- ▶ Positive impact on capital plans, the level of debt or capital required for financing.
- ▶ Impact on Earnings Growth from Growth in Demand for Goods/ Services
- ▶ Impact on efficiency and savings on operating costs
- ▶ Positive impact on existing and future activities and decisions that require investments, restructurings or write-downs
- ▶ Positive impact on capital plans, the level of debt or capital required for financing
- ▶ Impact on access to new markets, through cooperation with governments, development banks, local small-scale entrepreneurs, and community groups
- ▶ Impact on resilience to changes affecting networks and resources in the value chain
- ▶ Positive impact on investment in innovation and R+D research and development
- ▶ Impact on the generation of long-term sustainable financing
- ▶ Reduction of direct and indirect operating costs
- ▶ Reduction of income due to the impact of climatic events
- ▶ Brand positioning by reputational risk mitigation







In this context, supported by our Environmental and Climate Change Policy updated in 2023, international benchmarks and external commitments, in addition to considering training and dissemination as cross-cutting axes, we developed our climate management through the following lines of action:

**MANAGING CLIMATE CHANGE THROUGH OUR BANKING PORTFOLIOS**

**Environmental and Social Risk Management System - SARAS:** we assess the risks of climate change associated with credit portfolios.

**Environmental products and programs:** through our sustainable finance, we identify financing opportunities and promote the development of climate change mitigation and adaptation projects in our clients, as well as supporting them in their investment initiatives.

In this context, to increase and detail our contribution to the global decarbonization strategy, we established a commitment **to promote the orderly, just, and equitable transition to a low-carbon and zero-emission economy**, consistent with the Paris Agreement and national policies and objectives to 2050.

Through the business, and with the purpose of reducing the emissions financed, we prioritize the following actions:

**1. Financing the transition with an emphasis on mitigation, offsetting, and adaptation to climate change:** we move forward towards the accomplishment of our goal, whereby we set out to ensure that our sustainable portfolio (social and environmental, including climate) shall account for 30% of the overall loan portfolio by 2030.

This, through the promotion of clean energies, energy efficiency in companies and homes, mobility and sustainable construction, modernization of agricultural practices and implementation of new technologies, planting, and restoration of ecosystems, among others.

- 2. Active support:** engagement or support to companies in the sectors with the highest intensity in the generation of emissions in order to encourage the generation of knowledge, measurement, decarbonization and Net Zero commitments, and plans to reduce their emissions by 2030.
- 3. Commitment to thermal coal,** phase out in 2040.
- 4. We do not finance unconventional hydrocarbon projects** in line with Colombian law.



As a cross-cutting issue to these actions, we establish **the measurement of financed emissions** for the monitoring, definition or updating of science-based targets and management of risks associated with climate change. Thus, we maintain the alignment of this commitment with national policies and realities and will review and update it no later than every 5 years.

In particular, as part of climate change risk management to support this strategy, we have specific policies and procedures that allow us to track the concentration and thresholds of our financing in mostly carbon-intensive sectors. We also identify, evaluate, and monitor our clients' climate management practices in their activities and financed projects (including project finance), in addition to compliance with applicable regulations. These aspects are further explained in the Risk Management section.

### IDENTIFICATION OF RISKS ARISING FROM CLIMATE CHANGE

We identify and define a list of climate change, physical and transition risks that can generate potential impacts on the strategy. The management of these risks is part of the process of the Environmental and Social Risk Management System - SARAS.

#### Physical risks

Generated by climatic events that generate loss and damage in productive sectors, infrastructure, assets, and communities. Physical risks are divided into:

**Acute Risks:** Related to extreme events, for example, the increase in the severity or frequency of extreme weather events such as heat waves, torrential rains, hurricanes, and others, which can generate adverse events such as floods, landslides, or forest fires.

**Chronic or incremental risks:** Related to progressive and long-term changes generated by climate trends.



**Identification of physical hazards**

Typology	Risk Description	Description of the potential financial risk to customers and bank	Short	Medium	Long
				4 to 10 years	>10 years
ACUTE	Increase in the severity or frequency of extreme weather events (heat waves, torrential rains, hurricanes, etc.) that can generate adverse events such as floods, landslides, forest fires, among others	Impairment or interruption in the operation or income of clients' activities.	▶		
		Loss due to damage to the facilities and assets of customers and the Bank.	▶		
		Deterioration or damage to collateral backing credits, such as real estate.	▶		
		Increase in insurance costs for customers and for the Bank.		▶	
	Difficulties in business continuity due to the occurrence of events such as floods or hurricanes	Increased operating costs and loss of revenue due to interruptions in the Bank's operations.			▶
CHRONIC	Temperature Rise	Changes in precipitation patterns		▶	
		Reduced revenues and higher costs in customers' productive activities.		▶	
		Increase in the operating costs of productive activities (crops, livestock) of customers, due to soil degradation, depletion of water resources, droughts, forest fires, death of seedlings, among others.		▶	
		Loss of value of customer assets that have been provided as collateral in water-scarce areas.		▶	
	Decreased revenue for hydroelectric power generating customers.		▶		
Sea Level Rise	Regional displacements of people and economic activities.			▶	
	Deterioration in the Bank's credit guarantees.		▶		



In a process of continuous improvement in relation to physical risks, in 2023 we established a work plan aimed at refining the identification and prioritization of these risks with the business and risk management areas. This plan has contributed to deepening and raising awareness of the existence of potential impacts, and to prioritizing and connecting existing procedures and controls that contribute to their mitigation.

**Transition risks**

They are generated in the transition to the low-carbon economy and are derived from changes in regulations, technologies, and market preferences, among other factors necessary to address climate change. We identified the following:

**Regulatory & Legal Risks**

Derived from policies focused on the transformation of production models and that have an impact on the most carbon-intensive sectors.

**Market Risks**

Linked to changes in consumer demand according to their perception of activities or products that they consider intense in the generation of CO<sub>2</sub>, or due to the increase in the costs of raw materials.

**Technological risks**

Derived from the need to implement technologies to transform the production model – not necessarily fully tested – or from having to implement new, highly expensive technologies.

**Reputational risk**

Linked to changing customer or community perceptions of an organization’s contribution to or detriment to the transition to a low-carbon economy.





**Identification of transition risks**

Type of risk	Climate-related risks	Potential financial risk to customers and bank	Short < 4 years	Medium 4 to 10 years
<b>REGULATORY &amp; LEGAL RISK</b>	Rising prices of greenhouse gas emissions	Potential financial impact to customers due to increased operating costs, increased insurance premiums, or increased investments to reduce emissions.	▶	
	Increase in legal obligations for the generation of emissions	Increased operating costs and expenses for customers.	▶	
		Higher operating costs for the Bank due to the implementation of monitoring and verification procedures.	▶	
	Mandates or regulation of existing products and services	For customers, loss of asset value or depreciation before the end of their useful life (stranded assets), and decrease in sales as they implement new requirements.	▶	
Litigation Exposure		Increased costs due to possible environmental litigation for customers, due to non-compliance with regulations.		▶
		Possible lawsuits against the Bank for failing to comply with climate change regulations in the business or supply chain.		▶
<b>TECHNOLOGY RISK</b>	Substitution of existing products and services with options that generate lower emissions (CO2)	Financial impact on customers due to amortization and early retirement of existing assets or the need to make capital investments.		▶
	Unsuccessful investments in new technologies	Customer spending on research and development (R+D) on new and alternative technologies.		▶
	Upfront Costs for Transition to Low-Emission Technology	For customers, upfront costs and expenses of research and development of new and alternative technologies.	▶	





Type of risk	Climate-related risks	Potential financial risk to customers and bank	Short < 4 years	Medium 4 to 10 years
<b>TECHNOLOGY RISK</b>	Upfront Costs for Transition to Low-Emission Technology	For the Bank, possible improvements in the performance of the payment of customers' credit obligations.	▶	
	<b>MARKET RISK</b>	Changing Consumer Behavior	For customers, reduced demand for goods and services due to changes in consumer preferences that can lead to decreased sales.	▶
For the Bank, possible improvements in the performance of the payment of customers' credit obligations.			▶	
Uncertainty about market signals		Increased production costs for customers, due to changes in input prices (e.g., energy and water) and output requirements (e.g., waste treatment)	▶	
Rising Cost of Raw Materials		Sudden and unexpected changes in energy costs for customers, affecting their production processes.		▶
	The cost of energy consumed by the Bank may also be affected.		▶	
	Changes in Income	Changes in customer revenue streams and their mix, leading to a decrease in revenue.		▶
For the Bank, possible improvements in the performance of the payment of customers' credit obligations and credit rating.			▶	
Price Changes	Loss of value of collateral and requirements for adjustments to the Bank's balance sheet due to exposure to activities.		▶	



Type of risk	Climate-related risks	Potential financial risk to customers and bank	Short < 4 years	Medium 4 to 10 years
REPUTATIONAL RISK	Changes in consumer preferences	Reduction of customer profits due to decreased demand for goods and services.	▶	
		Loss of customers for the Bank because it is considered to be financing projects or activities that are harmful to the environment.	▶	
	Stigmatization of the sector	Reduced customer profits due to decreased production capacity (e.g., supply chain disruptions).	▶	
		Deterioration of the Bank's image due to possible lack of commitment in financing projects or activities that affect the environment.	▶	
	Increased stakeholder concern	For customers and the Bank, reduced profits due to negative impacts on the management and planning of the required personnel (e.g., employee attraction and retention).	▶	
	Investment Exclusions	Reduced availability of capital for customers.	▶	
Reduction of interest to invest in the Bank.		▶		

As part of the process of understanding and integrating transition risks into business management, in the business areas of the corporate client segment and in the areas of risk management, **we continue to foster knowledge about how climate change issues become a risk and opportunity factor for the business.** In 2023, we reinforced this knowledge in Colombia and Central America.

Based on the identification and management of climate change risks, both physical and transitional, we are moving forward on the path of consolidating these issues and their mitigants in the business strategy to make decisions on the different fronts. In this way, we are prepared to face potential emerging risks and to capture opportunities in the countries where we have a presence.





## IDENTIFYING OPPORTUNITIES

### Environmental Products and Programs - Green Lines

**The integration of climate change into our strategy contributes to mobilizing new businesses, increasing revenues, and reducing risks,** strengthening the definition, and offering of new products and services, the mitigation and offsetting of emissions in financed productive activities, and the strengthening of our reputation, while supporting initiatives aimed at adapting to climate phenomena.

Below we present the eligibility criteria for products and services aimed at the development of projects, the acquisition of assets and the activities with which we contribute, in a decisive way, to generate environmental benefits and mitigation and adaptation to climate change to move towards a resilient and low-carbon economy with positive results.

These criteria define our green credit facility offering to our Business Banking and Retail Banking customers. The definition and verification of compliance with these criteria is within the scope of the SARAS Environmental and Social Risk Management System:

### Green Credit Offer Criteria

Eligibility Criteria	Description	Short-term opportunity
Sustainable Construction - Green Mortgages	Projects that meet sustainable building standards and hold certifications such as Edge Leed, Breeam, Casa, HQE or other applicable certifications.	▶
	Green mortgages: mortgage loans in projects with certifications such as Edge Leed, Breeam, Casa, HQE or other applicable certifications.	▶
Renewable energy	Installation of fixed assets that allow the generation or productive use of energy from renewable sources (solar, wind, hydraulic PCH, biomass, geothermal, tidal and others).	▶
	Manufacturers or suppliers of equipment or products intended for renewable energy projects.	▶
Energy Efficiency	Measures implemented with the goal of reducing energy consumption by at least 15% for each unit of service or production with respect to a baseline, including the replacement or modernization of vehicles, equipment, and machinery.	▶
	Manufacturers or suppliers of equipment or products intended for energy efficiency projects.	▶
Eco-vehicles	Purchase of electric or hybrid vehicles.	▶
Sustainable Infrastructure	Construction, expansion, equipment, operation and maintenance of public service infrastructure, urban development infrastructure, sustainable city and transport projects.	▶
Cleaner production	Investments aimed at reducing pollution (emissions, discharges, waste, etc.).	▶
	Investments aimed at optimizing production processes focused mainly on reducing the consumption of inputs or natural resources.	▶
Agro-sustainable	<b>Finagro Green Destinations:</b> focused on investments to improve the environmental sustainability of agricultural, fish, beekeeping, poultry, forestry, aquaculture, animal husbandry and fishing production systems, and for the development of rural and ecological tourism activities.	▶
	<b>Agro-sustainable seals:</b> customers who have one of the agro-sustainable seals (list defined by the IFC) because they comply with the required environmental or social standards.	▶

From the point of view of identifying opportunities arising from climate change, we have defined the following critical activities:

▶ Monitor the performance and growth of green credit lines, defining goals that contribute to the decarbonization of related sectors.

▶ Research and stay up to date on mitigation and adaptation trends and activities, as well as the emergence of new sectoral taxonomies that allow us to provide feedback and update our offer of green credit lines and other products and services for our clients.

▶ Analyze trends in methodologies and benchmarks of practices and metrics associated with climate issues.

▶ Incorporate eco-efficiency activities and initiatives into the internal operation that allow us to reduce costs (e.g., energy) and use NCRE (non-conventional renewable energies).

▶ Identify projects and activities aligned with the Science-Based Goals.

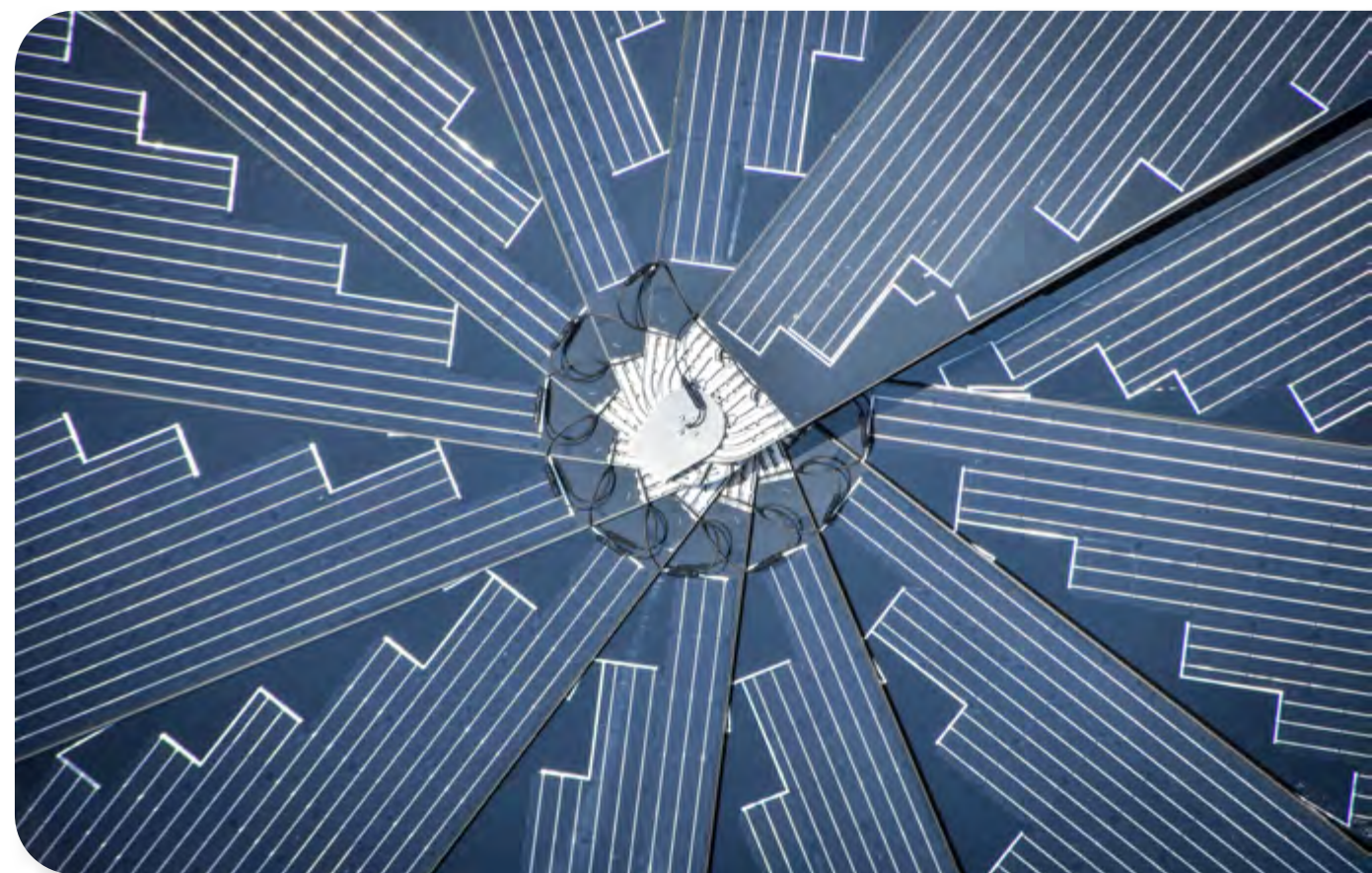
▶ Align our criteria with the official green taxonomy for Colombia.

▶ Mobilize resources for sustainable financing.

▶ Support our clients in their transition with added values and an engagement strategy designed and tailored to their needs.

Accordingly, our target is that our sustainable finance portfolio, which includes loans with environmental and social benefits, will account for 30% of our overall loan portfolio by 2030. In addition, we have already begun to set intermediate targets for 2024 to 2029.

These definitions have allowed us to work hand in hand with the lines of business to establish **segments and strategic focuses** on which we will focus our specific goals for the short-term green financing lines.



# Business' segments and **strategic focuses**



## 1 Financial inclusion

Throughout the most relevant moments of people's lives.

- ▶ **Employment**
- ▶ **Starting and growing a business** (Individual business owners y MySME)
- ▶ **Housing** (low-income housing / green)
- ▶ **Retirement**

**Zoom in on populations:**

Women

Farmers

Young people

**Strategies focused on:**

- ▶ Financing
- ▶ Insurance
- ▶ Savings/ investment
- ▶ "Transfer money"



## 2 Sustainable businesses

- ▶ Green building.
- ▶ Corporate and business loans with environmental benefits.
- ▶ Value-added programs.



## 3 Sustainable infrastructure

Loans for energy and social infrastructure projects such as hospitals, roads, and others.



## 4 Responsible investment

Mobilization of investment resources under an ESG approach.

We have enhanced our technical capabilities to identify and declare our medium- and long-term targets, helping our business lines to seize new opportunities.

Accordingly, the Sustainability Department redefined its work team with the aim of achieving direct support to the business lines with four specialists (business partners), assigned to each Banking portfolio and with a multi-Latin scope. The same Directorate also set up the **Knowledge Center** with experts for strategic, performance, environmental analysis and for the mobilization of sustainable funding. These teams continue to work in synergy with the specialized Environmental and Social Risk team, addressing various fronts of sustainable management to improve the management of risks and opportunities.



This strategic focus, combined with solid human and technical resources, has led to the **successful growth of our sustainable portfolio** for both businesses and retail banking (green and social loans). In 2023, we reached a total amount of COP 17.2 trillion, a remarkable 19.4% year-on-year rise, accounting for 12.6% of our overall loan portfolio. It is worth noting that portfolio balances related to green financing or financing with environmental benefits reached COP 4.3 trillion in Colombia and USD 259 million in Central America. This sound performance reflects our continued commitment to sustainable management and the promotion of responsible financial practices in Colombia and the region.

In addition, and as part of a joint effort of the companies that make up Grupo Bolívar (Banco Davivienda, Constructora Bolívar and Seguros Bolívar), together with the Bolívar Davivienda Foundation, the **Agro Ecosystem** was structured and launched in 2023. This project was prioritized due to the vulnerability of the agricultural sector to climate

change, its high participation in the national economy, and for being one of the main contributors to greenhouse gas emissions in the country. Therefore, it is essential to effectively address agricultural practices to reduce these emissions and move towards more sustainable and environmentally friendly agriculture.

This is a strategy that seeks to empower the sector with innovative and financial and non-financial solutions that promote financial inclusion, specialized technical assistance, risk mitigation, well-being, and development of agricultural communities, among other aspects.

The ecosystem has four main axes of implementation:

**COP 4,3 BILLONES**

**Saldo de cartera vinculado a financiamiento verde o beneficio ambiental en Colombia.**

1

**Integrator strategy** hand in hand with companies in the real sector. We seek to support small and medium-income producers, and the producer associations that make up their supply chains. With the purchase of their crops, we contribute to increasing their production and ensuring income generation.

2

**Strengthen non-traditional export sectors** through investment financing for the issuance and renewal of agro-sustainable certificates and seals that facilitate competitiveness in international markets.

3

**Promotion of local production** for the substitution of imported products such as corn and soybeans.

4

**Inclusion and social Well-being** to strengthen associativity, productivity and sustainability in producers, processors, and marketers in the sector.

**In 2023, more than 100 billion pesos were disbursed to support more than 700 Colombian producers.** The commitment for 2024 is to increase the impact of the ecosystem and position Davivienda and Grupo Bolívar as leaders in the promotion of this sector, guaranteeing the country's economic growth and contributing to food security and financial inclusion of the different actors that make up Colombian agriculture.

With our rediscount lines from the Business Development Bank of Colombia (Bancoldex) and the Territorial Development Bank (Findeter), we finance renewable energy and protection and restoration projects, which contribute to the reduction of social gaps in aqueduct networks, sewerage and drinking water and wastewater treatment plants.

In 2023 we participated in the review and feedback of proxies to support the implementation of Colombia's Green Taxonomy (TVC), developed by the Climate Bonds Initiative and Ambire Global as part of the proposed tools to bridge the technical information gap in the water, transport, and land use (AFOLU) sectors. This taxonomy was also part of the results of the alignment pilots with the TVC, led by Asobancaria and the Financial Superintendence in 2022 and part of 2023 (pilots in which we participated).

Particularly in Central America, within the framework of new sustainable product offerings, we have two green products that are contributing comprehensively to the biodiversity of the countries where we operate: Davivienda Seguros' green insurance (in Honduras, El Salvador, and Costa Rica) and Davivienda's Green Accounts (in El Salvador and Panama).

- ▶ Green insurance, with more than 13 years of experience, **is the only one in Central America where the client directly supports the conservation of biodiversity and the mitigation of climate change.** With each policy issued, the insured contributes to the restoration of mangrove ecosystems.

**USD 259**  
MILLION  
portfolio  
balance linked to  
environmental  
finance or benefit in  
central america.



### Honduras

Green insurance was launched in July 2022 with more than 3,626 policies placed, contributing to the restoration of 3 hectares of mangrove forest.



### El Salvador

We have more than 22,000 active policies with a 59% share in mass insurance placements. Thanks to this, in the last 5 years the insured contributes 1% of the insurance premium for the restoration of 6.2 hectares of mangroves.



### Costa Rica

Green insurance was launched in 2023 with more than 3,725 policies placed, contributing to the restoration and monitoring of 10 hectares of mangroves in a protected area.

#### ▶ Green Accounts in Central America:



### El Salvador

The client contributes to a sea turtle conservation program, achieving that in the last 14 years, more than 1.5 million hatchlings of this species have been released.



### Panama

We are developing a product so that each customer, by opening a mobile account, directly supports a program that seeks to plant 10,000 coral fragments for reef restoration.

Colombia

# 19.7%

## SUSTAINABLE FINANACIG INDICATOR

We exceeded the goal set at the beginning of the year.



### Aligned incentives, products, and environmental programs

We continuously strive to mobilize impactful actions both for our clients and to strengthen the culture and knowledge of our employees, as part of the strategic relevance of ESG aspects within our business and our commitment to the SDGs. Thus, we included a metric associated with the growth of our participation in the sustainable portfolio in the variable compensation scheme for all employees and senior management, aligned with our medium-term objective of achieving a sustainable credit portfolio that accounts for 30% of our total loans by 2030.

In this regard, in the performance bonus dashboard, at Davivienda we have implemented the **Sustainable Finance Indicator**, with the aim of aligning the variable compensation for results of all the Bank's employees with our sustainable portfolio goal for 2030. This indicator assesses the balance of sustainable financing in relation to the potential of the sustainable portfolio, which includes the mortgage portfolio, the commercial portfolio, and the proportion of vehicles in the consumer portfolio, since the latter is the focus of

our offer of products with environmental and social benefits. At the end of 2023, this indicator reached 19.7%, even exceeding the optimistic scenario that had been proposed at the beginning of the year.

In addition, as part of our efforts to encourage placements in green lines, the Bank recognizes 50 basis points of margin for placements with amounts of up to COP 4 billion pesos that meet the criteria classified as green. This initiative is part of the incentive settlement scheme that is being carried out for the corporate sales force.

### Sustainable funding for climate purposes

Seeking to mobilize sustainable financing, in addition to maximizing opportunities and generating value, we maintain and manage resources from multilateral banks for the financing of projects with social and environmental benefits. These resources have allowed us to generate strategies to support projects that mitigate the impacts and effects of climate change in the countries we serve, and that also allow us to contribute towards a just energy transition.

In 2023 we obtained the approval from the Financial Superintendence in Colombia (SPC) for the issuance of thematic bonds (green, social, and sustainable) in the local market.



## Responsible investment amidst climate change

*We are responsible investors in search of long-term value, who foster the construction of more prosperous and inclusive societies and seek to build a sustainable financial system (<https://sostenibilidad.davivienda.com/>)*

Therefore, in our process of evaluating and assigning investment limits to issuers in the financial and real sectors (local and international), we integrate environmental, social and governance (ESG) aspects, in which climate change is, without a doubt, one of the key aspects to be evaluated.

In this way, the investment decisions of financial resources that we handle in the portfolios of our own position and the portfolios of third parties integrate these concepts.

In line with our commitment to responsible investment, we

adhered to the UN **Principles for Responsible Investment (PRI)** in November 2022. In 2023 we established working groups and outlined the governance structure for the development and verification of the PRI report, being our first year of voluntary reporting. At the end of the year, we received the results of this evaluation with data corresponding to the 2022 management. The score obtained will be the guide to identify gaps and prioritize short- and medium-term action plans.



**MANAGING CLIMATE CHANGE THROUGH OUR OPERATIONS - ECO-EFFICIENCY**

*At Davivienda we aim to ensure that our operations have the least environmental impact, and that we can make our little red house a greener house.*

To achieve this, we developed the **Green Mission 2030** strategy in which we focus our work on three key areas:

**Operational eco-efficiency**

**Circular economy**

**Sustainable procurement**

With these areas, we seek to reduce our consumption of resources, minimize waste generation, and strengthen the value chain with sustainable vendors. Accordingly, we align ourselves with the recommendations of the scientific community to **effectively address climate change** and mitigate its impacts and the **degradation of ecosystems** with initiatives that integrate a culture of efficiency, the use of technical and technological solutions, and the implementation of responsible practices in Colombia, Honduras, Costa Rica, Panama, and El Salvador.

In the area of **operational eco-efficiency**, we are committed to maintaining procedures and initiatives such as the estimation and reporting

of our GHG emissions inventory for scopes 1, 2 and 3 (applicable categories 1 to 14), the reduction, mitigation and offsetting of our environmental impacts, the use of non-conventional renewable energy, and the energy efficiency program, the results of which we describe in the chapter on Goals and Metrics.

Thanks to the work of our almost 18 thousand employees, we were recognized by the Colombian Institute of Technical Standards and Certification (ICONTEC) with the **Carbon Neutrality Certification** under the Greenhouse Gas Protocol (GHG Protocol) for the period 2022-2025. This, as a result of the audit process of the 2022 GHG emissions inventory and the implementation of energy efficiency, photovoltaic,

renewable energy consumption systems, gradual transition of fire extinguishers to less polluting options, efficient management of public services and purchase of G-FER renewable energy certificates.

Likewise, in 2022 we obtained the recertification of the **Renewable Electric Energy Seal** for our operations in Colombia and Central America, and in 2023 we obtained the **Green Seal of Truth** awarded by CO2CERO, ratifying our commitment to climate action.

These advances demonstrate the efforts of all areas of the Bank and its subsidiaries in Central America, which have committed to all environmental initiatives and strategies to contribute to sustainable development.



# > Resilience of the sustainable strategy



We analyze the resilience of our strategy within the framework of climate change risk management to understand how our businesses may be affected by changing climate variables. In this way, **we seek to improve and refine the identification and management of physical and transition risks** by obtaining new information and consultation with different expert areas in the areas of the business and obtaining information from our clients so that the ratings of potential impact on the business are more accurate, these procedures include the analysis of scenarios of the possible behaviors of the climate; this allows us to have a vision To consider the financial implications of different assumptions

in order to make decisions that foresee actions aimed at the definition of policies, criteria and financial planning.

In this context, we use information from WorldClim ([www.worldclim.org](http://www.worldclim.org)), specifically global models of CMIP6, integrating the different RCPs (*Representative Concentration Pathways*): RCP 2.6, 4.5, 7.0 and 8.5, from 2021 to 2100.

The results obtained with these models allowed us to identify and prioritize the regions with the greatest change in temperature and precipitation variables, taking as a reference the historical average values in Colombia. Subsequently, we analyze the obligations present in these areas in order to establish the

percentage of quantities and portfolio amounts that could be exposed to a greater change in climate in the long term, and the economic activities that may suffer the greatest impact from climate change. We continue to regularly update this information at the portfolio level.

These analyses allow us to understand and develop capacities, improve methodologies, strengthen our strategy, and include, in subsequent stages, climate variables in the management of the credit portfolio and other financial risks so that they contribute directly to decision-making. These analyses also allow us to prioritize financing opportunities for climate resilience or adaptation.



## > Related training

In the current context of growing climate-related challenges and opportunities, it is crucial to rely on trained and specialized teams. This guarantees the ability to respond effectively to environmental risks and opportunities, which require a deep understanding and mastery of various issues associated with climate change. For this reason, we promote a variety of training spaces aimed at the different within the organization:

We train and certify 1,822 environmental leaders and managers with the World Energy Council and Vertebra, the purpose of the program is to specialize collaborators who promote the protection, conservation and efficient use of water and energy in their workplace and home. Since the beginning of this program in 2021, 4,308 employees have been trained in Colombia and Central America.

We participated in more than 14 events at the national and international level in which we shared, analyzed, and promoted conversations around sustainable financing and our vision of how the financial sector can contribute to the energy transition in a fair and orderly way, to climate resilience and to the protection of natural capital.

Our Senior Management team was trained on climate change and sustainable finance through talks with EY (Ernst & Young).



At our corporate university Uxplora we offer two courses:

1 **"Zero Waste"** in which 12,315 employees learned about proper waste management, its use and reduction.

2 **"Climate Change"** where more than 13,000 employees were trained on this topic, identifying key concepts, as well as risks and opportunities.

We promote a sustainable culture within the organization, and using media such as Workplace, we implement quick formats and information capsules to train our employees on desired actions and habits for resource management and facing the challenges of climate change.

Through training workshops, and with an emphasis on our risk areas, we address the climate issue as a risk factor and the channels of transmission in the face of traditional risks. We train commercial areas on clients' climate information and how to interpret it.

### 3. RISK MANAGEMENT

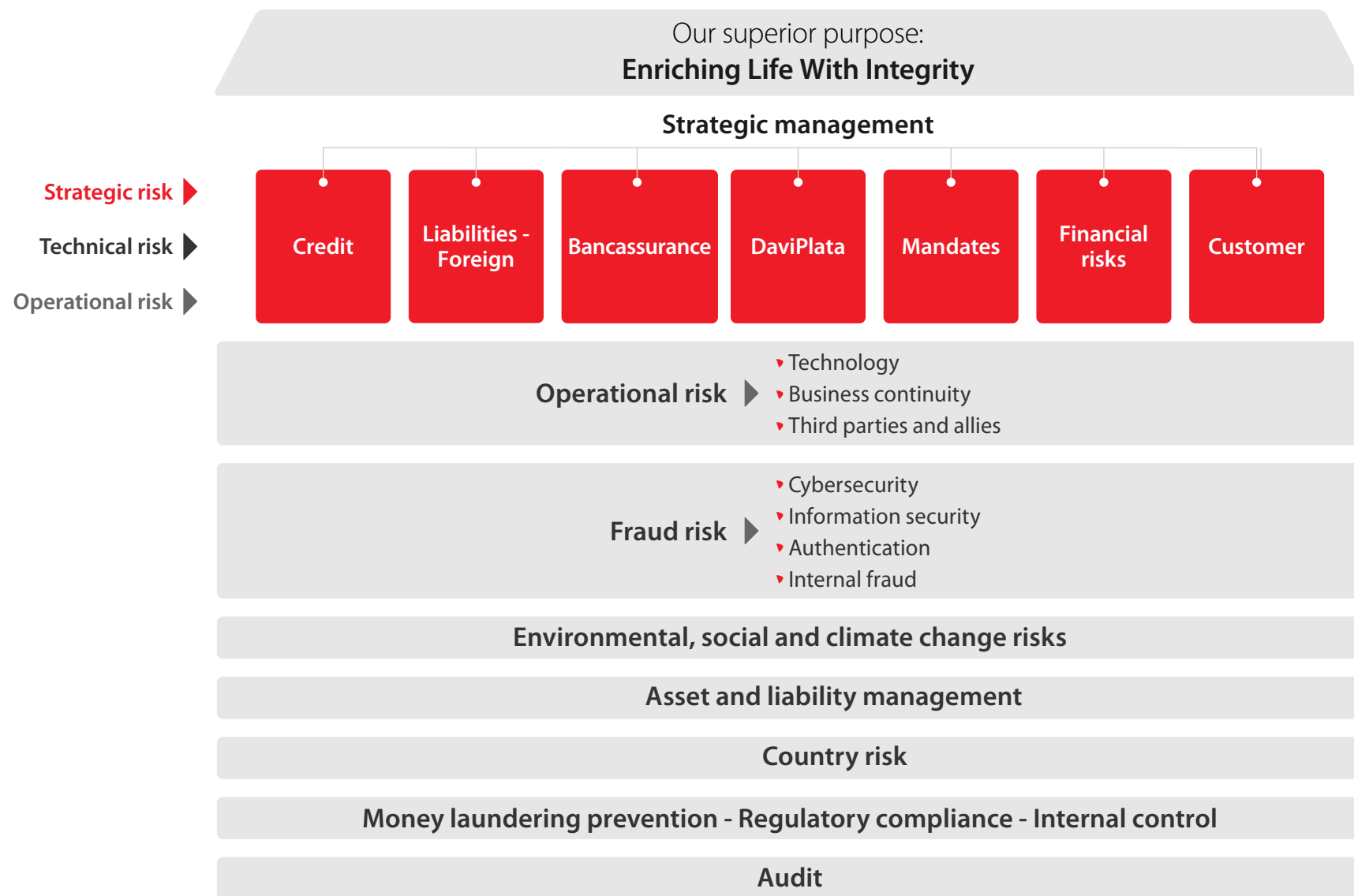
*The objective of our Integrated risk management approach is to achieve business growth and maximize the use of opportunities based on risk management, administration, and control.*

The macro-processes or lines of business that are most representative of the strategy or that generate the greatest exposure to risks must be supported by specialized risk areas responsible for determining the effectiveness of their management. This joint analysis of strategy, business units, and implicit risks shows how units have different dimensions of risk and operational complexities.

Each business cycle has different dimensions managed by specialized teams through risk verticals, whose function is to comprehensively assess strategic, technical, and operational risks. At the same time, the transversal risk companies are responsible for assessing the common risks that are independent of the nature of their origin and that are generated in the processes supported by the business units.



# Integrated risk management framework



Since 2021, climate change risk management has been incorporated in a transversal way into our general risk management framework, along with the environmental and social risk management established in 2011, with the purpose of integrating it into each of the main verticals.



## > Environmental and Social Risk Management System - SARAS

Taking into account the affinity of the topics, we have established that climate change risk management is developed within the framework of SARAS, by leveraging tools or elements already considered in the management system and developing methodologies and pilot exercises to improve and expand the scope of the assessment of these risks.

Our SARAS includes policies and procedures for the following matters:

- ▶ Environmental and social risk assessment of credit applications (activities and projects, including project finance) that apply from our Business and Construction clients, as well as in the evaluation of the Bank's strategic vendors.
- ▶ Managing physical and transition climate change risks.
- ▶ Human rights risk management.
- ▶ Assessment of ESG aspects in the framework of responsible investment.
- ▶ Definition and evaluation of eligibility criteria for green financing.



With respect to climate change management, SARAS's functions include the stages of identifying, evaluating, controlling and monitoring the climate risks of the various banking portfolios, leveraging this management on the processes of risk assessment of credit applications,

analysis of portfolios or total portfolios, request for climate information from clients in prioritized sectors; as well as alerting Senior Management about relevant risks and identifying green business opportunities associated with climate change mitigation and adaptation.

It is also responsible for validating compliance with eligibility criteria for projects with environmental benefit, and training and raising awareness about environmental, social and climate change risks.

# > Progress in climate change risk management



Since 2020 we have been implementing actions to advance in Climate Change risk management, which were described in our respective TCFD 2021 and 2022 reports, and below we highlight the main actions of 2023:

- ▶ We updated our environmental policy statement to explicitly include our commitment to climate change risk management.
- ▶ We carry out workshops to raise awareness and identify the interactions of operational, technological, business continuity and credit risk risks with climate change risk factors.
- ▶ We extended the measurement coverage of our financed and invested emissions to other types of assets in accordance with the PCAF methodology.
- ▶ We established working groups to strengthen the identification of physical risks, in synergy with Seguros Bolívar.
- ▶ We integrate our clients' climate information into credit approval committee sessions so that it can be considered in decision-making.
- ▶ We provide training on the risks and opportunities of climate change management in the areas of business, credit, legal and credit risk.
- ▶ We expanded the scope of physical and transition risk identification to our subsidiaries in Central America, as well as the measurement of financed emissions using the PCAF methodology.

This management allowed us to advance in the understanding and approach of climate change risks, managing the high degree of uncertainty in this area, which challenges us to continue researching and developing pilot exercises to test, compare, understand, and define work plans focused on overcoming limitations and optimizing procedures.

In this context, the policies, procedures, and tools achieved to date of this report allow us to describe the scope of the steps we apply for the identification, assessment and management of physical and transition climate change risks, a list that we describe in the strategy chapter. (See risk definition table).

## Stages of Physical and Transition Climate Risk Management

Stage	Description
Identification	Collection and consolidation of information to identify risk exposure within the defined scope.
Evaluation	Classification and assessment of exposure to high, medium, and low risks.
Mitigation and Adaptation	Policies, procedures, and measures and controls aimed at reducing the impact and probability of occurrence of risks.
Monitoring	Monitoring and comparison against policies and limits in risk management.
Account	Periodic risk status reports.

**98.4%**  
of evaluated applications  
were at low or medium  
risk of flooding.

### PHYSICAL CLIMATE CHANGE RISKS

To address the stages of identification, evaluation, and management of physical risks, considering the temporality in which these risks can be identified, we define the following scopes applied in the credit process to business and builder clients that corresponds to our commercial portfolio:

#### Scope of management processes, identification, and assessment of physical risks

##### Current Risks

- ▶ At the transaction level, within the framework of the environmental and social risk assessment applicable to new credit applications aimed at developing sensitive projects or activities.
- ▶ For existing credit portfolios, based on the massive cross-referencing of obligations with natural hazard threat maps.

##### Future Risks

- ▶ From the integration of the analysis variables from a future perspective, to then cross-reference this information massively with the current credit portfolios.

### CURRENT PHYSICAL RISKS IN THE LOAN PORTFOLIO

#### APPLICATION IN NEW CREDIT APPLICATIONS ASSESSABLE WITH THE ENVIRONMENTAL AND SOCIAL RISK METHODOLOGY:

The traditional environmental risk assessment of business credit applications includes consulting geographic tools and identifying background events such as floods, droughts, and mass removals.

**In 2023, we evaluated 273 new credit applications for projects from our clients in the Corporate, Business, Leasing and Construction segments for COP 9.1 trillion.** This information is considered by the Credit Approval Committee and establishes commitments with the client for follow-up during the term of the credit.

In consolidated results, we identified that, with respect to the threat of flooding, 98.4% of the applications evaluated were at medium and low levels, and, for the threat of mass removal, 98.3% were at medium and low levels, due to susceptibility to these conditions.

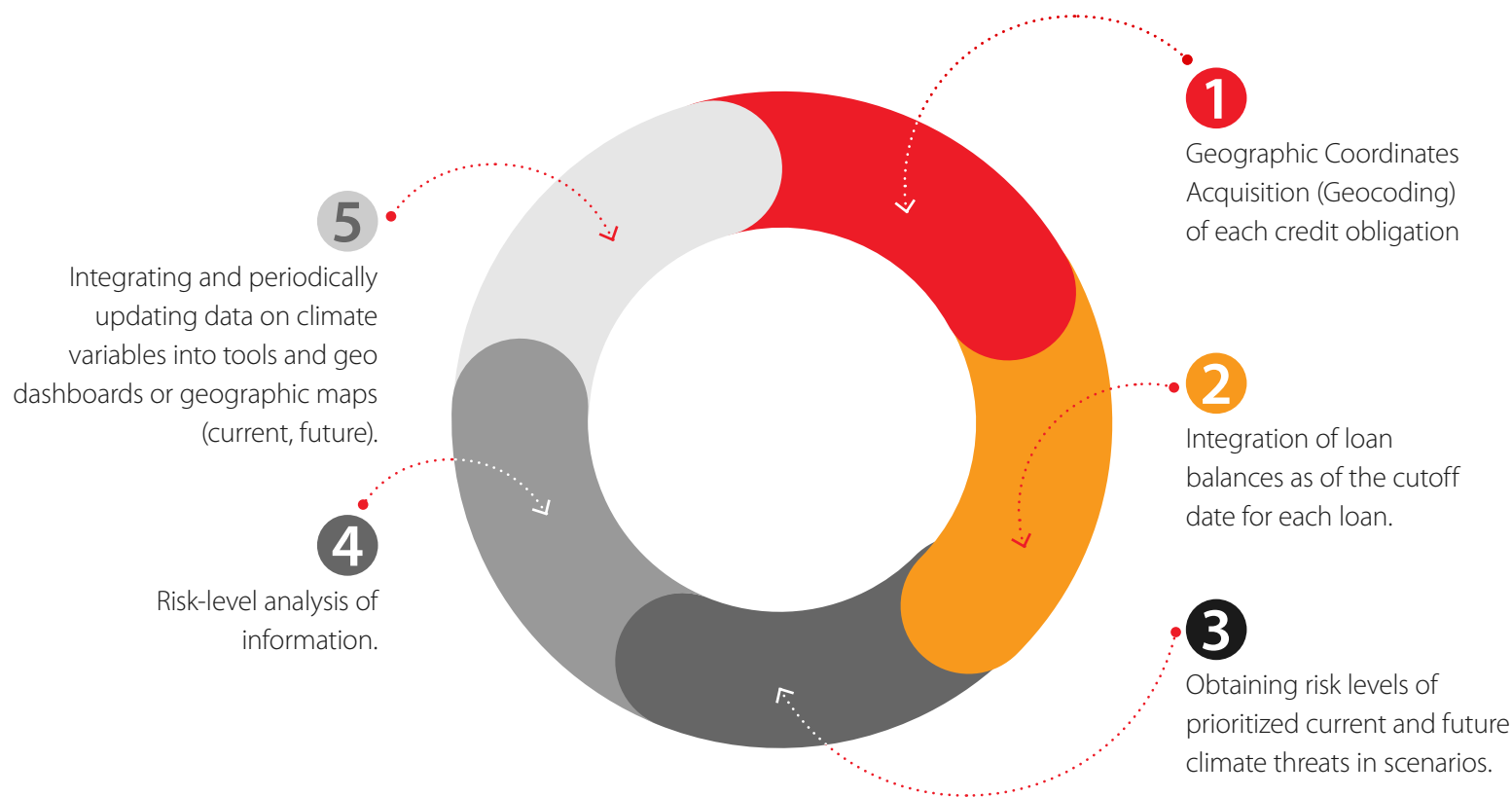




**APPLICATION IN EXISTING CREDIT PORTFOLIOS**

Through the following diagram we present the stages that we have established for the assessment of prioritized climate threats in our current credit portfolios of our commercial portfolio:

# Identification and evaluation of physical risks



During 2023, we continued with the georeferencing exercise of our **Commercial and Housing** portfolios to identify and assess physical risks. We will continue to improve our coverage throughout 2024.

Threat Level	Flood Threat	
	Commercial Portfolio	Housing Portfolio
Low	80.8%	79%
Middle	18.2%	19%
High	1.0%	2%

We update this information periodically during the annual period, adding the new obligations of the portfolio, in order to establish the level of physical risk in which they are.

In 2023, we expanded the scope of the identification of physical risks in the different subsidiaries in Central America, at the level of the commercial portfolio. In carrying out this process, we encountered different challenges in terms of raising awareness of climate variables with the different working groups of the subsidiaries, for which there were working groups that allowed an alignment of concepts at a transversal level.



This physical risk analysis allowed us to see the need to understand the behavior of nature in each of our subsidiaries. We will continue to work in 2024 to have a comprehensive approach to those natural physical threats that occur in each of the countries where we have a presence and their potential impact on our customers and operations.

Likewise, during 2023 we initiated a joint work plan with Seguros Bolívar to deepen and refine the identification and analysis of physical threats derived from climate change, measure exposure and vulnerability, and finally quantify the possible financial impact associated with the different credit segments of the corporate credit portfolio in Colombia. Likewise, this exercise will allow us to align the methodologies for analysing these issues at the level of the business group.

This exercise began with a literature review of references in the field of physical hazard analysis at the national level, as well as an analysis of the history of natural disaster events recorded. In this way, we were able to identify and focus on those events that have occurred with greater frequency or intensity in the national territory, then we determine a rating of the greater or lesser relationship that these events could affect the productive activities that we finance to our clients, starting with the Agro portfolio.

Subsequently, in order to prioritize and manage the threats with the greatest potential for financial impact, at the end of 2023 we began a stage of consultation and validation of the initial ratings, in interdisciplinary working groups with members of the areas of credit risk, credit and lines of business. In 2024, we will continue with this work plan at the level of the different classifications and main activities of the Bank's commercial portfolio in Colombia and Central America, as well as for our administrative part and other businesses of the Bank.



## FUTURE PHYSICAL RISKS IN LOAN PORTFOLIO

The identification of future physical risks has been structured based on the analysis of scenarios of the possible behaviors of the climate, which allows us to have a prospective vision consistent with the increase in physical risks related to the climate and to consider the financial implications of different assumptions to make decisions that foresee actions aimed at the definition of policies, criteria and financial planning.

In this context, we use information from *worldclim.org*, a repository in which we find the different models of climate change scenarios of the IPCC. For our case, we used information from the CMIP6 global models, integrating the different RCPs (Representative Concentration

Pathways) or CO<sub>2</sub> Concentration Pathways (RCP 2.6, 4.5, 7.0 and 8.5), which represent different CO<sub>2</sub> concentration scenarios from 2021 to the year 2100. The results of the implementation of this analysis are described in the resilience section of the strategy.

Our next stage of physical risk analysis will allow us to integrate current and future physical risk information into a comprehensive short- and long-term view of our credit portfolios. Likewise, the deepening of the identification and evaluation of physical risks will allow us to strengthen and adjust the management measures necessary for the mitigation and control of these risks.





# > Transition Risks

In relation to transition risk management, we have policies and procedures in place that allow us to deal with the identification, evaluation, control, and monitoring stages using the following tools:

**Risk identification and assessment methodology to establish sector risk levels and types of transition risks for trade credit portfolio and investments**

**Monitoring of the concentration of funding in prioritized financed activities**

**Measurement of Financed Emissions as a Risk Monitoring Indicator**

**Knowledge, evaluation, and classification of climate information of prioritized clients**

These procedures allow us to provide feedback on our processes and improve the generation of early warnings in the event of exposure to risk or for the management of opportunities. Below we expand the detail of the procedures, what is related to financed emissions is described in the metrics and objectives section.

## EARLY WARNINGS

**We identify and evaluate transition risks to enhance our early warnings processes for risk exposure.**



### SCOPE OF TRANSITION RISK MANAGEMENT PROCEDURES:

During 2023, we continued to apply our exercise of identifying and measuring the exposure to transition risks of our total portfolio, with regular updates that allow us to know the level of sensitivity of our commercial portfolio to these risks and the concentration in the carbon-intensive sectors.

To prioritize carbon-intensive sectors, we take into account the following variables:

- ▶ Sector prioritized and recommended by the climate disclosure benchmark TCFD.
- ▶ Sector prioritized and recommended by the PACTA methodology.
- ▶ Weighting of existing regulations: we consolidate the country's regulations related to climate change by sector, in order to identify restrictions or new requirements, as well as the set of associated public policies.

Based on this analysis, we **prioritized nine sectors** to generate a heat map of the relative sensitivity of the productive sectors to political or legal, technological, market and reputational transition risks. The result of this evaluation applied to the amounts in the total loan portfolio is reflected in the following table:

**99.1%**  
of investments  
portfolio  
exposure is in low  
sensitivity sectors.

**Classification of the sensitivity of productive sectors to transition risks and credit exposure**

Classification	Sectors	% of total portfolio exposure (December 2023)
Sectors exposed to transition risks	Petroleum, Coal	0.03%
Sectors with medium sensitivity to transition risks	Thermoelectric Power Generation, Iron and Steel Production, Gas Extraction, Cement Plants	1.22%
Sectors with low sensitivity to transition risks	Intermodal freight and air passenger transport	0.83%
Other Sectors	Remainder of commercial, housing and consumer portfolio	97.9%
<b>Total Portfolio</b>		<b>100.00%</b>





On this path, in 2023 work continued on the application of the methodology for the evaluation of the investment portfolio, identifying that 0.86% of the exposure is in sectors of high and medium sensitivity, while 99.1% is in sectors of low sensitivity. During 2023, the number of economic activities was expanded due to the

separation of some sectors, which implied a more detailed assessment, resulting in a lower number of sectors in medium sensitivity.

This scope in the analysis of transition risks in investments strengthens our management in ESG matters and reaffirms our commitment to responsible investment.

In the same way, in 2023 we extended this analysis to the commercial portfolio of our subsidiaries in Central America, finding as challenges the need to standardize the definitions of productive sectors and to know the regulations related specifically to climate change in each of the countries; During 2024 we will continue to improve this first identification.

Likewise, we have specific policies and procedures that allow us to periodically monitor the concentration and thresholds of our financing in mostly carbon-intensive sectors prioritized for this analysis.

The measurement of financed and invested emissions is a risk monitoring procedure, taking into account that it allows us to prioritize sectors and activities for mitigation, periodically compare trends and generate information for business decision-making. The process and outcome of the measurement is described in the Metrics and Objectives section.

**CLIMATE MANAGEMENT INFORMATION FROM OUR CUSTOMERS**

As part of the management of transition risks, in 2023 we made progress in the knowledge of climate change management of our clients in the carbon-intensive sectors, and in this sense, we continue to develop and strengthen our own methodology to identify the Degree of Maturity in Climate Change where aspects related to the measurement of the emissions inventory, greenhouse gas reduction strategy in the short, medium and long term, identification and management of physical and transition risks, carbon neutrality

**0.62%**  
**PERCENTAGE OF EXPOSURE**  
to the total portfolio of the oil extraction sector.

or Net Zero goals, participation in trade union initiatives, adherence to voluntary initiatives and disclosure of information related to climate change are considered.

**Classification of Sensitivity of Productive Sectors to Transition Risks and Exposure in Investments**

Classification	Sectors	% Exposure to Total Portfolio (Dec, 2023)
Sectors exposed to transition risks	Oil Extraction	0.62%
Sectors with medium sensitivity to transition risks	Thermoelectric Power Generation, Cement Plants	1.24%
Sectors with low sensitivity to transition risks	-	0.00%
Other sectors	Remaining Portfolio	99.14%
<b>Total</b>		<b>100.00%</b>







We engage with our clients through a survey format, receiving information from 33 clients belonging to the carbon-intensive sectors such as: thermoelectric power generation, coal, oil, gas extraction and cement and concrete. Once evaluated, we found that 20 clients are distributed between the Intermediate, Leader and Advanced levels of climate maturity. We will continue to advance in the application and improvement of the Climate Change Maturity Degree methodology, identifying opportunities to accompany our clients in the implementation of projects to reduce greenhouse gas emissions and adapt to climate change, leveraged on the Bank's Green Products offering.

In the same vein, the management of obtaining, evaluating, and classifying our clients' information, at a Climate Maturity Level, allows us to develop and strengthen the procedures for identifying the main associated transition risks, as well as the opportunities to accompany and establish commitments with our clients in their transition plans to the low-carbon economy. Likewise, knowing the identification of physical risks by our clients will allow us to contrast with the

**33 CLIENTS**  
from carbon-intensive sectors  
responded to our survey  
regarding their maturity level  
in climate change.

information obtained through geoviewers and refine the analysis of climate change scenarios.

This information per client, added to the results of the scenario analyses carried out the previous year with the **PACTA** methodology, allowed us to know the level of alignment with climate scenarios: SDS (Sustainable Development Scenario, IEA), Netzero 2050 (IEA STEPS) and the APS scenario (Announced Pledges Scenario, IEA), for the clients that carry out the analysis and the results of our measurement of financed carbon emissions, allow us to create a profile per client, to focus our efforts of relationship or engagement due to climate change, supported by an information structure and procedures.

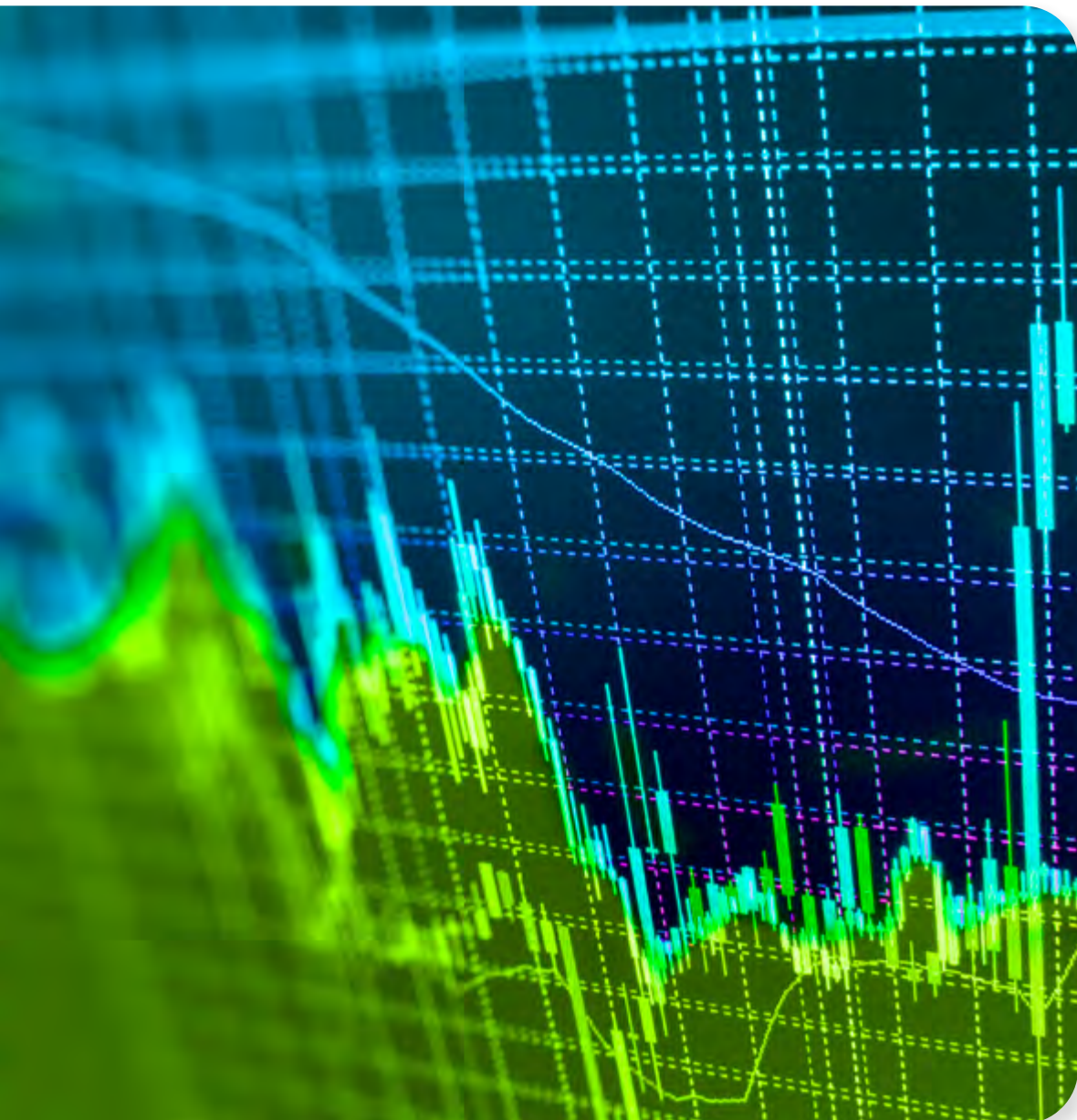
## > Risk appetite framework (MAR)

Our risk appetite framework considers different aspects, such as definitions of risk thresholds, stakeholders, targets, and risk metrics. Through these aspects, we define the upper layer of the risk appetite framework, which must be articulated with metrics specific to each line of business or type of risk, along with the aspects defined in the organization's strategic plan. In this way, we connect the development of the organizational strategy and the search for profitability with the levels of risk desired or tolerated by the organization.

In environmental, social and climate change risk management, we conceptualize environmental risk appetite, within the framework of exclusion lists and portfolio thresholds, including metrics for sectors that are most sensitive to the risks derived from climate change; Likewise, business growth approaches to take advantage of opportunities related to the financing of projects aimed at climate change adaptation and mitigation.







## 4. METRICS AND GOALS

*Climate change is an issue that requires the commitment of governments, organizations, individuals and, in general, all actors, to ensure the achievement of the goals of the global agenda.*

To achieve significant results, it is key to adopt a metrics system capable of demonstrating our progress and the achievement of objectives, as well as direct and indirect impacts on the business and our operation.

### INDICATORS OF CLIMATE CHANGE MANAGEMENT THROUGH OUR BANKING PORTFOLIOS

The following key metrics are used to assess our management of climate risks and opportunities across our Banking portfolios:

#### Estimated Financed Emissions

This metric enables us to complete the greenhouse gas emissions inventory and define baselines to set GHG emission reduction targets and targets in our credit portfolios and investment portfolios.  
Risk Monitoring Indicator.

#### Green financing

This metric monitors green financing lines portfolio balances performance. This encompasses the financing of climate change mitigation and adaptation projects.



## ESTIMATION OF FINANCED EMISSIONS

Since 2022 we have been part of the PCAF (Partnership for Carbon Accounting Financials) initiative, with the aim of relying on a globally recognized methodology for estimating the carbon emissions we finance or invest in, considering that these may be the most significant part of the GHG emissions inventory, and thus, complete the estimation of our greenhouse gas emissions. Estimating financed emissions is key to setting our science-aligned GHG emissions reduction targets to contribute meaningfully to climate change mitigation, in line with our vision to be Net-Zero by 2050.

At the end of 2022, we completed our first estimate in accordance with the methodological parameters at the time. In 2023, to conduct the annual estimate, we adopted the latest update of the PCAF methodology, which included a change in the classification

of economic activities, and, therefore, in the corresponding emission factors, increasing activity-level granularity. Additionally, we adopted PCAF recommendations to include inflation correction and currency type factors in the calculations. Based on these developments, and in order to maintain consistency and comparability between the estimates made year by year, we made the decision to recalculate our financed emissions reported at the end of 2022, which led to an updated result and greater input data coverage compared to the original calculation.

For 2023 estimate, available data of the obligations of the commercial portfolio at the end of 2022 was used as input data according to the methodological parameters. For this estimate, we expanded the coverage of measured assets according to

the classification established by the benchmark, also including commercial loans, project finance assets and corporate bonds and equities (the latter two in the investment portfolio), thereby expanding the inventory of measured emissions.

Similarly, to add high volume data from credit portfolios to the calculation, we optimized our calculation procedure by designing and implementing a tool based on a programming code, which consolidates the information of our clients for each asset measured, PCAF databases, and other parameters, to subsequently obtain an automated result for the quantification of financed emissions. This process enables us to run estimates on a regular basis, perform risk monitoring, and generate insights to prioritize our climate engagements with clients.



One of the biggest challenges faced when calculating financed emissions in 2023 laid on how we managed our client’s financial statements information, as these are a key input for the estimation. This proved to be particularly challenging for customers who do not have an obligation to disclose their financial information. We will continue to work on this aspect in 2024 to improve data quality.

In 2023, we expanded the scope of our calculation of financed emissions to the Bank’s subsidiaries in Central America. We set up working groups with leaders from each country to raise awareness about the importance of these estimates, and we completed a first data collection exercise for quantification purposes. In 2024 we will continue to work on refining this estimate, sharing the results, and preparing for public disclosure.

Accordingly, find below our 2023 results:

**Estimated Absolute Financed GHG Emissions for Commercial Loans, Project Finance and Corporate Bonds and Equity Assets**

	Year 2023 (2022 input information)			Year 2022 (2021 input information)	
	Business Loans	Project finance	Corporate Bonds & Stocks	Total emissions 2023	Business Loans
<b>Total Scope 1, 2 y 3</b> (Mton CO2e)*	4.14	0.31	0.08	4.53	4.44
<b>Scope 1 y 2</b> (Mton CO2e)	1.98	0.07	0.02	2.07	2.47
<b>Scope 3</b> (Mton CO2e)	2.16	0.24	0.06	2.46	1.97
Emissions intensity (except corporate bonds and stocks)	78%	78%	28%	-	86%
<b>Intensidad de emisiones</b> (Mton CO2e / BCOP)	0.10	0.06	0.03	0.13	0.16
Data Quality Score	3.68	4	1.83	3.69	3.7

\* Mton CO2e = Million tons of carbon dioxide equivalent emissions.

# WE EXPANDED THE CALCULATION of financed emissions in Central America.

After recalculating 2022 estimates, we arrived at a new value for total absolute emissions financed of 4.44 million tons of CO2e for commercial loan assets, a 54% increase over the total emissions previously disclosed in our 2022 report. This change is attributed to the PCAF methodological updates, particularly adjusting emission factors by economic activity, including inflation and exchange rate adjustment parameters, adding greater capacity to obtain data and inputs of our clients and the disclosure of Scope 3 for all sectors as a methodological criterion based on 2023 disclosures.

The estimate of absolute financed emissions for 2023 amounted to 4.53 million tons of CO<sub>2</sub>e for commercial loans, project finance, and corporate bond and equity assets. For commercial loan assets, total emissions decreased by 7% compared to the 2022 measurement, given that, to measure this asset, we were able to include a greater number of customers who made and reported their own emissions estimate for their production process.

This information allowed us to have greater accuracy in the proportion of emissions attributable to our financing. We also note the low share of total carbon emissions from project finance assets (6.8%) and corporate bonds and equities (1.8%).

These two years estimations reflect a greater amount of carbon emissions associated with our borrowed or invested assets, indicating that we are improving the scope of our inventory with greater coverage of input data and measurable asset typologies. This aspect generates an advantage by subsequently defining the carbon emission reduction targets following the SBTi benchmark to which we adhere.

### Estimate of Absolute GHG Emissions Financed by Sectors of the Economy 2023

Assets: Business Loans, Project finance, Corporate Bonds & Stocks, (2022 input information)

Industry	Data Quality Score	Scopes			Total (MTon CO <sub>2</sub> e)	Emissions intensity (MTon CO <sub>2</sub> e / COP Trillion)
		Scope 1 and 2 (MTon CO <sub>2</sub> e)	Scope 3 (MTon CO <sub>2</sub> e)			
Industrial	3.68	0.35	0.9	1.25	0.28	
Energy	2.06	0.5	0.12	0.62	0.22	
Oil, Gas & Mining	3.79	0.17	0.33	0.5	0.36	
Agricultural	3.91	0.44	0.15	0.58	0.30	
Construction	3.96	0.26	0.33	0.58	0.17	
Services	3.98	0.2	0.24	0.44	0.05	
Transport	4	0.03	0.03	0.06	0.02	
Commerce	3.91	0.08	0.34	0.42	0.09	
Financial, Insurance & Investments	3.58	0.04	0.02	0.06	0.01	
Public Sector	4	0.00	0.00	0.00	0.00	
<b>Total</b>	<b>3.69</b>	<b>2.07</b>	<b>2.46</b>	<b>4.53</b>	<b>0.13</b>	

Notes based on PCAF standard:

- Scaling up Scope 3 emissions for all sectors taking into account PCAF recommendations.
- Funded customers from all stages of the value chain in different sectors are included.
- Data quality level between 1 and 5 obtained from the calculation of the weighted average score of the weight of portfolio balances in the sector and classification of CO<sub>2</sub> emissions data source.



At the sectoral level, we found that the oil, gas, and mining sector is the one with the highest intensity of emissions with a value of 0.36, followed by the Agricultural sector with an intensity of 0.30 and, in third and fourth place, the industrial sector and Energy with an intensity of 0.28 and 0.22 respectively. In the latter, we saw the opportunity to refine the input information by integrating the emissions estimation data of our main customers, especially for thermoelectric power generation activities, which in turn allowed us to achieve an information quality level of 2.06, improving our calculation with respect to our 2021 fiscal year.



**GREEN FINANCING**

**Consolidated Sustainable Financing (Colombia and Central America) Metrics from the business**

(in COP billions)

Line	2023	2022	2021
Sustainable construction	1,663.7	1,486.7	1,051.1
Renewable energy	623.1	1,024.2	882.0
Energy Efficiency	171.4	216.6	292.0
Sustainable Infrastructure	831.9	557.0	537.4
Clean production	279.9	200.8	278.9
Eco-vehicle	257.7	213.9	116.7
Green mortgages	456.9	228.6	119.1
Agro-sustainable	1,038.0	605.2	0.0
<b>Green Financing</b>	<b>5,322.6</b>	<b>4,533.1</b>	<b>3,277.3</b>
<b>Var A/A</b>	<b>17.4%</b>	<b>38.3%</b>	<b>-</b>

At the end of December 2023, **green financing reached COP 5.3 trillion at the consolidated level, growing by 17.4% compared to the previous year.** During this year, a total of COP 2.86 trillion was disbursed in Colombia for our green facilities, reaching a portfolio balance of COP 4.33 trillion at the end of December 2023, growing by 47% compared to the end of 2022. On the other hand, in Central America, close to USD 59 million were disbursed in the year, reaching a portfolio balance of USD 260 million.

**The credit line with the highest participation in green financing is sustainable construction,** with a balance of COP 1.7 trillion at the end of 2023, growing 11.9% compared to 2022 and accounting for 31% of the consolidated green portfolio for Colombia and Central America. **The agro-sustainable line posted the highest growth in 2023,** reaching a portfolio balance of COP 1.04 trillion, growing by 71% compared to 2022, accounting for 19.5% of the consolidated green portfolio and increasing its share by more than six percentage points throughout the year. The sustainable infrastructure line also excelled, experiencing a sharp 49.4% expansion compared to 2022, reaching a portfolio balance of COP 832 billion.

Additionally, at the end of 2023, there were 2,998 outstanding loans for the financing of electric and hybrid vehicles for our customers in the eco-vehicle green line, with a portfolio balance of COP 257.7 billion in Colombia and Central America. In Colombia, about 98% of the financing through this green line is destined to vehicles for our Retail Banking clients and 2% to productive vehicles of our Business Banking.

**This sustained growth of our green portfolio stimulates us and brings us ever closer to our 30% target by 2030.** As of December 2023, the green portfolio accounts for 31% of our sustainable portfolio, and added to the

social portfolio, which accounts for the remaining 69%, the balance of sustainable funding loans reached COP 17.2 trillion, accounting for 12.9% of the overall loan portfolio of the Bank. In 2024 we will continue to work on strengthening and growing our green lines and on the 2030 projections for Colombia and Central America.

We have used the information provided by our clients in the green lines application form to quantify the various environmental benefits yielded by sustainable projects that we finance with these facilities. The results are as follows:

**Environmental benefits of sustainable projects financed through green lines\***

Period	Avoided emissions (ton CO2)	Renewable energy generated (MWh/year)	Installed Capacity (MWP)
2023	693	3,472	2
<b>Accumulated</b>	<b>887,908</b>	<b>95,960</b>	<b>45</b>

\* Approximate data according to the information reported by customers.

**GREEN BOND**

At the end of 2023, through the Green Bond that we issued in 2017 for COP 433 billion and a 10-year term, **we have financed 76 sustainable construction projects for housing, health, hospitality, shopping centers and offices in Bogotá, Cali, Barranquilla, and Cartagena**, developed by our clients from the Constructor and Corporate banking portfolios.

These projects are classified according to the Sustainable Construction Certification, as follows:

**COP 422**  
**MIL MILLONES**  
 Valor del Bono Verde que emitimos en 2017 con un plazo de 10 años.



**Edge Certification**

**68** projects

**27**  
 certified projects

**37**  
 projects with preliminary certification

**4**  
 projects in the process of certification



**LEED CERTIFICATION**

**8** projects

**4**  
 projects certified in Gold category

**4**  
 projects with preliminary certification



The financing of these projects by the Green Bond has yielded the following environmental benefits according to the information of the certifications delivered by the clients:

**Environmental benefits of financing projects through the Green Bond\***

<b>Emissions avoided annually (ton CO2)</b>	<b>Number of Units</b>	<b>Energy Savings (avg)</b>	<b>Water Savings (avg)</b>	<b>Energy Savings in Materials (avg)</b>
19,040	19,580	29%	37%	50%

\* Information based on certifications delivered by customers.

On the other hand, in Central America, specifically in Costa Rica, we boast a Sustainable Construction project holding LEED Silver certification.

# > Climate Change Management Indicators Through Our Operations – Eco-efficiency

We evaluate the progress and results of the direct management of CO<sub>2</sub> emissions in our operations, by monitoring goals and indicators associated with our 2030 Green Mission strategy, that leverages operational eco-efficiency, circular economy, and sustainable procurement to reduce, mitigate, and offset our environmental impacts, particularly those associated with our direct and indirect carbon emissions.

## ENVIRONMENTAL PERFORMANCE TARGETS

Our performance in Colombia in 2023 yielded the following results. We used the following formula to calculate the variation:

$$\frac{\text{Energy Consumption 2023} - \text{Energy Consumption (BaseLine 2022)}}{\text{Energy Consumption (BaseLine 2022)}} \times 100$$

$$\frac{\text{Carbon Footprint 2023} - \text{Carbon Footprint (BaseLine 2022)}}{\text{Carbon Footprint (BaseLine 2022)}} \times 100$$

Indicator	Target 2023*	Variation 2023-2022
1. Grid Energy Efficiency	-4%	3%
2. GHG Emissions (Scope 1 & 2)	-3%	-9%

\* Negative figures indicate a reduction, while positive figures indicate an increase.

Committed to continuous improvement, we will continue to implement strategies that guarantee the reduction and efficient use of natural resources through innovation and data analytics.

## GHG EMISSIONS INVENTORY

We have been working on expanding the quantification of our Scope 3 emissions since 2022, focusing in the following categories: purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operation and business travel in accordance with the methodological guidelines of the GHG Protocol.

In Colombia, with the implementation of strategies to reduce our GHG emissions together with the use of renewable energy, we have reduced 9% of our emissions in Scope 1 and 2, which compared to 2022 is equivalent to stopping emitting 451 tons of CO<sub>2</sub>e.





Scope	Indicator	2023	2022	2021	2020	2019	Variations 2023 - 2022	Variations 2023 - 2019
Scope 1	<b>Scope 1</b> Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO <sub>2</sub> e)	1,415	1,951	2,896	2,595	2,904	-27.49%	-51.27%
*Scope 2	Emissions from location based electricity consumption (ton CO <sub>2</sub> e)	2,641	2,549	3,032	5,147	5,843	3.63%	-54.79%
	Emissions from market based electricity consumption (ton CO <sub>2</sub> e)	414	422	506	839	0	-1.79%	-
Scope 1 + 2	Emissions from location based electricity consumption (ton CO <sub>2</sub> e)	4,057	4,500	5,927	7,742	8,747	-9.86%	-53.62%
	Emissions from market based electricity consumption (ton CO <sub>2</sub> e)	1,830	2,373	3,402	3,434	2,904	-22.92%	-36.99%
**Scope 3	Other indirect emissions (ton CO <sub>2</sub> e)	1,289	4,578	195	345	1,278	-71.85%	0.83%
Total GHG emissions	Total location based GHG emissions (ton CO <sub>2</sub> e)	5,345	9,078	6,122	8,087	10,025	-41.12%	-46.68%
	Total market based GHG emissions (ton CO <sub>2</sub> e)	3,118	6,952	3,597	3,779	4,182	-55.15%	-25.43%
Total FTE GHG emissions	Total location based GHG emissions (ton CO <sub>2</sub> e/FTE)	0.52	0.89	0.60	0.79	0.99	-41.40%	-46.96%
	Total market based GHG emissions (ton CO <sub>2</sub> e/FTE)	0.31	0.68	0.35	0.37	0.41	-55.36%	-25.82%
Total GHG emissions m <sup>2</sup>	Total location based GHG emissions (ton CO <sub>2</sub> /m <sup>2</sup> )	0.02	0.03	0.02	0.03	0.04	-40.11%	-47.74%
	Total market based GHG emissions (ton CO <sub>2</sub> /m <sup>2</sup> )	0.01	0.02	0.01	0.01	0.02	-54.37%	-26.91%

\* Location-based and market-based figures have been adjusted since 2019, due to internal reviews with our partner in specialized utilities management.

\*\* As of 2022, the quantification of indirect emissions is extended in the following categories: goods and services purchased, capital goods, upstream transport and distribution, waste generated in operation and business travel.

**GHG Emissions 2023**

	<b>Indicador</b>	<b>ton CO2e</b>
<b>Scope 1</b>	Emissions from refrigerant gas consumption for air conditioners, power plant fuels and fire extinguishers (ton CO2e)	1,415
	Emissions from location-based electricity consumption (ton CO2e)	2,641
<b>Scope 2</b>	Emissions from market based electricity consumption (ton CO2e)	414
	Category 1 emissions - goods or services purchased (ton CO2e)	239
<b>Scope 3</b>	Category 2 emissions - capital goods (ton CO2e)	360
	Emissions Category 4 - upstream transmission and distribution (ton CO2e)	71
	Category 5 emissions - waste generated during operation (ton CO2e)	21
	Emissions Category 6 - business travel (ton CO2e)	597
	Category 15 emissions - financed/invested* (ton CO2e)	4,530,000
	<b>Total GHG emissions**</b>	<b>Total location based GHG emissions (ton CO2e)</b>
	<b>Total market-based GHG emissions (ton CO2e)</b>	<b>4,533,117</b>

\* Includes Commercial Loans, Project Finance and Corporate Bonds and Stocks.

\*\* Approximately 99% of our emissions are Category 15 emissions - investments as classified by the GHG Protocol.

**ENVIRONMENTAL OFFSETS**

We offset 100% of our direct Scope 1 and 2 greenhouse gas emissions by purchasing carbon credits and renewable energy certificates. To achieve this, we participate in various projects that promote reforestation, deforestation prevention and the generation of renewable power. These are some of the projects:

**Vichada Zero CO2 Forestry Project**, located in the municipality of Puerto Carreño, Department of Vichada. Tree species such as Acacia, Eucalyptus, Rubber, and Pine are used in this project.

**Hidrobarrancas and La Rebusca** run-of-the-river hydroelectric power plants, located in the department of Antioquia. These plants use the water needed to generate power, allowing the rest to flow back into the river, which helps to reduce the environmental and social impacts caused by large reservoirs.

**REDD+ PEACEcific Project**, located in the North of the Department of Nariño and in the west of the Department of Cauca, specifically in the municipalities of Magüí and Santa Bárbara. This project covers a total area of 288,170 hectares, of which 273,718 hectares (94.98%) are stable forest over time.

Likewise, in 2023, with the aim of contributing to the conservation of biodiversity, we carried out the **Plant with Senses activity**, in collaboration with Fundación Bolívar Davivienda, positively impacting four ecosystems located in the Departments of Cundinamarca, Boyaca, Antioquia and the Coffee Region, planting more than **1,200 trees**, with the participation of **1,916 associates and family members** in Colombia and International Subsidiaries.

Along with these large projects and the carbon neutrality certification, at Davivienda we adhere to the SBTi initiative with the purpose of structuring our reduction goals for each of the scopes of the inventory of GHG emissions associated with the Bank's operation. Thus, in 2024 we will work under this methodology by establishing goals with significant impact that contribute to the fulfillment of the sustainable development goals.

### ENERGY EFFICIENCY

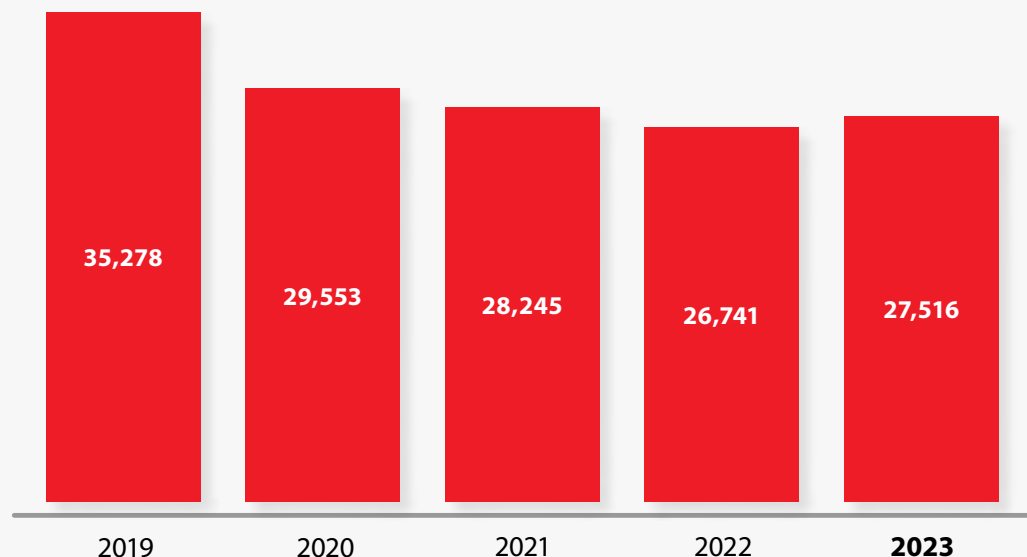
We develop energy efficiency actions necessary for the optimization of energy consumption and the promotion of good environmental practices.

Continuing with our energy efficiency targets, in 2023 our energy consumption was 27,285 MWh, a 22% decrease compared to 2019 and a 3% increase compared to 2022. This increase is attributable to

remodeling works at our headquarters\*, an increased number of ATMs and more workers at our locations. Despite this, our consumption remains 19.88% below the average consumption established in the sustainable construction guide for water and energy saving of the Colombian Chamber of Construction (CAMACOL) for offices where, depending on the climate, an average energy consumption is defined as reference nationwide.

### Energy consumption

(in MWh/year)



### RENEWABLE ENERGY

In 2023 we continued to use renewable energy across our operations; we have already acquired 74% of renewable energy for Colombia, equivalent to 20,305 MWh, and we are in the process of acquiring the rest of non-conventional renewable energy, which will allow us to reduce Scope 2 emissions.

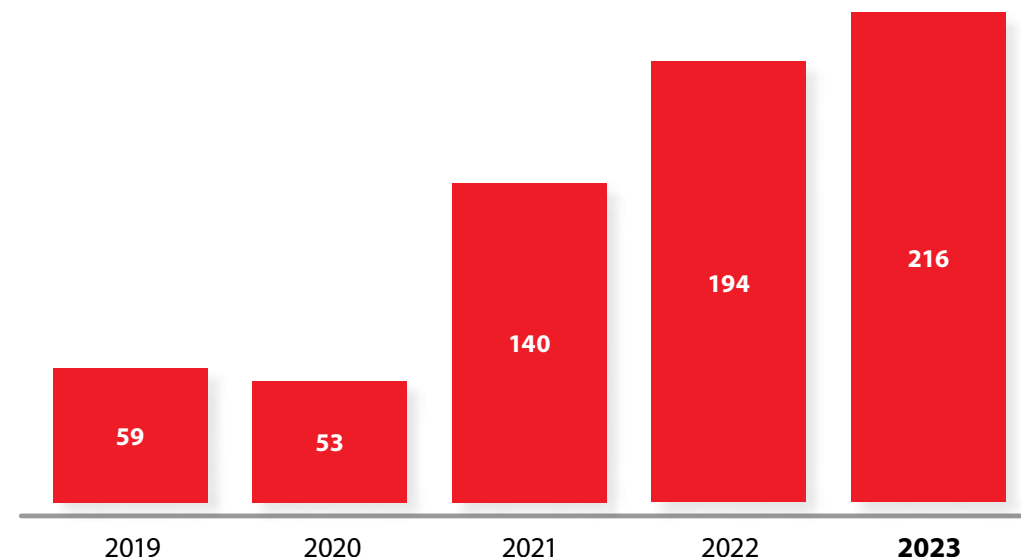
Currently, we operate 16 active solar panel systems installed in various offices and administrative headquarters nationwide.

In 2023, we generated a total of 216.3 MWh of self-generated renewable energy, which was consumed in the operations of each site.

On the other hand, by 2022 all the electrical energy interconnected to the national system was backed by Renewable Energy Certificates (G-FER), evidencing that the energy used for our operation is 99% renewable and thus obtaining the ICONTEC renewable energy seal for the second time.

### Self-generated energy

(in MWh/year)

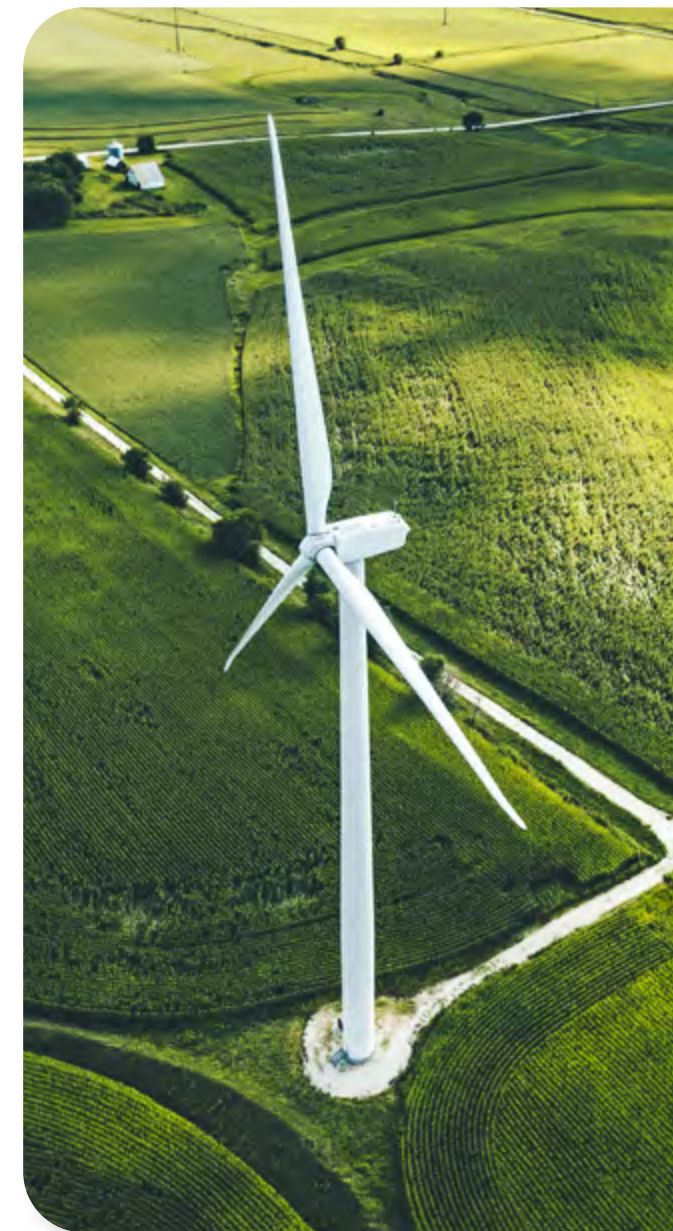




## > Glossary

- ▶ **Climate Change:** Refers to long-term changes in temperatures and weather patterns. These changes may be natural; however, since the 19th century, human activities have emerged as a major driver of climate change, mainly because of the burning of fossil fuels, such as oil, gas, and coal, which produce heat-trapping gases. *(Click here for more info)*
- ▶ **Carbon Disclosure Project (CDP):** A non-profit organization that manages the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. *(Click here for more info)*
- ▶ **Decarbonization:** Reduction of the proportion of carbon in energy consumption on a global scale. *(Click here for more info)*
- ▶ **GFANZ** (Glasgow Financial Alliance for Net Zero): Global coalition of leading financial institutions committed to accelerating the decarbonization of the economy to achieve the Paris Agreement goal of limiting the global temperature increase to 1.5°C above pre-industrial levels, requiring a complete economic transition. *(Click here for more info)*
- ▶ **Ideam:** Institute of Hydrology, Meteorology, and Environmental Studies of Colombia. *(Click here for more info)*
- ▶ **Net Zero Banking Alliance (NZBA):** A group of leading global banks committed to financing ambitious climate actions to achieve the transition of the economy to net-zero greenhouse gas emissions by 2050. *(Click here for more info)*
- ▶ **PCAF** (Partnership for Carbon Accounting Financials): Global association of financial institutions working together to develop and implement a harmonized approach that enables them to assess and disclose greenhouse gas (GHG) emissions associated with their loans and investments. *(Click here for more info)*
- ▶ **Principles for Responsible Banking (PRB):** A unique framework to ensure that the strategy and practice of signatory banks are aligned with the vision that society has set for its future in the Sustainable Development Goals and the Paris Climate Agreement. *(Click here for more info)*
- ▶ **Principles for Responsible Investment (PRI):** They provide a voluntary framework for all investors to incorporate ESG issues into their decision-making and ownership practices, thereby better aligning their objectives with those of society at large. *(Click here for more info)*

- ▶ **Climate resilience:** The ability of socio-ecological systems to absorb and recover from climate disturbances and stresses, adapting and transforming their structures and livelihoods in response to long-term changes and uncertainty. *(Click here for more info)*
- ▶ **Physical Risk:** Risks arising from the physical effects of increasingly severe and frequent climate and weather-related extreme events, such as droughts, floods, and hurricanes, and from progressive longer-term changes in weather patterns, such as rising average temperatures and changes in rainfall. These events may cause direct damage to assets and infrastructure, disrupt supply chains, or affect agricultural production, thereby reducing the value of assets and the profitability of companies. *(Click here for more info)*
- ▶ **Risk:** It stems from the process to adjust to a carbon-neutral economy and is driven by changes in policies, regulations, technologies, or market trends. Policy changes could, for example, include restrictions on carbon emissions, carbon pricing or more stringent energy efficiency standards. These changes may result in a rapid revaluation of a wide range of asset values through unanticipated or premature write-downs in carbon-intensive industries. *(Click here for more info)*
- ▶ **SBTi** (Science Based Targets initiative): A partnership between CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), which drives ambitious climate action in the private sector by enabling organizations to set emissions reduction targets based on scientific evidence. *(Click here for more info)*
- ▶ **Task Force on Climate-related Financial Disclosure (TCFD):** Task Force on Climate-related Financial Disclosure, an organization that provides recommendations for more effective climate-related disclosures that could promote more informed insurance underwriting, credit and investment decisions and, in turn, enable stakeholders to better understand carbon-related asset concentrations in the financial industry. *(Click here for more info)*
- ▶ **UNEP-FI:** Financing Initiative of the United Nations Environment Programme that brings together a large network of banks, insurers, and investors collectively catalyzing actions across the financial system to achieve sustainable global economies. *(Click here for more info)*



## APPENDIX 2

### A2.1. GRI TABLE AND SDGS

Statement of Use: Banco Davivienda S.A. has provided the information cited in this GRI content index for the period from January 1st to December 31st, 2023, using the GRI Standards as a reference.

GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards		
	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles
GRI 2: General Disclosures 2022	2-1 Organizational details	Banca Davivienda S.A Headquarters Bogotá, Colombia Av. El Dorado No. 68C-61			
	2-2 Entities included in the organization's sustainability reporting	About this report Pg. 3.			
	2-3 Reporting period, frequency and contact point	About this report Pg. 3.			
	2-4 Restatements of information	Not applicable			
	2-5 External assurance	Memorandum of independent review. Annex 3. Pg. 470			10
	2-6 Activities, value chain and other business relationships	Managing our Value Chain Pg. 205			
	2-7 Employees	Human Talent. Pg. 214-251	8	8,5	3



GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards			
	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 2: General Disclosures 2022	2-9 Governance structure and composition	Corporate Governance. Pg. 166	5, 16	5.5, 16.7		
	2-10 Nomination and selection of the highest governance body	Corporate Governance. Pg. 170-175.	5, 16	5.5, 16.7		
	2-11 Chair of the highest governance body	Corporate Governance. Pg. 174.	16	16,6		
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance. Pg. 170-175.	16	16,7		
	2-13 Delegation of responsibility for managing impacts	Corporate Governance. Pg. 176-186.				
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance. Pg. 177-179 This report has been revised and approved by the Board of Directors				
	2-15 Conflicts of interest	Corporate Governance. Pg. 188. <i>CONFLICT OF INTEREST AND USE OF PRIVILEGED INFORMATION MANUAL</i>	16	16,6	10	
	2-16 Communication of critical concerns	Corporate Governance. Pg. 168-170				4, 6
	2-17 Collective knowledge of the highest governance body	Corporate Governance. Pg. 171				

GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards			
	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 2: General Disclosures 2022	2-18 Evaluation of the performance of the highest governance body	Corporate Governance. Pg. 175				
	2-19 Remuneration policies	Corporate Governance. Pg. 173				4, 6
	2-20 Process to determine remuneration	Corporate Governance. Pg. 173				4, 6
	2-21 Annual total compensation ratio.	Corporate Governance. Pg. 173				4, 6
	2-22 Statement on sustainable development strategy	Sustainable management. Pg. 32-72				
	2-23 Policy commitments	<i>Human Rights Policy</i>	16	16,3		10
	2-24 Embedding policy commitments	Integrated risk management. Pgs. 126-162				
	2-25 Process to remediate negative impacts	Sustainable management. Pgs. 32-72				
	2-26 Mechanisms for seeking advice and	Corporate Governance. Pg. 164 Transparency Model Pgs 220-223		16	16,3	

GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards			Un - Global Compact Principles	External Verification
	Material Issue	Location	SDG	SDG Goal			
GRI 2: General Disclosures 2022	2-27 Compliance with laws and regulations	About this report. Pg. 3					
	2-28 Membership associations	Memberships Pgs 23-27					
	2-29 Approach to stakeholder engagement	Engaging our stakeholders. Pg. 23-81.				3, 4	
	2-30 Collective bargaining agreements	100% of Davivienda's employees are covered by a collective bargaining agreement.	8	8,8			
GRI 3: Disclosures on material topics 2021	3-1 Process to determine material topics	Materiality Pgs 34-44					x
	3-2 List of material topics	Materiality Pgs 35-36					x
	3-3 Management of material topics	Sustainable management. Pg. 32-72					x
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Report. Anexo 5	8, 9	8.1, 8.2, 9.1, 9.4, 9.5		6	
	201-2 Financial implications and other risks and opportunities due to climate change	TCFD Report. Anexo 1	13	13,1			
	201-3 Defined benefit plan obligations and other retirement plans	Human Talent. Pgs 228-233				6	



GRI 1		GRI 1: 2021 Standards				
GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	Financial Report. Anexo 5				
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Bussines Banking Pg. 96 Sustainable Infrastructure Pgs 286-287	5, 9, 11	5.4, 9.1, 9.4, 11.2	6	
	203-2 Significant indirect economic impacts	Materiality Pg. 42	1, 3, 8	1.2, 1.4, 3.8, 8.2, 8.3, 8.5		
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Managing our Value Chain. Pg. 205	8	8,3		
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	Integrated risk management. Pg. 146	16	16,5	10	
	205-2 Communication and training about anti-corruption policies and procedures	Integrated risk management. Pg. 162	16	16,5	10	
	205-3 Confirmed incidents of corruption and actions taken	Transparency line management Pgs. 220-223	16	16,5	10	x

GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards			Un - Global Compact Principles	External Verification
	Material Issue	Location	SDG	SDG Goal			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability related indicators Pg. 53	16	16,3	10		
	301-1 Materials used by weight or volume	Eco-Efficiency Strategy Pg. 309-333	8, 12	8.4, 12.2			
GRI 301: Materials 2016	301-2: Recycled input materials used	Eco-Efficiency Strategy Pg. 309-333	8, 12	9.4, 12.2, 12.4			
	301-3 Reclaimed products and their packaging materials	Eco-Efficiency Strategy Pg. 309-333	8, 12	8.4, 12.2, 12.4			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Eco-Efficiency Strategy Pg. 309-333	7, 8, 12, 13	7.2, 7.3, 8.4, 12.2, 13.1	7, 8, 9	x	
	302-3 Energy intensit	Eco-Efficiency Strategy Pg. 309-333	7, 8, 12, 13	7.3, 8.4, 12.12, 13.1	7, 8, 9		
	302-4 Reduction of energy consumption	Eco-Efficiency Strategy Pg. 309-333	7, 8, 12, 13	7.3, 8.4, 12.2, 13.1	7, 8, 9	x	
	302-5 Reductions in energy requirements of products and services	Eco-Efficiency Strategy Pg. 309-333	7, 8, 12, 13	7.3, 8.4, 12.2, 13.1	7, 8, 9		
GRI 303: Water end effluents 2018	303-1 Interactions with water as a shared resource	Eco-Efficiency Strategy Pg. 309-333	6, 12	6.3, 6.4, 6.a, 6.b, 12.4	7, 8, 9		
	303-5 Water consumption	Eco-Efficiency Strategy Pg. 309-333	6	6,4	7, 8, 9	x	

GRI 1		GRI 1: 2021 Standards				
GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Eco-Efficiency Strategy Pg. 309-333	3, 12, 13, 14, 15	3.9, 12.4, 13.1, 14.3, 15.2	7, 8, 9	x
	305-2 Energy indirect (Scope 2) GHG emissions	Eco-Efficiency Strategy Pg. 309-333	3, 12, 13, 14, 15	3.9, 12.4, 13.1, 14.3, 15.2	7, 8, 9	x
	305-3 Other indirect (Scope 3) GHG emissions	Eco-Efficiency Strategy Pg. 309-333 TCFD Report Annex 1	3, 12, 13, 14, 15	3.9, 12.4, 13.1, 14.3, 15.2	7, 8, 9	x
	305-5 Reduction of GHG emissions	Eco-Efficiency Strategy Pg. 309-333	13, 14, 15	13.1, 14.3, 15.2	7, 8, 9	
	305-5 Reduction of GHG emissions	Eco-Efficiency Strategy Pg. 309-333	13, 14, 15	13.1, 14.3, 15.2	7, 8, 9	x
GRI 306: Residues 2020	306-2 Management of significant wasterelated impacts	Eco-Efficiency Strategy Pg. 309-333	3, 6, 8, 11, 12	3.9, 6.3, 8.4, 11.2, 11.6, 12.4, 12.5,	7, 8, 9	
	306-3 Waste generated	Eco-Efficiency Strategy Pg. 309-333	3, 11, 12	3.9, 11.6, 12.4, 12.5	7, 8, 9	x
	306-4 Waste diverted from disposal	Eco-Efficiency Strategy Pg. 309-333	3, 12	3.9, 12.4	7, 8, 9	x
	306-5 Waste directed to disposal	Eco-Efficiency Strategy Pg. 309-333	6, 14, 15	6.6, 14.2, 15.1, 15.5	7, 8, 9	x
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteriaNew suppliers that were screened using environmental criteria	Managing our Value Chain. Pg. 205				



GRI 1		GRI 1: 2021 Standards				
GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Eco-Efficiency Strategy Pg. 309-333				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Talent. Pgs. 214-216	5, 8, 10	5.1, 8.5, 8.6, 10.3	4, 5, 6	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Talent. Pgs. 228-233	3, 5, 8	3.2, 5.4, 8.5		
	401-3 Parental leave	Maternity and paternity leave with greater benefits Pg. 230	5, 8	5.1, 5.4, 8.5		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational health and safety management system Pgs. 246-250	8	8,8		
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety management system Pgs. 246-250	8	8,8		
	403-3 Occupational health services	Occupational health and safety management system Pgs. 246-250	8	8,8		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety management system Pgs. 246-250	8, 16	8,8, 16.7		
	403-5 Worker training on occupational health and safety	Occupational health and safety management system Pgs. 246-250	8	8,8		
	403-6 Promotion of worker health	Occupational health and safety management system Pgs. 246-250	3	3.3, 3.5, 3.7, 3.8		

GRI 1		GRI 1: 2021 Standards				Un - Global Compact Principles	External Verification
GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal			
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety management system Pgs. 246-250	8	8,8			
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety management system Pgs. 246-250	8	8,8			
	403-9 Work-related injuries	Occupational health and safety management system Pgs. 246-250	3, 8, 16	3.6, 3.9, 8.8, 16.1		x	
	403-10 Work-related ill health	Occupational health and safety management system Pgs. 246-250	3, 8, 16	3.4, 3.9, 8.8, 16.1			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Talent. Pg. 237	4, 5, 8, 10	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3			
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Talent. Pgs. 236-241	8	8.2, 8.5			
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Talent. Pg. 240	5, 8, 10	5.1, 8.5, 10.3			

GRI 1		GRI 1: 2021 Standards				
GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Talent. Pgs. 217-218 Corporate Governance. Pgs. 171-172.	5, 8	5.1, 5.5, 8.5		x
GRI 406: Non discrimination	406- 1 Incidents of discrimination and corrective actions taken	Human Talent. Pgs. 220-222	5, 8	5.1, 8.8		
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights. Pgs. 252-254 Managing our Value Chain. Pgs. 205-210	5, 8, 16	5.1, 8.7, 16.2		
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights. Pgs. 252-254 Managing our Value Chain. Pgs. 205-210	5, 7	5.1, 8.7		
410: Security Practices	410-1 Personal de seguridad capacitado en políticas o procedimientos de derechos humanos	Human Rights. Pgs. 252-254	16	16,1	2	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Corporate Citizenship. Pgs. 292-293				



GRI STANDARD/ OTHER SOURCE	GRI 1		GRI 1: 2021 Standards			
	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Managing our Value Chain. Pgs. 205-210	5, 8, 16	5.2, 8.8, 16.1	2,4,5,6	
GRI 415: Public Policy 2016	415-1 Political contributions	Donations and contributions Pg. 477	16	16,5		
Financial Services Sector Supplement	FS4 Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable Finance Pgs. 255-270				
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Social financing Pgs. 274-285				
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Green financing Pgs. 297-307				x
	FS13 Access points in low-populated or economically disadvantaged areas by type	Our Commitment to Financial Access Pg. 285				x
	FS14 Initiatives to improve access to financial services for disadvantaged people.	Service Pg. 204				
	Dav.1 Skills management programs that foster product and services development and improvement.	Sustainable Finance Pgs. 255-270				

**GRI 1**
**GRI 1: 2021 Standards**

GRI STANDARD/ OTHER SOURCE	Material Issue	Location	SDG	SDG Goal	Un - Global Compact Principles	External Verification
	Dav.2 New products and services through digital channels	Digital Transformation. Pgs. 80-82				
	Dav.3 How often does the Board of Directors monitor the Sustainability strategy	Twice a year				
	Dav.4 Claims regarding non-compliance with the Bank's Code of Good Governance	Corporate Governance. Pg. 189				
	Dav.5 Risk management results	Comprehensive risk management. Pg. 126-162				
	Dav.6 Survey results measuring customer satisfaction.	Service Pgs 199-202				
	Dav.27 Use of Funds linked to the Social Bonus	Our commitment to funding projects for the benefit of women Pgs. 276-278				

## A2.2 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

### Commercial Banks

Topic	Code	Metric	Location	External verification Deloitte
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Pg.45	x
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Pg.45 Information security and cybersecurity Pg.148	
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Pg.45	
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Pg.45	
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Pg.46	
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Pg. 46 Financial Education Pgs. 288-291	
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Pgs. 46-50 TCFD report Anexo 1	x



**Commercial Banks**

Topic	Code	Metric	Location	External verification Deloitte
Financed Emissions	FN-CB-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Pg.51	x
	FN-CB-410b.2	Gross exposure for each industry by asset class	Pg.52	x
	FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation	Pg.53	x
	FN-CB-410b.4	Description of the methodology used to calculate financed emissions	Pg.53	x
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Pg.53	x
	FN-CB-510a.2	Description of whistleblower policies and procedures	Pgs. 53-54 Transparency Model Pgs. 220-223	x
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Pg.54	
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Pg.55 Stress tests Pg.132	
Activity Metrics	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Financial results	
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Financial results	

## A2.3 PRINCIPLES FOR RESPONSIBLE INVESTMENT ALIGNMENT

In 2023, Banco Davivienda issued its first PRI Report.

Chapter	Section	Item	Location
Policy, Government and strategy	Stewardship	Stewardship general goal	Responsible investments Pg.50, 63, 66, 113-115
	Policy	Percentage covered by the policy in the general investment approach for the portfolio and by asset type	<i>Responsible investment policy</i>
	Roles and responsibilities	Oversight and accountability over elements of Investment in Stewardship, climate and human rights related commitments and progress policy	<i>Responsible investment policy</i> Responsible investment Pgs. 113-115
	Reports and disclosure	Public disclosure of changes in Responsible Investment policies or governance.	Responsible investments Pgs. 113-115
	Sustainability results	Identification of planned and unplanned sustainability results	Responsible investments Pgs. 113-115
Fixed income and Variable income	Global material focus	Formal investment process to identify and incorporate ESG factors	<i>Responsible investment policy</i>
	ESG Incorporation	A framework that differentiates ESG risks by issuing country, region and/or sector.	<i>Responsible investment policy</i> Responsible investment Pgs. 113-115
	Risk Management	Incorporation of material ESG factors in the portfolio risk management process.	<i>Responsible investment policy</i>

## A2.4 PRINCIPLES FOR RESPONSIBLE BANKING ALIGNMENT

Davivienda will publish its first report to comply with its commitment to the Principles of Responsible Banking in 2025, with information on its management in 2024. In anticipation of this exercise, the alignment with the six principles of the United Nations Environment Program (UNEP-FI) of the United Nations (UN) is published on a voluntary basis.

Principle	Davivienda	Location	Pgs.
Alignment	We will align our sustainable strategy to be consistent with and contribute to society's needs and objectives as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant local regulation.	Section 1.2. Dialogue with our stakeholders	28-31
		Section 2.1. Materiality Subsection 2.1.2.	34-44
		Section 2.5. Our commitment to the Sustainable Development Goals (SDGs)	68-72
Impact and target setting	We will continually increase our positive impacts while reducing negative impacts and managing risks to people and the environment arising from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	Section 2.1. Materiality and Subsection 2.1.2.	34-44
		Section 2.5. Our commitment to the Sustainable Development Goals (SDGs)	68-72
Customers	We will work responsibly with our customers to promote sustainable practices in their lives, in addition to developing a value proposition that generates prosperity in the countries where we operate.	Section 3. Prosperity	73-123
Stakeholders	We will proactively and responsibly consult and partner with key stakeholders to achieve our stated objectives as a company.	Section 1.2. Dialogue with our stakeholders	28-31
		Section 2.1. Materiality	34-44
		Section 7. Inclusion	271-293
		Section 8. Natural Capital	294-338
Governance and Culture	We will put our commitment to these Principles into practice through the highest standards of good governance and a culture of responsible banking.	Section 4. Trust	124-197
Transparency and Accountability	We will periodically review our individual and collective application of these Principles and be transparent and accountable for our positive and negative impacts and our contribution to societal goals.	Section 1.2. Dialogue with our stakeholders	28-31
		Section 2. Sustainable management	32-72



## APPENDIX 3

### INDEPENDENT REVIEW MEMORANDUM



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 Colombia  
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**LIMITED ASSURANCE REPORT ON THE INFORMATION SUBJECT TO ASSURANCE INCLUDED IN THE PERIODIC YEAR END REPORT 2023 OF BANCO DAVIVIENDA S.A.**

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

*Limited Assurance report on the information subject to assurance included in the Periodic Year End Report 2023 of Banco Davivienda S.A.*

We have carried out limited assurance engagement on the selected information detailed in Annex A (hereinafter, information subject to assurance), included in the periodic year-end report 2023 of Banco Davivienda S.A., for the year ended December 31, 2023. This assurance engagement was conducted by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Our limited assurance engagement was performed only in relation to the selected indicators included in Annex A. Our assurance report does not extend to prior period information or other information included in the Periodic year-end report 2023, or other information related to such report that may contain images, audio or videos.

**Criteria**

The criteria used by the management of Banco Davivienda S.A. to prepare the information subject to assurance included in the Periodic year-end report 2023 were established in accordance with the Global Reporting Initiative Standards (GRI), the GRI Financial Services Sector Supplement and the Sustainability Accounting Standards Board Standards (SASB).

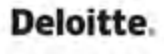
**Management's responsibilities for the information subject to assurance included in the periodic year end report 2023 of Banco Davivienda S.A.**

Management is responsible for the preparation of the information subject to assurance included in the periodic year end report 2023 of Banco Davivienda S.A. in accordance with the criteria established in the GRI Standards, the GRI Financial Services Sector Supplement and the Sustainability Accounting Standards Board Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the assurance information that is free from material error, whether due to fraud or error.

**Inherent limitations of the assurance engagement:**

The selected sustainability information is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information given the nature of the metrics used to determine, calculate, sample or estimate such information. Management makes qualitative interpretations about the relevance, materiality and accuracy of information that are subject to assumptions and judgments.

Deloitte & Touche es una de las entidades de control financiero miembro del PPTF y su red global de firmas miembro de la asociación de firmas miembro de la red de control financiero mundial. Deloitte & Touche es una de las entidades de control financiero miembro del PPTF y su red global de firmas miembro de la asociación de firmas miembro de la red de control financiero mundial. Deloitte & Touche es una de las entidades de control financiero miembro del PPTF y su red global de firmas miembro de la asociación de firmas miembro de la red de control financiero mundial. Deloitte & Touche es una de las entidades de control financiero miembro del PPTF y su red global de firmas miembro de la asociación de firmas miembro de la red de control financiero mundial.

**Our Independence and Quality Control**

We have complied with the ethical and independence requirements of the professional Code of Ethics for Public Accountants issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Management ("IQM") 1 and, therefore, maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable law and regulatory requirements.

**Responsibility of Independent professionals**

Our responsibility is to express a limited assurance conclusion on the sustainability report based on the procedures we have conducted and the evidence we have obtained. We carry out our limited assurance work in accordance with the International Standard for Assurance Engagement, other than audits or reviews of historical financial information (ISAE 3000 (Revised)) issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires planning and conducting work to obtain limited assurance about whether selected Periodic year-end report 2023 information is free from material error.

The procedures we performed were based on our professional judgment and included inquiries, observation of the processes performed, inspection of documents, analytical procedures, assessment of the adequacy of quantification methods and reporting practices, and agreement in reconciliation with underlying records.

Given the circumstances of the engagement, we have carried out the following procedures:

- a. Through inquiries, we obtained an understanding of the control environment and relevant information systems of Banco Davivienda S.A., but we did not evaluate the design of the particular control activities or obtain evidence on their implementation, nor did we test their operational effectiveness.
- b. Understanding of the tools used to generate, aggregate and report the information subject to assurance through inquiries with those responsible for the related process.
- c. Substantive testing on selective random basis of assurance information developed by management to determine standards and indicators and corroborate that data have been measured, recorded, collected and reported appropriately through:
  - i. Inspection of policies and procedures established by the Bank.
  - ii. Inspection of supporting documents of internal and external origin.
  - iii. Recalculations.
  - iv. Comparison of the contents presented by the Administration with those established in the criteria section of this report.

**Annex A details the subject matter of the assurance engagement included in the scope of our work.**

Our limited assurance engagement was made only with respect to the selected indicators included in Annex A, for the year ended December 31, 2023; and we have not conducted any procedures with respect to prior years, projections and future goals, or any other items included in the Periodic year-end report 2023 for the year ended December 31, 2023, and therefore do not express a conclusion thereon.

Limited assurance work involves assessing the appropriateness, in the circumstances, of the company's use of the criteria as a basis for preparation of the Periodic year-end report 2023; assess all risks of material errors in reporting information subject to assurance due to fraud or error; responding to assessed risks as necessary in the circumstances;



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and evaluating the overall presentation of the Periodic year-end report 2023. The scope of limited assurance engagement is substantially less than that of reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to assessed risk. Therefore, we do not express a reasonable assurance conclusion as to whether the company's sustainability information has been prepared in all material respects, in accordance with the provisions of the criteria section of this report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion of limited assurance.

### Conclusion of Limited Assurance

Based on the work carried out described in this report, the procedures performed, and the evidence obtained, nothing has come to our attention that causes us to believe that the information subject to assurance included in Annex A about the periodic year-end report of Banco Davivienda S.A., for the year ended December 31, 2023, have not complied in all material aspects, in accordance with the Criteria section of this report.

### Restriction of Use of Report

Our report is issued solely for the purpose set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability and identified information and does not extend to any other financial and non-financial information included in the Periodic year-end report 2023 of Banco Davivienda S.A. for the year ended December 31, 2023, nor to its financial statements, taken as a whole.

**JUAN DAVID LÓPEZ M.**  
 Partner  
 Bogotá, March 12, 2024



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### Annex A

The following are the GRI Standards, the GRI Financial Services Sector Supplement and the Sustainability Accounting Standards Board Standards, defined by the Company's Management as the information subject to limited assurance.

Financial Sector Supplement	Description
GRI FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.
GRI FS13	Access points in low-populated or economically disadvantaged areas by type.

SASB Sustainable Industry Classification System FN-CB	Description
FN-CB-230a.1	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected.
FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis.
FN-CB-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3.
FN-CB-410b.2	Gross exposure for each industry by asset class.
FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation.
FN-CB-410b.4	Description of the methodology used to calculate financed emissions.
FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.
FN-CB-510a.2	Description of whistleblower policies and procedures.

GRI Standard	Description
GRI 3-1	Process to determine material topics
GRI 3-2	List of material topics
GRI 205-3	Confirmed incidents of corruption and actions taken
GRI 403-9	Work-related injuries
GRI 405-1	Diversity of governance bodies and employees
GRI 302-1	Energy consumption within the organization
GRI 302-4	Reduction of energy consumption
GRI 303-5	Water consumption
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions
GRI 305-3	Other indirect (Scope 3) GHG emissions
GRI 305-5	Reduction of GHG emissions
GRI 306-3	Waste generated
GRI 306-4	Waste diverted from disposal
GRI 306-5	Waste directed to disposal



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## LIMITED ASSURANCE REPORT ON SELECTED INDICATORS OF THE BOND FRAMEWORK FOR THE ISSUANCE OF A GENDER FOCUSED SOCIAL BOND INCLUDED IN THE PERIODIC YEAR END REPORT 2023

To the Board Director of Banco Davivienda S.A.

*Limited Assurance report on selected indicators of the Bond Framework for the Issuance of a Gender Focused Social Bond included in the periodic year end Report 2023*

We have carried out limited assurance engagement on the selected indicators included in the periodic year-end report 2023 detailed in Annex B (hereinafter the subject matter of the assurance engagement) of Banco Davivienda S.A., for the year ended December 31, 2023. This assurance engagement was conducted by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Our limited Assurance engagement was performed only in relation to the selected indicators related to the Gender Bond included in Annex B. Our assurance report does not extend to prior period information or other information included in the Periodic year-end report 2023, or other information related to such report that may contain images, audio or video.

### Criteria

The criteria used by the management of Banco Davivienda S.A. to prepare the information subject to assurance included in the Periodic year-end report 2023 were established in Banco Davivienda's framework for the issuance of a social bond with a gender perspective considering the concepts, requirements and principles related to the post-issuance of Banco Davivienda's Gender Bond, which are detailed in Annex A attached.

### Management's responsibilities for the information subject to assurance included in the Gender Bond Management Report Davivienda 2023

Management is responsible for the preparation of the selected indicators included in Periodic year-end report 2023 in accordance with the criteria established in Banco Davivienda's framework for the issuance of a gender sensitive social bond. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of assurance information that is free from material misstatement, whether due to fraud or error.

### Inherent limitations of the assurance engagement

The selected sustainability information is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information given the nature of the methods used to determine, calculate, sample or estimate such information. In preparing the selected information the entity makes

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qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

### Our Independence and Quality Control

We have complied with the ethical and independence requirements of the professional Code of Ethics for Public Accountants issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Management ("ISQM") 1 and, therefore, maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable law and regulatory requirements.

### Responsibility of independent professionals

Our responsibility is to express a limited assurance conclusion on the sustainability report based on the procedures we have conducted and the evidence we have obtained. We carry out our limited assurance work in accordance with the International Standard for Assurance Engagement, other than audits or reviews of historical financial information ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires planning and conducting work to obtain limited assurance about whether selected Periodic year-end report 2023 information is free from material error.

The procedures we performed were based on our professional judgment and included inquiries, observation of the processes performed, inspection of documents, analytical procedures, assessment of the adequacy of quantitative methods and reporting policies, and agreement or reconciliation with underlying records.

Given the circumstances of the engagement, we have carried out the following procedures:

- Obtain an understanding of the requirements set out in the Framework for the issuance of a social bond with a gender perspective.
- Interviewed members of management of the Company responsible for processes, related to evaluation and selection of eligible projects.
- Understand the process of the company to monitor use of proceeds for each eligible project including, review of calculation methodology, supporting documentation and scrutiny of information sources.
- Through inquiries, we obtained an understanding of control environment and relevant information systems of Banco Davivienda S.A., but we did not evaluate the design of specific control activities or obtain evidence on their implementation, nor did we test their operating effectiveness.
- Understanding of the tools used to generate, aggregate and report non-financial information through inquiries with those responsible for related processes.
- Substantive testing on a selective random basis of sustainability information indicated by the company, to determine the standards and indicators subject to limited assurance and corroborate that the data have been measured, recorded, collected and reported appropriately through:
  - Inspection of policies and procedures established by the Company;
  - Inspection of supporting documents of internal and external origin.





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- iii Recalculations.
- iv Comparisons of the contents presented by the Administration with those established in the criteria section of this report.

Annex B details the subject matter of the assurance engagement included in the scope of our work.

Our limited assurance engagement was made only with respect to the selected indicators included in Annex A, for the year ended December 31, 2023, and we have not conducted any procedures with respect to prior years, projections and future goals, or any other items included in the Periodic year-end report 2023 for the year ended December 31, 2023, and therefore do not express a conclusion thereon.

Limited assurance work involves assessing the appropriateness, in the circumstances, of the company's use of the criteria as a basis for preparation of the Periodic year-end report 2023; assess all risks of material errors in reporting information subject to assurance due to fraud or error, responding to assessed risks as necessary in the circumstances; and evaluating the overall presentation of the Periodic year-end report 2023. The scope of limited assurance engagement is substantially less than that of reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to assessed risks. Therefore, we do not express a reasonable assurance conclusion as to whether the company's sustainability information has been prepared in all material respects, in accordance with the provisions of the criteria section of this report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion of limited assurance:

### Conclusion of Limited Assurance:

Based on the work carried out described in this report, the procedures performed, and the evidence obtained, nothing has come to our attention that causes us to believe that the information subject to assurance included in Annex B Periodic year-end report 2023 of Banco Davivienda S.A., for the year ended December 31, 2023, have not complied in all material aspects, in accordance with the Criteria section of this report.

### Restriction of Use of Report

Our report is issued solely for the purpose set forth in the first paragraph and should not be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability and identified information and does not extend to any other financial and non-financial information included in the Periodic year-end report 2023 of Banco Davivienda S.A. for the year ended December 31, 2023, nor to its financial statements, taken as a whole.

JUAN DAVID LÓPEZ M.  
Partner

Bogotá, March 12, 2024



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**ANNEX A CRITERIA**

The following are the criteria of the Gender Bond defined by the Management of Banco Davivienda S.A. as established in Banco Davivienda's Bond framework:

Category	Indicator	Criterion
SMEs led by women	Amount of loans outstanding SME Women	Total value of the Financial Institution's outstanding portfolio of loans to women-led small and medium-sized enterprises at the end of the period.
	Number of loans outstanding SME Women	Total number of outstanding loans to women-led small and medium-sized enterprises in the Financial Institution's portfolio at the end of the period.
	Amount of loans disbursed SME-Women	Total value of loans disbursed by the Financial Institution to small and medium-sized enterprises led by women during the period.
	Number of loans disbursed SME-Women	Total number of loans disbursed by the Financial Institution to women-led small and medium-size enterprises during the period.
	Active SME Women Clients	Number of female-headed small and medium enterprise clients with active loans at the end of the reporting period.
	Active SME Clients	Number of small and medium enterprise clients with active loans at the end of the reporting period.
	Total number of SME Women loans out of total SME portfolio (%)	Number of outstanding loans to the Financial Institution's women-led small and medium-sized enterprises, as a percentage of the total number of outstanding loans to the Financial Institution's small and medium-sized enterprises, at the end of the reporting period.
	Number of clients with the highest annual sales - SME Woman	Number of women-led small and medium-sized enterprise clients in the financial institution's portfolio, beneficiaries of at least one loan, who increased their annual sales from the beginning to the end of 2023. For this purpose, annual sales were collected for the reporting year 2023 and the previous year 2022.
Women-owned VIS (includes leasing VIS)	Amount of outstanding VIS Women's loans	Total value of the Financial Institution's outstanding portfolio of loans for low-income housing owned by women at the end of the period.
	Number of outstanding VIS Women loans	Total number of outstanding loans for low-income housing owned by women in the Financial Institution's portfolio at the end of the period.
	Amount of disbursed loans VIS Women	Total value of loans disbursed by the Financial Institution for low-income housing owned by women during the period.
	Number of disbursed loans VIS Women	Total number of loans disbursed by the Financial Institution for low-income housing owned by women during the period.



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Indicator	Measurement	Criterion
Gender Bonus Use of resources	Use of resources - SME Women	Total value of loans disbursed by the Financial Institution to small and medium-sized businesses led by women during the period.
	Use of Resources - VIS Women	Total value of loans disbursed by the Financial Institution for Social Interest Housing owned by women during the period.



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**ANNEX B DATA**

The following are the amounts of the Periodic year-end reports 2023:

**Gender Bond 2023 selected indicators**

Indicator	Unit	Value
SMEs led by women	Amount of loans outstanding SME Women	COF \$ 1,036,264,203,007
	Number of loans outstanding SME Women	# 16,071
	Amount of loans disbursed SME Women	COF \$ 421,504,613,295
	Number of loans disbursed SME Women	# 9,979
	Active SME Women Clients	# 9,761
	Active SME Clients	# 51,859
	Total number of SME Women loans out of total SME portfolio (%)	% 18,15%
	Number of clients with the highest annual sales - SME Woman	# 198
Women-owned VIS (includes leasing VIS)	Amount of outstanding VIS Women's loans	COF \$ 4,468,520,660,359
	Number of outstanding VIS Women loans	# 94,518
	Amount of disbursed loans VIS Women	COF \$ 1,179,956,432,961
	Number of disbursed loans VIS Women	# 15,429

**Gender Bond 2023 use of bond resources**

Indicator	Value
Gender Bonus Use of resources - SME Women	\$ 1,792,264,181,454
Gender Bonus Use of resources - VIS Women	\$ 3,089,219,028,798





## APPENDIX 4

### OTHER ASPECTS

#### **Legal Situation / Litigations, Judicial and Administrative Processes / Sanctions for Endangering the Client**

The Bank currently does not have any processes against it that could affect its solvency or stability situation. The most important processes are related in Note 12.24 of the Consolidated Financial Statements.

#### **Free Circulation of Invoices**

The Bank certifies that it complies with the provisions of article 87 of Law 1676 of 2013, since it does not hinder the free circulation of invoices through retention of the same or similar acts. Davivienda Bank does comply with article 87 of Law 1676 of 2013.

#### **Administrative Situation**

As of December 2023, Davivienda Bank had 10,246 indefinite term positions and 1,580 fixed term positions, for a total of 11,826.

#### **Intellectual Property / List of Patents, Trademarks, Licenses, Franchises, and Other Copyrights**

Davivienda Bank complies with current regulations related to intellectual property and has a structural system in this matter, which includes the implementation of special policies to manage these assets, assigned responsible parties who lead the processes and ensure the execution of policies, permanent controls, and processes to accompany the launch of new products and services to legally protect them, and systems of permanent surveillance and monitoring with coverage in 15 countries.

Currently, Davivienda Bank, including its subsidiaries in Colombia, has an intellectual property portfolio composed of 417 trademarks (distinctive signs) registered or in process, before the Superintendence of Industry and Commerce as the competent National Office in matters of industrial property, of which the Davivienda, DaviPlata, and the Davivienda Red House figure trademarks enjoy recognition as “notorious”; brands, which are materials for the development of the corporate purpose, allowing them to access special protection mechanisms globally, even in countries where it does not have a direct presence.

In terms of patents, Davivienda has to date a history of 7 patent applications in Colombia.

In terms of copyright, Davivienda has 7 registrations (deposits) related to its material assets at the National Copyright Directorate (DNDA) of Colombia.

Davivienda holds 1,086 registrations or applications in process: 417 in Colombia and 669 in other countries.

The main brands of Davivienda have also been protected in each of the countries where it has a direct presence; additionally, Davivienda has preventive registrations in countries where it does not have a direct presence but are of strategic relevance internationally, in order to have the possibility of expansion at any time.

Davivienda has a robust brand surveillance system that allows it to detect potentially infringing brands and

file oppositions or administrative defense actions, covering a total of 15 countries in America.

It is also important to note that in 2023, a comprehensive and unified intellectual property policy was created for all the subsidiaries in the Central American countries, which allows jointly advancing strategies for the protection and management of Davivienda’s intangible assets in the countries of this region.

It is highlighted that the distinctive signs registered by the parent company in countries where it has a direct presence have been duly licensed to each of the subsidiaries, to ensure the use and exercise of the rights derived from this type of intangible assets.

Lastly, Davivienda Bank and its national and Central American subsidiaries comply with current regulations on intellectual property.

#### **Expenditures to Directors of the Company**

In 2023, payments to key personnel who had authority and responsibility for planning, directing, and controlling the entity’s activities, directly or indirectly, amounted to COP 13.6 billion.

#### **Expenditures on Linked Advisors or Managers**

The disbursements to advisors and managers in 2023 correspond to Board of Directors fees of COP 1.298 billion.

<b>Donations and contributions</b>	<b>2023</b>
Lobby, advocacy or similar:	
Political campaigns / Organizations / Local, regional, or national candidates:	302,000,000.00
Trade associations or tax-exempt groups (e.g., think tanks):	32,829,796,950.54
Other (e.g., expenses related to electoral measures or referendums):	
<b>Total contributions and other expenses:</b>	<b>33,131,796,950.54</b>

<b>Breakdown of major contributions</b>	<b>2023</b>
Financial Superintendence of Colombia	29,740,972,317.30
ASOBANCARIA (Colombian Banking and Financial Institutions Association)	1,746,022,059.86
CAMVC (Colombian Securities Market Self-Regulatory Corporation)	581,792,400.00
ANDI (National Business Association of Colombia)	295,210,000.00
CAMACOL (Colombian Chamber of Construction)	187,128,000.00

#### **Donations and Contributions**

During the year 2023, donations amounted to COP 29.682 billion and contributions to COP 32.830 billion.

#### **Advertising and Public Relations Expenses**

Advertising expenses amounted to COP 104.8 billion and public relations expenses to COP 2.8 billion.

#### **Assets Abroad**

The money and other assets of the company abroad amounted to COP 18.5 trillion and foreign currency obligations to COP 16.4 trillion.

#### **National and/or Foreign Investments**

The detail of the participatory securities investments is revealed in Note 12.3 of the financial statements. These amounted to COP 7.3 trillion.

#### **Off-Balance Sheet Transactions That May Materially Impact Operations, Financial Position, or Changes in Financial Position**

As of December 31, 2023, no transactions that meet the condition of this statement were identified.

#### **Foreseeable Evolution of Davivienda Bank**

Our efforts will continue to focus on fulfilling our Superior Purpose as a Group, offering reliable, friendly, and simple solutions that contribute to the achievement of our clients' objectives, with the main axis being the protection of their wealth, through effective risk mitigation and efficient management.

Aware of the challenging perspective of the local and international economy for 2024, we will continue undertaking actions aimed at consolidating our leading role, especially in the Housing and SME businesses. On the other hand, we expect conservative growth in our Consumer portfolio, as our fundamental objective will be the care of our portfolio through deepening client relationships.

Finally, and in line with the speed of changes in this new era, digital transformation will continue to be one of the main drivers of our business model, supported by the capabilities of innovation, analytical skill, and strategic relationships that we have built throughout our trajectory in the market, to continue offering high value-added products and services.

## APPENDIX 5

### CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

#### INDIVIDUAL FINANCIAL STATEMENTS



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

To the Shareholders  
Banco Davivienda S.A.,

**Informe sobre la auditoría de los estados financieros Opinión**

I have audited the separate financial statements of Banco Davivienda S.A. (the Bank), which comprise the separate statement of financial position as of December 31, 2023, and the separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise the significant accounting policies and other explanatory information.

In my opinion, the separate financial statements referred to above, prepared in accordance with information faithfully taken from the books and attached to this report, present fairly, in all material respects, the unconsolidated financial position of the Bank as of December 31, 2023, the unconsolidated results of its operations and its unconsolidated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with the preceding year.

**Basis for opinion**

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

**Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the 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.



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Evaluation of the allowance for credit risk of the commercial portfolio according to the Guidelines of the Superintendency of Finance of Colombia (see notes 4.6.1.5.5, 12.5.1 y 12.5.14 to the separate financial statements)	
Key Audit Matter	How it was addressed in the audit
<p>The balance of the commercial loan portfolio and its allowance for credit risk as of December 31, 2023, amount to \$42,852,296 and \$2,297,233 million, respectively.</p> <p>The Bank records the provision for the commercial portfolio as required by the Colombian Financial Superintendency, which establishes the constitution of minimum provisions in accordance with the expected losses, determined according to the credit risk rating methodology defined in the reference model.</p> <p>I considered as a key audit issue the methodology for the assignment of the credit risk rating for clients classified in the commercial portfolio, which incorporates significant judgmental elements in the key analysis assumptions, including the financial and payment behavior variables of the clients, which allow capturing the credit risk associated with the debtors' payment capacity. This assigned risk rating is incorporated as a parameter in the reference model for the calculation of credit risk provisions for the commercial portfolio.</p>	<p>My audit procedures to evaluate the assignment of the credit risk rating and the effect on the provisioning of the commercial portfolio included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Involvement of professionals with experience and knowledge in credit risk assessment and information technology, to evaluate certain internal controls related to the process performed by the Bank for the determination of the provisioning of the commercial portfolio. This included controls associated with (1) validation of the credit risk rating assignment methodology and/or models according to regulatory provisions, (2) the Bank's monitoring of the credit risk rating assignment and the resulting provisioning value, (3) information technology controls over the inputs to the commercial portfolio provisioning models, as well as the provisioning calculations; and (4) the evaluation to identify if there was a significant change in the credit risk of the commercial portfolio.</li> <li>• Inspection of a sample of commercial loan portfolio files to verify that the rating granted to customers complies with the guidelines defined by the Superintendency of Finance of Colombia for the allowance system and that it is supported by the financial, qualitative or economic characteristics of the customer and its subsequent incorporation into the reference model for the calculation of allowances.</li> </ul>





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**Evaluation of the migration of the FIS (Financial Information System) accounting application to the FAH accounting application. (Fusion Accounting Hub (See note 10.2.3 to the separate financial statements))**

Key Audit Matters	How it was addressed in the Audit
<p>During the year 2023, the Bank implemented a new financial reporting information system, moving from FIS - Financial Information System, to the new FAH - Fusion Accounting Hub system.</p> <p>A system change involves the implementation of new controls and delegation of authority, as well as the migration of databases, operating systems and financial data moved to the new system.</p> <p>I considered the change of financial reporting system to be a key audit issue, because this process represents inherent risks of failure of information technology-dependent controls and the loss of integrity of financial data being migrated, leading to the risk of errors in the financial report.</p>	<p>Audit procedures to address this key issue included the involvement of experienced and knowledgeable information technology professionals who assisted in the evaluation of:</p> <ol style="list-style-type: none"> <li>1. Project governance for the implementation of the new version of the financial reporting system.</li> <li>2. Controls over change management and migration of key financial data from the legacy system to FAH, as well as critical migration controls for financial reporting.</li> <li>3. The information technology general controls environment for FAH, including controls:                     <ul style="list-style-type: none"> <li>• Access to data and programs,</li> <li>• Software change and</li> <li>• automatic controls at the process level.</li> </ul> </li> <li>4. Integrity of opening balances migrated to the new system.</li> </ol>

**Evaluation of the estimate of the fair value of the investment in Banco Davivienda Internacional S.A. and Banco Davivienda S.A. General License (Panama) for the accounting record of the transaction of in-kind share contribution for the incorporation Holding Davivienda Internacional S.A. (See note 12.3.7.1 a to the separate financial statements)**

Key Audit Matters	How it was addressed in the Audit
<p>As indicated in the note 12.3.7.1 to the separate financial statements, as of December 31, 2023, the Bank made a capital contribution in kind represented by the fair value of the investments held in the international subsidiaries Banco Davivienda Internacional S.A. y Banco Davivienda S.A. General License Panama for value</p>	<p>My audit procedures to assess the fair value of the investment included, among others:</p> <ul style="list-style-type: none"> <li>- Evaluation of certain internal controls related to the Bank's process for approving material non-recurring transactions and verify their proper accounting in compliance with the accounting framework.</li> </ul>



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<p>de \$1,584,888 which at the date of the transaction had a book value of \$1,133,082. This transaction generated an effect in the statement of income for profit on sale of \$451,806.</p> <p>I considered the estimation of the fair value of this transaction as a key audit matter, because it is a material transaction that is not performed on a recurring basis, which involved significant management judgment in the determination thereof, which required significant audit effort to evaluate the related evidence, including the involvement of valuation professionals with specific skills and industry knowledge.</p> <p>The auditor's judgment was required to evaluate the methodology used by the Bank to estimate the fair value of the investment, as well as the relevant unobservable inputs and assumptions of the methodology, which include the projected results, discount rate and perpetuity.</p>	<p>These controls included: 1) Board of Directors approval of the transaction, 2) Approval of the transaction by regulators in Colombia and Panama, 3) involvement of an external expert in the value determination and analysis.</p> <ul style="list-style-type: none"> <li>- Involvement of valuation professionals with specific skills and industry knowledge who assisted me in: (i) the comparison between the valuation methodology applied by the Bank with the methodologies generally applied in the market for that purpose and with the provisions set forth in IFRS 13, (ii) the analysis of the main assumptions included in the projections versus historical data and comparison of the macroeconomic assumptions and discount rate with market data, when available, (iii) the recalculation of: the Companies' net income and dividend flow projections, the perpetuity rate, discount rate and net present value, (iv) the financial analysis to verify the variations of the Companies' income, cost and expense lines.</li> </ul>
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**Other matters**

The separate financial statements as of and for the year ended December 31, 2022 are presented solely for comparative purposes, were audited by me and in my report dated February 24, 2023, I expressed an unqualified opinion thereon.

**Responsibility of the Bank's management and those charged with corporate governance for the separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of 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.



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In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting unless management intends to liquidate the Bank or cease operations, or there is no more realistic alternative than to proceed in one of these ways.

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

#### Responsibilities of the Statutory Auditor in connection with the audit of the separate financial statements

My objectives are to obtain reasonable assurance about whether the separate financial statements taken 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 means a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures in response 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 greater than that arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override or override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may indicate significant doubt about the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure describing this situation in the separate financial statements or, if such disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Bank to cease to operate as a going concern.
- Evaluate the overall presentation, structure, and content of the separate financial statements,



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including the disclosures, and whether the separate financial statements present the underlying transactions and events so as to achieve a fair presentation.

- I obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate to those charged with governance of the Bank, among other matters, the planned scope and timing of 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 confirmation that I have complied with relevant ethical independence requirements and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

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

#### Report on other legal and regulatory requirements

1. Based on the results of my tests, in my opinion, during 2023:

- a) The Bank's accounts have been kept in accordance with legal regulations and accounting techniques.
- b) The operations recorded in the books are in conformity with the bylaws and the decisions of the General Shareholders' Meeting.
- c) The correspondence, account vouchers, minute books and share registry books are duly kept and maintained.
- d) There has been compliance with the rules and provisions of the Financial Superintendence of Colombia related to the adequate administration and provision of assets received in payment and with the implementation and impact on the separate statement of financial position and separate statement of income of the applicable risk management systems.



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- e) The provisions of Law 2195 of 2022 have been complied with in relation to the Transparency and Business Ethics Program, through instructions from the Superintendence of Finance of Colombia related to the Asset Laundering and Financing of Terrorism Risk Management System - SARLAFT or applicable Internal Control System, according to Concept 2022033680-002-000 of April 7, 2022 issued by this control entity.
- f) There is concordance between the accompanying separate financial statements and the management report prepared by the administrators, which includes the Management's acknowledgement of the free circulation of the invoices issued by the vendors or suppliers.
- g) The information contained in the self-assessment statements of contributions to the integral social security system, particularly that related to members and their contribution base income, has been taken from the accounting records and supports. The Bank is not in arrears for contributions to the integral social security system.
- h) The instructions set forth in Chapter XXXI of the Basic Accounting and Financial Circular (External Circular 100 of 1995) regarding the Comprehensive Risk Management System (Sistema Integral de Administración de Riesgos, SIAR) have been complied with.
- i) The (Company) has complied with the provisions of Chapter XXXI of the Basic Accounting and Financial Circular (External Circular 100 of 1995) in relation to the Liquidity Risk Model and Management.

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 Code of Commerce, related to the evaluation whether the Society's management performance is in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting and if there are and are adequate measures of the internal control, preservation and custody of the Company's assets or third parties' assets in its possession, I issued a separate report dated February 26, 2024.

2. I followed up on the responses to the letters of recommendation addressed to the Bank's management and there are no matters of material importance outstanding that would affect my opinion I followed up on the responses to the letters of recommendation addressed to the Bank's management and there are no matters of material importance outstanding that would affect my opinion.

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

February 26, 2024



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**(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)  
STATUTORY AUDITOR'S INDEPENDENT REPORT ON THE COMPLIANCE WITH THE 1<sup>ST</sup>  
AND 3<sup>RD</sup> OF ARTICLE 209 OF THE COMMERCIAL CODE**

To the Shareholders  
Banco Davivienda S.A.:

**Main matter description**

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Commercial Code, detailed as follows, by Banco Davivienda S.A, hereinafter "the Society", as of December 31, 2023, as a conclusion of independent reasonable assurance, that the management's actions have complied with the statutory and the Sole Shareholder's Meeting's provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph named "Criteria" of this report:

1<sup>st</sup>) If the Society's management performance is in conformity with the bylaws and the instructions or decisions of the Sole Shareholder's Meeting, and

3<sup>rd</sup>) If there are and are adequate measures of internal control, maintenance and custody of the Society's assets or third parties' assets in its possession.

**Responsibility of Management**

The Company's management is responsible for compliance with the bylaws and the decisions of the Shareholders' Meeting and for designing, implementing and maintaining adequate internal control measures, which include the Money Laundering and Terrorism Financing Risk Management System (SARLAFT) and the conservation and custody measures of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Superintendency of Finance of Colombia.

**Statutory Auditor's responsibility**

My responsibility is to examine if Society's management performance is in conformity with the bylaws and the instructions or decisions of the Sole Shareholder's Meeting, if there are and are adequate measures of internal control, maintenance and custody of the Society's assets or third parties' assets in its possession and to report as an independent reasonable assurance conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 (Revised) accepted in Colombia (ISAE 3000, which was translated into Spanish and issued in April 2009 by the International Auditing and Assurance Standards Board (IAASB, and translated into Spanish in 2018). Such standard





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requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the Sole Shareholder's Meeting decisions and whether there are and are adequate the measures of internal control, and includes the Money Laundering and Terrorism Financing Risk Management System (SARLAFT), and the maintenance and custody measures of the Society's assets and third parties' assets that are in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Superintendency of Finance of Colombia, in all material aspects.

The Accountants Firm to which I belong and who appointed me as the Society's statutory auditor, applies the International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes policies and procedures documented on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Accountant's Professional Code of Ethics issued by the International Ethics Standards Board for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the assessment of the risk that the acts of the administrators do not comply with the bylaws and the decisions of the Shareholders' Meeting and that the internal control measures, which include the Money Laundering and Terrorism Financing Risk Management System (SARLAFT), and the measures for the conservation and custody of the Company's assets or those of third parties in its possession are not adequately designed and implemented, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Superintendency of Finance of Colombia.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2023. Procedures include:

- Obtaining a written representation from Management as to whether the acts of the directors are in accordance with the bylaws and the decisions of the Shareholders' Meeting and as to whether internal control measures are in place and adequate, which include the Money Laundering and Terrorism Financing Risk Management System (SARLAFT), and the measures for conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Superintendency of Finance of Colombia.
- Reading and verifying compliance with the Society's bylaws.
- Obtaining a management certification on the meetings of the Sole Shareholder's Meeting.
- Reading of the Sole Shareholder's Meeting's minutes and the bylaws and verification of whether the management performance conforms to them.



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- Inquiries with Management about changes or modification projects to the Society's bylaws during the period covered and validation of its implementation.
- Evaluation of the existence and adequacy of internal control measures, including the Money Laundering and Terrorism Financing Risk Management System (SARLAFT), and the measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Superintendency of Finance of Colombia, which include:
  - Tests of the design, implementation and effectiveness of the relevant controls of the internal control components over financial reporting, including the requirements of External Circular 012 of 2022, included in Chapter I, Title V of Part III of the Basic Legal Circular of the Superintendency of Finance of Colombia and the elements established by the Company, such as: control environment, risk assessment process by the entity, information systems, control activities and monitoring of controls.
  - Evaluation of the design, implementation and operating effectiveness of relevant, manual, of the key business processes related to the significant accounts of the financial statements.
  - Verification of proper compliance with the rules and instructions on risk management systems
  - Issuance of management letters with my recommendations about the deficiencies in the internal control considered not significant.
  - Follow up on the matters included in the recommendation letters that I issued regarding deficiencies in internal control, considered not significant.

**Inherent limitations**

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that change that condition in future periods, because my report is based on selective tests and for the evaluation of internal control has the risk of becoming inadequate due to changes in the conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate oversight of controls by the administration.



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**Criteria**

The criteria considered for the evaluation of the matters mentioned in paragraph Description of the main subject matter include: (a) the bylaws and the minutes of the Shareholders' Meeting and, (b) the internal control components implemented by the Company, such as the control environment, risk assessment procedures, its information and communications systems and the monitoring of controls by management and those charged with corporate governance, which are based on the provisions of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

**Conclusion**

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the acts of the directors are in accordance with the bylaws and the decisions of the Shareholders' Meeting and the internal control measures are adequate, which include the Money Laundering and Terrorism Financing Risk Management System (SARLAFT), and the measures for conservation and custody of the Company's assets or those of third parties in its possession, in all material aspects, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.



Gustavo Adolfo Roa Camargo  
Statutory Auditor of Banco Davivienda S.A.  
Registration No. 90879 - T  
Member of KPMG S.A.S.

February 26, 2023

**Banco Davivienda S.A.**  
Separate Statement of Financial Position  
(Millions of Colombian Pesos (COP))

As of December 31:	Note	2023	2022
<b>ASSETS</b>			
Cash	12.1	8,763,578	7,698,210
Money market lending and overnight operations	12.2	2,250,883	416,488
Financial investment instruments, net	12.3	9,134,440	7,097,777
Derivatives	12.4	1,579,378	2,189,624
Loans portfolio and financial leases operations, net	12.5	96,203,504	100,836,622
Accounts receivable, net	12.6	3,523,819	2,946,277
Taxes receivable		1,357,814	812,940
Assets held for sale, net	12.7	189,421	73,011
Investments measured at amortized cost, net	12.3	3,750,375	4,068,678
Investments in subsidiaries and associates	12.3	6,726,980	6,596,009
Property and equipment, net	12.8	1,178,571	1,144,007
Investment property, net	12.9	237,766	141,229
Goodwill	12.11	1,080,775	1,080,775
Intangibles	12.12	278,890	195,498
Deferred tax, net	13.5	1,217,822	474,578
Other assets, net	12.13	1,197,278	1,448,661
<b>Total assets</b>		<b>138,671,294</b>	<b>137,220,384</b>
<b>LIABILITIES</b>			
Deposits and term deposits	12.14	95,788,020	89,358,897
Savings accounts and electronic deposits		39,202,647	45,759,988
Checking accounts		8,373,497	9,590,871
Term deposits		47,018,840	32,889,743
Other deposits		1,193,036	1,118,295
Money market borrowing and overnight operations	12.15	1,605,049	330,368
Derivatives	12.4	1,972,114	2,350,562
Credits with banks and other obligations	12.16	12,393,167	15,288,992
Debt instruments issued	12.17	9,345,191	10,639,936
Accounts payable	12.18	2,836,360	2,499,503
Employee benefits	12.19	210,193	220,271
Current tax liabilities		63,402	558,451
Other non-financial liabilities and estimated liabilities	12.20	1,420,479	1,511,080
<b>Total liabilities</b>		<b>125,633,975</b>	<b>122,758,060</b>
<b>EQUITY</b>			
Capital	12.21	81,301	81,301
Share placement premium		4,817,287	4,817,287
Reserves		6,977,226	6,292,981
Adjustments in first-time adoption		281,145	283,892
Other comprehensive income		627,896	1,719,435
Profits from prior years		146,525	126,996
Profit for the year		105,939	1,140,432
<b>Total equity</b>		<b>13,037,319</b>	<b>14,462,324</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>138,671,294</b>	<b>137,220,384</b>

See the notes attached to the separate financial statements.

<p><b>JUAN CARLOS HERNÁNDEZ NÚÑEZ</b> Legal Representative</p>	<p><b>TATIANA SALDARRIAGA JIMENEZ</b> Accountant Professional License No. 136928-T</p>	<p><b>GUSTAVO ADOLFO ROA CAMARGO</b> Banco Davivienda S.A. Fiscal Auditor Professional License No. 90879-T Member of KPMG S.A.S. (See my report dated February 26, 2023)</p>
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**Banco Davivienda S.A.**  
Separate Income Statement  
(Millions of Colombian Pesos (COP))

Years ended December 31	Note	2023	2022
Interest income and investment results		17,623,264	12,549,136
Loans portfolio		16,212,907	12,491,888
Investments and valuations, net	13.1	1,483,951	228,387
Money market operations		(73,594)	(171,139)
Interest Expenses		11,084,693	5,769,851
Deposits and term deposits		8,501,597	3,947,189
Checking accounts		115,537	80,267
Savings accounts		2,406,770	1,721,555
Term deposits		5,979,290	2,145,367
Credits with banks and other financial debt		1,336,446	582,919
Deb instruments issued		1,141,482	1,155,015
Other interest		105,168	84,728
<b>Gross Financial Margin</b>		<b>6,538,571</b>	<b>6,779,285</b>
Impairment for financial assets, net		5,455,101	3,551,541
Impairment of financial assets		9,966,805	6,691,743
Recoveries of financial assets		(4,511,704)	(3,140,202)
<b>Net Financial Margin</b>		<b>1,083,470</b>	<b>3,227,744</b>
Commissions and service income, net	13.2	1,274,821	1,094,995
Income (loss) from investments in subsidiaries and associates		324,614	501,442
Operating Expenditures	13.3	4,307,158	3,801,078
Staff expenditures		1,560,248	1,445,843
Operating expenses		2,492,568	2,110,754
Amortizations and depreciation		254,342	244,481
Exchange difference, net		1,225,338	(540,761)
Derivatives, net		(1,311,223)	784,832
Dividends received		29,773	25,343
Other income, net	13.4	758,192	29,685
<b>Operating Margin</b>		<b>(922,173)</b>	<b>1,322,202</b>
Income tax		(1,028,112)	181,770
Income tax	13.5	(3,305)	677,168
Deferred income tax	13.5	(1,024,807)	(495,398)
<b>Profit for the year</b>		<b>105,939</b>	<b>1,140,432</b>
Profit per share for the year in COP (*)		235	2,525

(\*) Calculated as: Profit for the period / weighted average of shares outstanding.

See the notes attached to the separate financial statement.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**TATIANA SALDARRIAGA JIMENEZ**  
Accountant  
Professional License No. 136928-T

**GUSTAVO ADOLFO ROA CAMARGO**  
Banco Davivienda S.A. Fiscal Auditor  
Professional License No. 90879-T  
Member of KPMG S.A.S.  
(See my report dated February 28, 2024)

**Banco Davivienda S.A.**  
Separate Statement of Other Comprehensive Income  
(Millions of Colombian Pesos (COP))

Years ended December 31:	Note	2023	2022
<b>Profit for the year</b>		<b>105,939</b>	<b>1,140,432</b>

**Components of other comprehensive income that will not be reclassified to the income of the period, net of taxes**

Long-term employee benefits		(6,987)	3,098
<b>Total of other comprehensive income that will not be reclassified to the income of the period, net of taxes</b>		<b>(6,987)</b>	<b>3,098</b>

**Components of other comprehensive income that will be reclassified to the income of the period, net of taxes**

Valuation of financial instruments		155,219	(29,696)
Realization to retained earnings from non-controlling interest equity securities		11,703	-
Investments valued using the equity method		33,181	127,253
Exchange difference on translation, subsidiaries abroad		(889,758)	875,828
Realization of exchange difference on translation, subsidiaries abroad	12.3.7.1	(394,897)	-
Net hedging of investments abroad		-	8,456
<b>Total other comprehensive income that will be reclassified to the profit for the period, net of taxes</b>		<b>(1,084,552)</b>	<b>981,841</b>
<b>Total other comprehensive income, net of taxes</b>		<b>(1,091,539)</b>	<b>984,939</b>
<b>Total Comprehensive Income</b>		<b>(985,600)</b>	<b>2,125,371</b>

See the notes attached to the separate financial results.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**TATIANA SALDARRIAGA JIMENEZ**  
Accountant  
Professional License No. 136928-T

**GUSTAVO ADOLFO ROA CAMARGO**  
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**Banco Davivienda S.A.**  
**Separate Statement of Changes in Equity**  
**(Millions of Colombian Pesos (COP))**

Years ended December 31, 2023 and 2022:	OTHER COMPREHENSIVE INCOME							RETAINED EARNINGS		Total Equity	
	Capital	Share Premium	Reserves	First-Time Adoption	Equity interest in investments under the equity method	Exchange difference on translation	Valuation of financial instruments	Long-term employee benefits	Profits from Previous Years		Profit or Loss for the Year
<b>Balance December 31, 2021</b>	81.301	4.817.287	5.600.983	297.459	(225.840)	797.019	164.565	(1.248)	106.925	1.176.189	12.814.640
<b>Transfer of profits</b>									1.176.189	(1.176.189)	-
<b>Distribution of dividends</b> Dividends declared in cash at \$1,072 pesos per share on 451,670,413 subscribed and paid shares. Payment dates: April 06 and September 14, 2022.									(484.191)		(484.191)
<b>Reserve Transactions:</b> Use use profits from previous years realized in 2021, to increase the Occasional Reserve.			691.998						(691.998)		-
<b>Other Comprehensive Income, net of income tax</b>					127.253	884.284	(29.696)	3.098			984.939
Investments valued using the equity method					127.253						127.253
Exchange difference on translation, subsidiaries abroad						884.284					884.284
Valuation of financial instruments							(29.696)				(29.696)
Long-term employee benefits								3.098			3.098
<b>Realizations for first-time adoption</b>				(13.567)					13.567		-
<b>Retención trasladable por dividendos pagados en acción</b>									1.774		1.774
<b>Income tax rate change effect</b>									4.730		4.730
<b>Profit for the year</b>										1.140.432	1.140.432
<b>Balance December 31, 2022</b>	<b>81.301</b>	<b>4.817.287</b>	<b>6.292.981</b>	<b>283.892</b>	<b>(98.587)</b>	<b>1.681.303</b>	<b>134.869</b>	<b>1.850</b>	<b>126.996</b>	<b>1.140.432</b>	<b>14.462.324</b>
<b>Reserve transactions</b>									1.140.432	(1.140.432)	-
<b>Distribution of dividends</b> Dividends declared in cash at the rate of \$1,010 pesos per share on 451,670,413 subscribed and paid shares. Payment dates: April 12 and September 13, 2023.									(456.187)		(456.187)
<b>Reserve transactions:</b> Capitalization of legal reserve committed at the Annual General Meeting held on March 2019 Occasional reserve			684.245						(684.245)		-
<b>Other comprehensive income, net of income tax</b>					33.181	(1.284.655)	166.922	(6.987)			(1.074.757)
Investments valued using the equity method					33.181						61.666
Exchange difference on translation, subsidiaries abroad						(889.758)					(889.758)
Realization of exchange difference on translation, subsidiaries abroad						(394.897)					(394.897)
Valuation of financial instruments							155.219				155.219
Realization to retained earnings from non-controlling interest equity securities							11.703		(11.703)		-
Long-term employee benefits								(6.987)			(6.987)
<b>Realizations for first-time adoption</b>				(2.747)					2.747		-
<b>Profit for the year</b>										105.939	105.939
	<b>81.301</b>	<b>4.817.287</b>	<b>6.977.226</b>	<b>281.145</b>	<b>(65.406)</b>	<b>396.648</b>	<b>301.791</b>	<b>(5.137)</b>	<b>146.525</b>	<b>105.939</b>	<b>13.037.319</b>

See the notes attached to the separate financial statements.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
 Legal Representative

**TATIANA SALDARRIAGA JIMENEZ**  
 Accountant  
 Professional License No. 136928-T

**GUSTAVO ADOLFO ROA CAMARGO**  
 Banco Davivienda S.A. Fiscal Auditor  
 Professional License No. 90879-T  
 Member of KPMG S.A.S.  
 (See my report dated February 26, 2024)

**Banco Davivienda S.A.**  
Separate Statement of Changes in Cash Flows  
(Millions of Colombian Pesos (COP))

Years ended December 31:	Note	2023	2022
<b>Cash flow from operating activities:</b>			
<b>Profit for the year</b>		<b>105,939</b>	<b>1,140,432</b>
<b>Reconciliation of profit for the period and net cash provided (used) in operating activities</b>			
(Recovery) provision for financial instrument investments, net	12.3.6	(84,546)	1,118
Provision for loans and leases, net	12.5.14	5,744,457	4,113,454
Provision for accounts receivable, net	12.6	520,771	166,453
Provisions for assets held for sale, net	12.7.4	40,318	20,059
Provision for property and equipment and investment property, net	12.8.3/12.9.3	49,707	30,136
(Recovery) provision for other assets, net	12.13	(30,781)	838
Provision for severance payments		67,655	68,010
(Recovery) provision for estimated liabilities, net	12.20	(11,810)	2,106
Interest income, net		(5,206,123)	(6,588,646)
Depreciations	13.3.2	214,616	197,906
Amortizations	13.3.2	39,726	46,575
Exchange difference, net		(599,139)	244,935
Realization of exchange differences on equity securities of subsidiaries	12.3.7.1	(394,897)	-
Profit on equity method, net		(324,614)	(501,442)
Valuation of investments, net		(1,467,337)	(233,121)
(Profit) loss on sale of trading investments, net		(9,861)	4,734
(Profit) on sale of investments available for sale, net		(6,752)	-
(Profit) on sale of investments in equity securities, net	12.3.7.1	(451,806)	-
Valuation of derivatives and spot operations, net		1,311,223	(784,832)
Profit on sale of assets held for sale, net	12.7.3	(5,245)	(2,001)
Loss on sale of property, equipment, and leasing assets, net	12.8.2	1,283	795
Profit on sale of investment property, net	12.9.4	(2,403)	(877)
(Profit) loss on sale of other assets		(2,534)	2,555
Change in income tax and deferred taxes	13.5	(1,028,112)	181,770
<b>Changes in operating assets and liabilities:</b>			
Money market lending and overnight operations		-	11,025
Financial investment instruments, net		(390,672)	(138,228)
Loans and financial leasing operations		(3,055,181)	(18,706,158)
Accounts receivable		(853,206)	(485,742)
Other assets		(1,002,369)	(831,348)
Deposits and term deposits		6,018,951	11,498,618
Money market and overnight operations		1,274,681	(165,168)
Derivatives		(1,079,424)	1,054,950
Accounts payable		(155,436)	1,358,729
Employee benefits		(27,968)	2,482
Other liabilities and estimated liabilities		1,843,547	658,549
Proceeds of the sale of loans	12.5.11	353,164	245,702
Proceeds of sale of assets held for sale	12.7.2-4	44,507	38,399
Proceeds of sale of other assets		84,789	65,041
Payment of severance		(60,941)	(45,128)
Income tax paid		(975,961)	(718,449)
Interest paid		(10,107,209)	(5,369,472)
Interest received		16,171,918	12,303,492
<b>Net cash provided (used) in operating activities</b>		<b>6,552,925</b>	<b>(1,111,749)</b>

**Banco Davivienda S.A.**  
Separate Statement of Changes in Cash Flows  
(Millions of Colombian Pesos (COP))

Years ended December 31	Note	2023	2022
<b>Cash flow from investing activities:</b>			
Dividends received	12.3.7	117,486	306,330
Increase in available-for-sale investments		(3,983,557)	(1,015,941)
Increase in investments to maturity		(3,157,970)	(3,529,885)
Increase in investments in securities		(1,782,668)	(194,949)
Acquisition of property and equipment	12.8	(114,164)	(149,179)
Proceeds of sale of investments		8,888,425	3,658,191
Proceeds of sale of property and equipment	12.8.2	4,363	1,122
Proceeds of sale of investment property	12.9.1/12.9.4	10,178	9,839
Increase in intangible assets, net		(123,560)	(95,718)
<b>Net cash used in investing activities</b>		<b>(141,467)</b>	<b>(1,010,190)</b>
<b>Cash flow from financing activities:</b>			
Debt issue redemptions	12.17	(839,711)	(4,244,746)
New financial obligations	12.16	3,663,479	12,462,006
Financial obligation payments for the period	12.16	(4,862,700)	(7,585,112)
Payment of lease liabilities		(128,958)	(115,391)
Payment of cash dividends		(455,924)	(484,034)
<b>Net cash provided by (used in) financing activities</b>		<b>(2,623,814)</b>	<b>32,723</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>3,787,644</b>	<b>(2,089,216)</b>
<b>Effect of the variation in exchange difference on results</b>		<b>(887,881)</b>	<b>889,638</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>8,114,698</b>	<b>9,314,276</b>
<b>Cash and cash equivalents at the end of the period (*)</b>		<b>11,014,461</b>	<b>8,114,698</b>

(\*) Includes cash equivalents at under 90 days in money market and similar lending operations for \$2,250,883 on December 31, 2023 and \$416,488 on December 31, 2022.

See the notes attached to the separate financial statement.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
Legal Representative

**TATIANA SALDARRIAGA JIMENEZ**  
Accountant  
Professional License No. 136928-T

**GUSTAVO ADOLFO ROA CAMARGO**  
Banco Davivienda S.A. Fiscal Auditor  
Professional License No. 90879-T  
Member of KPMG S.A.S.  
(See my report dated February 28, 2024)

**CONSOLIDATED FINANCIAL STATEMENTS**



**KPMG S.A.S.**  
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Colombia

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

To the Shareholders  
Davivienda S.A.:

**Opinion**

I have audited the consolidated financial statements of Banco Davivienda S.A. y Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding year.

**Basis for opinion**

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

**Key audit matters**

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



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**Assessment of Impairment of Loan Portfolio under IFRS 9 (see notes 6, 10.3.1.4, 12.5.1 y 12.5.4 to the consolidated financial statements)**

Key Audit Matter	How it was addressed in the audit
<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 models to determine impairment based on an expected loss approach required by IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2023 is \$135,974,563 and \$6,075,511 million, respectively.</p> <p>I considered the assessment of loan portfolio impairment as a key audit matter because it involves significant measurement complexity that required judgment, knowledge and experience in the industry particularly in relation to (1) the evaluation of the methodologies used, including the methodology for estimating loss given default; (2) the probability of loss given default and its key factors and assumptions; (3) the loan grading and qualitative factors that are incorporated within the internal model variables established by the Group; and (4) the estimated credit risk impairment calculations for the entire loan portfolio.</p>	<p>My audit procedures for assessing the adequacy of credit risk impairment included, among others, the following:</p> <ul style="list-style-type: none"> <li>Engagement of professionals with experience and expertise in credit risk assessment and information technology to evaluate certain internal controls related to the Group's process for determining loan portfolio impairment. This included controls related to (1) validation of the models that determine the probability of loss, LGD and exposure at default, (2) the Group's monitoring of the determination of portfolio impairment (3) information technology controls over the input data to the models that determine credit impairment, as well as related calculations; (4) the assessment to identify whether there was a significant change in credit risk; (5) the evaluation of macroeconomic variables and weighted scenarios used in the models for the determination of credit portfolio impairment; and (6) the verification of controls related to the evaluation of individually analyzed trade receivables and write-offs.</li> <li>Professionals with expertise in credit risk assessment and information technology assisted me in (1) evaluating the methodologies and key data used to determine the probability of loss, loss severity and exposure at default and the parameters produced by the models; (2) evaluating the macroeconomic variables and weighted probability scenarios used in the internal models including consideration of alternative data for certain variables; (3) recalculating the</li> </ul>





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	<p>expected loss model and its related data; and (4) evaluating the qualitative adjustments applied to the model.</p>
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Evaluation of the migration of the FIS (Financial Information System) accounting application to the FAH accounting application. (Fusion Accounting Hub (See note 10.2 to the financial statements))	
Key Audit Matters	How it was addressed in the Audit
<p>During the year 2023, Banco Davivienda S.A. implemented a new financial reporting information system, moving from FIS - Financial Information System, to the new FAH - Fusion Accounting Hub system.</p> <p>A system change involves the implementation of new controls and delegation of authority, as well as the migration of databases, operating systems and financial data moved to the new system.</p> <p>I considered the change of financial reporting system to be a key audit issue, because this process represents inherent risks of failure of information technology-dependent controls and the loss of integrity of financial data being migrated, leading to the risk of errors in the financial report.</p>	<p>Audit procedures to address this key issue included the involvement of experienced and knowledgeable information technology professionals who assisted in the evaluation of:</p> <ol style="list-style-type: none"> <li>1. Project governance for the implementation of the new version of the financial reporting system.</li> <li>2. Controls over change management and migration of key financial data from the legacy system to FAH, as well as critical migration controls for financial reporting.</li> <li>3. The information technology general controls environment for FAH, including controls:                             <ul style="list-style-type: none"> <li>• Access to data and programs,</li> <li>• Software change and</li> <li>• automatic controls at the process level.</li> </ul> </li> <li>4. Integrity of opening balances migrated to the new system.</li> </ol>



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**Other matters**

The consolidated financial statements as of and for the year ended December 31, 2022 are presented solely for comparative purposes, were audited by me and in my report dated February 24, 2023, I expressed an unqualified opinion thereon.

**Other information**

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

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

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

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

**Responsibility of the Group's management and those charged with corporate governance for the consolidated financial statements.**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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



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#### Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may indicate significant doubt about the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure that describes this situation in the consolidated financial statements or, if this disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to operate as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.



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

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

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

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

February 26, 2024

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

	Note	December 31, 2023	December 31, 2022
<b>Assets</b>			
Cash	12.1	15,003,097	14,478,474
Interbank and overnight funds	12.2	2,935,926	1,851,848
Investments measured at fair value	12.3	13,343,570	12,037,987
Derivatives	12.4	1,580,630	2,194,772
Loans portfolio and financial leases operations, net	12.5	129,899,052	138,468,797
Accounts receivable, net	12.6	2,590,566	2,236,798
Taxes receivable		1,468,930	930,970
Assets held for sale, net	12.7	233,836	111,762
Investments measured at amortized cost, net	12.3	5,131,412	5,808,042
Investments in associates	12.8	221,976	338,512
Investments in other companies	12.9	637,102	594,371
Property and equipment, net	12.10	1,669,796	1,742,493
Investment property, net	12.11	399,589	239,019
Goodwill	12.13	1,551,888	1,551,888
Intangible assets, net	12.14	410,525	392,894
Other assets, net	12.15	1,140,547	1,149,834
<b>Total Assets</b>		<b>178,218,442</b>	<b>184,128,461</b>
<b>Liabilities</b>			
Deposits	12.17	124,736,738	121,072,054
Savings accounts and electronic deposits		47,308,308	55,413,302
Checking accounts		15,936,584	17,809,064
Time deposits		60,180,191	46,594,630
Other deposits		1,311,655	1,255,058
Interbank and overnight funds	12.18	1,926,320	1,122,449
Derivatives	12.4	1,975,177	2,357,237
Credits with banks and other obligations	12.19	16,320,457	21,638,961
Debt instruments issued	12.20	12,836,332	14,976,148
Accounts payable	12.21	3,112,142	2,851,365
Employee benefits	12.22	361,407	385,737
Current tax liabilities		109,811	598,553
Deferred tax liabilities, net		103,838	575,494
Technical reserves	12.23	324,366	384,571
Other non-financial liabilities and estimated liabilities	12.24	1,659,078	1,872,514
<b>Total Liabilities</b>		<b>163,465,666</b>	<b>167,835,083</b>
<b>Equity</b>			
Capital		81,301	81,301
Placement premium		4,817,287	4,817,287
Reserves		6,546,635	5,979,513
Adjustments in first-time adoption		107,023	109,767
Other comprehensive income		3,409,360	3,508,679
Results attributable to the owners of the controlling company		(395,700)	1,593,142
<b>Total equity of owners of the controlling company</b>		<b>14,565,906</b>	<b>16,089,689</b>
<b>Non-controlling interests</b>		<b>186,870</b>	<b>203,689</b>
<b>Total equity</b>		<b>14,752,776</b>	<b>16,293,378</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>178,218,442</b>	<b>184,128,461</b>

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NUÑEZ  
Legal Representative

TATIANA SALDARRIAGA JIMENEZ  
Accountant  
Professional License No. 136928-T

GUSTAVO ADOLFO RDA CAMARGO  
Banco Davivienda S.A. Fiscal Auditor  
Professional License No. 90879-T  
Member of KPMG S.A.S.  
(See my report dated January 26, 2024)

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

	Note	2023	2022
<b>Years ended December 31:</b>			
Interest and investment income		22,331,028	15,861,654
Interest on loans		19,782,270	15,162,218
Investment and valuation, net	13.1	2,065,273	524,873
Interbank and overnight funds, repos, simultaneous operations		483,485	174,563
Interest expense		13,039,471	7,010,171
Deposits and time deposits		9,534,573	4,557,455
Checking accounts		115,537	80,267
Savings accounts		2,720,457	1,937,842
Time deposits		6,698,579	2,539,346
Credits with banks or other financial obligations		1,660,842	793,645
Debt instruments issued		1,421,222	1,351,429
Other interest		422,834	307,642
<b>Gross Financial Margin</b>		<b>9,291,557</b>	<b>8,851,483</b>
Impairment of financial assets, net		5,917,197	3,445,542
Impairment of financial assets		9,893,631	7,067,787
Reduction of financial assets		(3,976,434)	(3,622,245)
<b>Net Financial Margin</b>		<b>3,374,360</b>	<b>5,405,941</b>
Insurance transactions income, net	13.2	195,457	161,521
Commissions and service income, net	13.2	1,893,571	1,677,558
Result of investment in associates and joint operations, net		(139,063)	(57,561)
Operating expenditures	13.3	5,940,304	5,247,436
Staff expenditures		2,312,497	2,046,446
Overhead		3,250,485	2,855,704
Amortizations and depreciation		377,322	345,286
Profit (loss) on exchanges, net		733,432	(546,726)
Derivatives, net		(1,345,986)	825,453
Dividends received		30,800	26,033
Other income, net	13.4	203,930	74,785
<b>Operating Margin</b>		<b>(993,803)</b>	<b>2,319,568</b>
Income tax	13.5	(621,471)	703,623
Current income tax		217,734	922,475
Deferred income tax		(839,205)	(218,852)
<b>Results for the year</b>		<b>(372,332)</b>	<b>1,615,945</b>
Results attributable to the owners of the controlling company		(395,700)	1,593,142
Results attributable to non-controlling interest		23,368	22,803
<b>Results per share in COP (1)</b>		<b>(876)</b>	<b>3,527</b>

(1) Calculated as follows: Result attributable to owners of the controlling company / Weighted average number of shares outstanding

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NUÑEZ  
Legal Representative

TATIANA SALDARRIAGA JIMENEZ  
Accountant  
Professional License No. 136928-T

GUSTAVO ADOLFO RDA CAMARGO  
Banco Davivienda S.A. Fiscal Auditor  
Professional License No. 90879-T  
Member of KPMG S.A.S.  
(See my report dated January 26, 2024)



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

Years ended December 31:	2023	2022
Result attributable to the owners of the controlling interest	(395,700)	1,593,142
Result attributable to non-controlling interest	23,368	22,803
<b>Result for the year</b>	<b>(372,332)</b>	<b>1,615,945</b>

**Components of other comprehensive income that will not be reclassified to the profit for the period, net of taxes:**

Valuation of financial instruments	236,533	(101,169)
Realization to retained earnings from non-controlling interest securities	11,703	-
Long-term employee benefits	(7,636)	7,299
Impairment of loan portfolio for consolidated financial statement income (1)	584,621	525,633
<b>Total other comprehensive income that will not be reclassified to the profit for the period, net of taxes</b>	<b>825,221</b>	<b>431,763</b>

**Components of other comprehensive income that will be reclassified to the profit for the period, net of taxes:**

Equity method from investments in associates - OCI	(4,050)	3,465
Exchange difference on translation (Note 2)	(952,920)	1,018,896
<b>Total other comprehensive income that will be reclassified to the profit for the period, net of taxes</b>	<b>(956,970)</b>	<b>1,022,361</b>

<b>Total other comprehensive income, net of taxes</b>	<b>(131,749)</b>	<b>1,454,124</b>
<b>Total comprehensive income</b>	<b>(504,081)</b>	<b>3,070,069</b>

Comprehensive income attributable to the holders of the controlling interest	(495,019)	3,017,140
Comprehensive income attributable to the holders of the non-controlling interest	(9,062)	52,929
<b>Total comprehensive income</b>	<b>(504,081)</b>	<b>3,070,069</b>

(1) Required by the Financial Superintendence of Colombia

See the notes attached to the Consolidated Financial Statements.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
 Legal Representative

**TATIANA SALDARRIAGA JIMÉNEZ**  
 Accountant  
 Professional License No. 136928-T

**GUSTAVO ADOLFO RDA CAMARGO**  
 Banco Davivienda S.A. Fiscal Auditor  
 Professional License No. 90879-T  
 Member of KPMG S.A.S.  
 (See my report dated January 26, 2024)

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

Years ended December 31, 2023 and 2022	OTHER COMPREHENSIVE INCOME							RETAINED EARNINGS			Total equity of the owners of the controlling interest	Non-controlling interest	Total Equity	
	Capital	Placement Premium	Reserves	First-Time Adoption	Valuation of financial instruments	Long-term employee benefits	Equity in investments accounted for using the equity method	Loan portfolio impairment for purposes of the consolidated financial statements	Exchange difference on translation for foreign subsidiaries	Results of prior years				Results of the year
Balance as of December 31, 2021	81,301	4,817,287	5,769,169	122,389	177,892	(9,149)	(16,356)	1,040,680	891,614	-	1,239,203	14,114,030	165,788	14,279,818
<b>Profit transfer</b>										1,239,203	(1,239,203)	-	(11,438)	(11,438)
<b>Distribution of dividends</b>														
Dividends declared in cash, \$1,072 per share on 451,670,413 subscribed and paid shares. Apr 08 and Sep 14, 2022.										(484,191)		(484,191)	(6)	(484,197)
<b>Movements of reserve:</b>														
Occasional reserve			(519,588)							519,588			(4,119)	(4,119)
Legal reserve			37,534							(37,534)			551	551
Dispose of 'prior years' profits realized in 2021, to increase the Occasional Reserve.			691,998							(691,998)			-	-
Other comprehensive income, net of income tax					(99,978)	7,299	3,484	525,633	987,560	(518,351)		905,647	30,126	935,773
<b>First-Time Adoption</b>					(12,622)					12,622			(16)	(16)
Withholding tax on dividends paid in stock										1,774		(40,713)	1,774	(40,713)
Effect of income tax rate change										(40,713)		1,553,142	22,803	1,615,945
Profit for the year										1,593,142	(1,593,142)	16,089,689	203,689	16,293,378
Balance December 31, 2022	81,301	4,817,287	5,979,513	109,767	77,914	(1,850)	(12,872)	1,566,313	1,879,174	-	1,593,142	16,089,689	16,852	16,293,378
<b>Profit transfer</b>										1,593,142	(1,593,142)	-	(15,852)	(15,852)
<b>Distribution of dividends</b>														
Dividends declared in cash, \$1,010 per share on 451,670,413 subscribed and paid shares. Apr 12 and Sept 13, 2023. (Note 2)										(456,187)		(456,187)	(9)	(456,196)
<b>Movements of reserve:</b>														
Occasional reserve			551,733							(551,733)			7,722	7,722
Legal reserve			15,389							(15,389)			404	404
Other comprehensive income, net of income tax					246,694	(7,636)	(4,074)	584,621	(918,924)	(572,577)		(671,896)	(32,430)	(704,326)
<b>First-Time Adoption (Note 12.26.4)</b>					(2,744)					2,744			(22)	(22)
Result of the year										(395,700)	(395,700)	23,368	(372,332)	(372,332)
Balance December 31, 2023	81,301	4,817,287	6,546,635	107,023	324,608	(8,486)	(16,948)	2,160,934	960,250	-	(395,700)	14,565,906	186,870	14,752,776

See the notes to the consolidated financial statements.

**JUAN CARLOS HERNÁNDEZ NÚÑEZ**  
 Legal Representative

**TATIANA SALDARRIAGA JIMÉNEZ**  
 Accountant  
 License No. 136928-T

**GUSTAVO ADOLFO RDA CAMARGO**  
 Fiscal Auditor Banco Davivienda S.A.  
 License No. 90879-T  
 Member of KPMG S.A.S.  
 (See my report dated February 26, 2024)

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

Years ended December 31:	Note	2023	2022
<b>Cash flows from operating activities:</b>			
<b>Profit for the period</b>		<b>(372,332)</b>	<b>1,615,945</b>
<b>Reconciliation between profit for the period and net cash provided by (used in) operating activities</b>			
(Recovery) impairment of investments, net	12.3.6	(4,802)	4,125
Impairment of loans and financial leasing operations, net	12.5.4	6,551,420	4,247,440
Impairment of other assets, net		67,033	80,932
Provision for severance payments		75,935	74,383
Provision for other non-financial liabilities and estimated liabilities, net	12.24	51,593	181,237
Net interest income		(7,224,217)	(8,324,629)
Depreciations and amortizations	13.3	377,322	345,286
Exchange difference, net		(1,519,717)	1,825,321
Profit (loss) on sale of investments, net		(86,597)	5,798
Loss on equity method associates, net		139,063	57,561
Net gain on investments		(1,980,743)	(532,652)
Valuation of derivatives and spot operations, net		1,346,009	(825,453)
Loss on sale of loans and leasing assets, net		-	931
Loss (profit) on sale of property and equipment, net	12.10.2	954	(6,606)
(Profit) loss on sale of assets held for sale	12.7	(4,560)	7,275
Profit on sale of investment properties	12.11.3	(2,402)	(877)
Income tax	13.5	(621,471)	703,623
<b>Changes in operating assets and liabilities:</b>			
Money market lending and similar operations		59,771	(48,102)
Derivative financial instruments		(1,109,635)	1,097,125
Investments measured at fair value through profit or loss		381,714	253,045
Loans portfolio and financial leases operations		(1,609,474)	(23,089,744)
Accounts receivable		(1,003,058)	(857,510)
Other assets		(11,560)	(122,754)
Deposits		4,978,135	13,672,027
Ordinary interbank funds		803,871	287,367
Accounts payable		486,208	961,466
Employee benefits		(35,158)	88,053
Technical reserves		(60,205)	87,304
Estimated liabilities		(38,815)	26,432
Other liabilities		(182,441)	(1,176)
Proceeds of the sale of loans		353,871	247,350
Proceeds of the sale of assets held for sale		50,142	31,003
Proceeds of the sale of other assets		5,924	38,184
Income tax paid		(530,843)	(388,858)
Interest received		19,579,239	14,883,042
Interest paid		(11,807,304)	(6,335,868)
Payment of severance		(77,004)	(93,420)
<b>Net cash provided by operating activities</b>		<b>7,025,866</b>	<b>194,606</b>

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

Years ended December 31:	Note	2023	2022
<b>Cash flows from investing activities:</b>			
Dividends received		30,800	28,236
Acquisitions in investments measured at amortized cost		(3,587,913)	(3,960,895)
Acquisitions in investments measured at fair value through OCI		(11,069,036)	(9,372,286)
Increase in investments in associates and other companies		(35,715)	(217,872)
(Increase) Decrease in repurchase of shares; non-controlling interest		(40,187)	15,098
Acquisition of property and equipment		(175,232)	(171,816)
Proceeds of sale of investments		14,471,527	12,271,568
Proceeds of sale of property and equipment		5,182	14,568
Proceeds of sale of investment property		11,221	9,839
Increase in intangible assets, net		(105,762)	(201,374)
<b>Net cash (used in) provided by investing activities</b>		<b>(495,115)</b>	<b>(1,584,934)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from new loans in financial debt	12.19	5,652,736	16,693,371
Debt repayment	12.19	(7,895,786)	(11,658,123)
Issues of debt instruments	12.20	694,891	1,482,725
Redemptions of debt instruments issued	12.20	(1,847,947)	(4,541,872)
Payment of lease liabilities		(150,823)	(145,738)
Payment of cash dividends		(456,464)	(484,124)
<b>Net cash (used in) provided by financing activities</b>		<b>(4,003,393)</b>	<b>1,346,239</b>
Net (decrease) increase in cash and cash equivalents		2,527,358	(44,089)
Effect of exchange difference on cash and cash equivalents		(870,555)	865,584
Cash and cash equivalents at the beginning of the year		16,282,220	15,460,725
<b>Cash and cash equivalents at the end of the year (*)</b>		<b>17,939,023</b>	<b>16,282,220</b>

(\*) Includes cash equivalents at under 90 days in money market and similar lending operations for \$2,935,926 as of December 2023 and \$1,803,746 as of December 2022.

See the notes attached to the Consolidated Financial Statements.

JUAN CARLOS HERNÁNDEZ NUÑEZ  
Legal Representative

TATIANA SALDARRIAGA JIMÉNEZ  
Accountant  
Professional License No. 136928-T

GUSTAVO ADOLFO RDA CAMARGO  
Banco Davivienda S.A. Fiscal Auditor  
Professional License No. 90879-T  
Member of KPMG S.A.S.  
(See my report dated January 26, 2024)

## APPENDIX 6

### CERTIFICATION AND RESPONSIBILITY OF FINANCIAL INFORMATION INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS



#### CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

##### FINANCIAL REPORTING ACCOUNTABILITY

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 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Separate Financial Statements for the period between January 1 and December 31, 2023, are free of defects, inaccuracies or errors that would prevent ascertaining the true financial standing or business operations of Banco Davivienda S.A., as per the provisions of Article 46 of Law 964 of 2005.

Consistent with the terms set forth in the accounting and financial reporting standards accepted in Colombia and in accordance with the terms set forth in the Conceptual Framework, the information and statements included in the separate financial statements have been duly verified and obtained from the accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. maintains adequate disclosure and control systems for financial information. Accordingly, procedures have been designed to ensure that such information is presented properly, and the operation of such systems is verified by Audit and Accounting Management.

Furthermore, we hereby inform that there is no evidence of significant deficiencies in the design and operation of internal controls that would have prevented the Bank from recording, processing, summarizing or adequately presenting its financial information. Management control activities have been conducted to prevent the risk of fraud in processes that affect the quality of financial information and to evidence changes in its evaluation methodology.

Separate financial statements include the assets, liabilities and equity existing at the balance sheet date, and these represent probable future rights and obligations, respectively. The transactions that occurred during the period and that pertain to the entity were recorded and the economic facts have been recognized for the appropriate amounts, classified, described and faithfully disclosed, considering the



items referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements contained in the Financial Statements have been previously verified, in accordance with regulatory provisions and to ensure that they have been faithfully taken from the books in accordance with Article 37 of Law 222 of 1995. The Bank maintains adequate procedures for the control and disclosure of financial information. The operation of these procedures has been verified in accordance with the terms established in article 46 of Law 964 of 2005.

Bogota, February 26, 2024

**Juan Carlos Hernández Núñez**  
Legal Representative

**Tatiana Saldarriaga Jiménez**  
CPA License 136928 -T





## CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

### FINANCIAL REPORTING ACCOUNTABILITY

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 of 2005 and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, hereby:

Certify that the Consolidated Financial Statements for the period between January 1 and December 31, 2023, are free of defects, inaccuracies or errors that would prevent ascertaining the true financial standing or business operations of Banco Davivienda S.A., as per the provisions of Article 46 of Law 964 of 2005.

Consistent with the terms set forth in the accounting and financial reporting standards accepted in Colombia and in accordance with the terms set forth in the Conceptual Framework, the information and statements included in the separate financial statements have been duly verified and obtained from the accounting records, prepared in accordance with the aforementioned regulatory framework.

Banco Davivienda S.A. and its subsidiaries maintain adequate disclosure and control systems for financial information. Accordingly, procedures have been designed to ensure that such information is presented properly, and the operation of such systems is verified by Audit and Accounting Management.

Furthermore, we hereby inform that there is no evidence of significant deficiencies in the design and operation of internal controls that would have prevented the Bank and its subsidiaries from recording, processing, summarizing or adequately presenting its financial information. Management control activities have been conducted to prevent the risk of fraud in processes that affect the quality of financial information and to evidence changes in its evaluation methodology.

Consolidated financial statements include the assets, liabilities and equity existing at the balance sheet date, and these represent probable future rights and obligations, respectively. The transactions that occurred during the period and that pertain to the entity were recorded and the economic facts have been recognized for the appropriate amounts, classified, described, and faithfully disclosed, considering the items referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements contained in the Financial Statements have been previously verified, in accordance with regulatory provisions and to ensure that they have been faithfully



taken from the books in accordance with Article 37 of Law 222 of 1995. The Bank maintains adequate procedures for the control and disclosure of financial information. The operation of these procedures has been verified in accordance with the terms established in article 46 of Law 964 of 2005.

Bogota, February 26, 2024

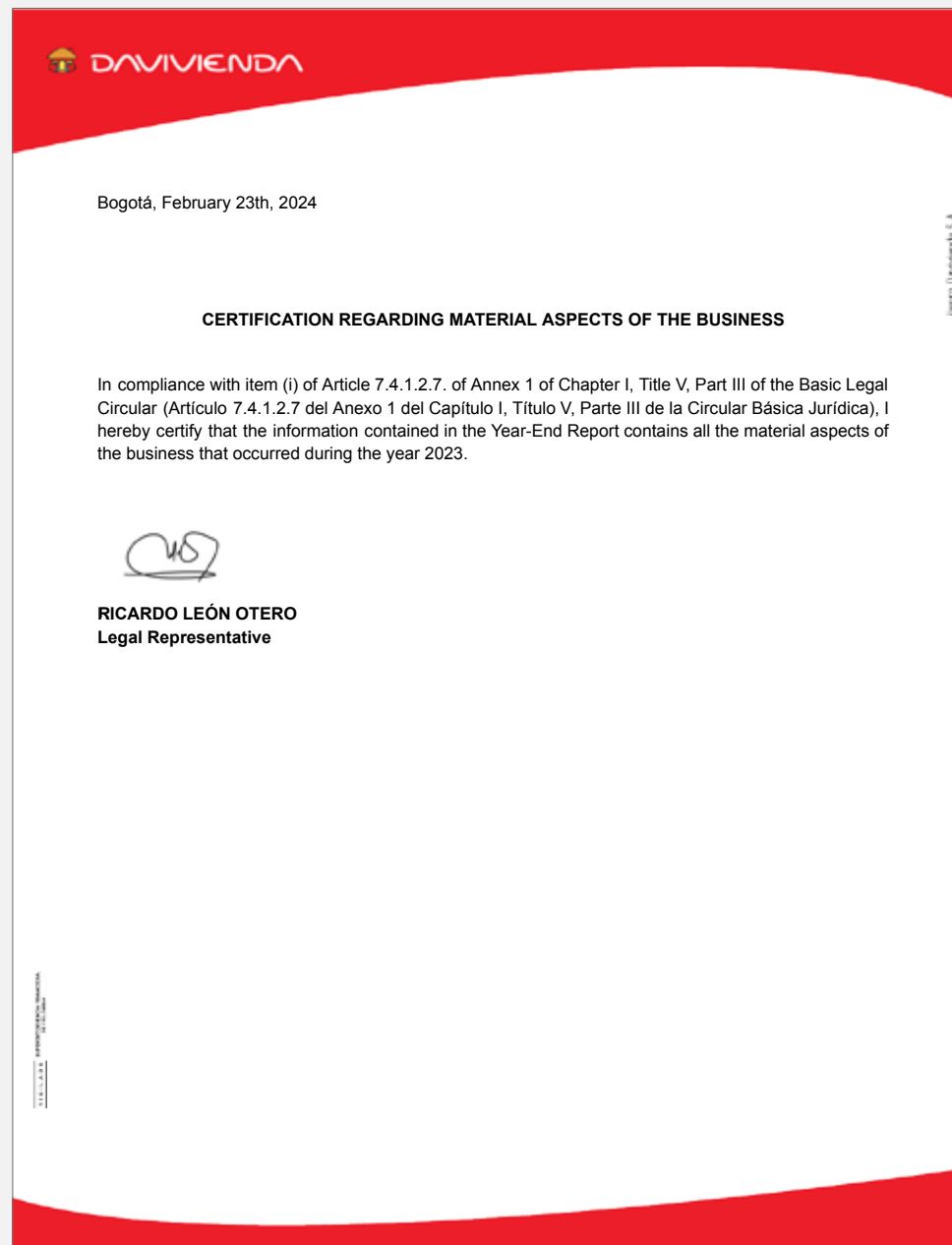
\_\_\_\_\_  
**Juan Carlos Hernández Núñez**  
 Legal Representative

\_\_\_\_\_  
**Tatiana Saldarriaga Jiménez**  
 CPA License 136928 -T

## APPENDIX 7

### CERTIFICATIONS ON CONTROLS AND PROCEDURES USED FOR REPORTING TO THE NATIONAL REGISTRY OF SECURITIES AND ISSUERS

**A.7.1. CERTIFICATION ISSUED BY THE LEGAL REPRESENTATIVE OF THE ISSUER IN WHICH THEY CERTIFY THAT THE INFORMATION INCLUDES ALL MATERIAL ASPECTS OF THE BUSINESS.**



**A.7.2.REPORT SUBSCRIBED BY THE LEGAL REPRESENTATIVE  
OF THE ISSUER ON THE RESULTS OF THE ASSESSMENT OF  
INTERNAL CONTROL SYSTEMS AND CONTROL PROCEDURES  
AND DISCLOSURE OF FINANCIAL INFORMATION.**



**REPORT ON THE RESULTS OF THE EVALUATION CONDUCTED ON INTERNAL  
CONTROL SYSTEMS AND PROCEDURES FOR CONTROL AND DISCLOSURE OF  
FINANCIAL INFORMATION**

**December 2023**

Banco Davivienda S.A. relies on policies and procedures required to operate its Internal Control System (ICS) in accordance with the current regulations.

Currently, control standards are applied to the Bank's operations, which are executed and monitored in each organizational process. These standards are periodically evaluated by the Vice Presidency of Internal Audit and other control bodies.

Banco Davivienda S.A.'s ICS features the following characteristics:

- To encourage and maintain an adequate control environment built upon organizational culture, raising employee awareness.
- To continuously strengthen the established risk management systems, supporting operations by establishing objectives, identifying incidents, assessing them, and responding to risks.
- Define and implement control activities and procedures required to manage risks; periodically assess how such activities and procedures are performed and formulate mitigation plans accordingly to the evaluated risks.
- Take appropriate actions aimed at protecting, storing, accessing, preserving, safeguarding, and disclosing information, ensuring data reliability, integrity and availability; effectively communicating key information to relevant parties and stakeholders.
- Set and enforce policies and procedures to ensure continuous monitoring and oversight by management and senior management.

To verify the effectiveness of the ICS, the Bank is supported by the Audit Vice-presidency, the Statutory Auditor's Office, and the Risk Management areas who, according to the three lines of defense model, carry out evaluation and monitoring; likewise, they identify the areas that execute internal control from the First Line. The above, in the following way:

First Line: Composed of the owners of the processes responsible for: the identification of risks associated with the processes under their responsibility, including those of financial reporting from the origin of transactions to the corresponding preparation, consolidation and disclosure; the design, execution and supervision of controls that mitigate their risks, reporting of risk events and the formulation and implementation of action plans when required.



These processes are formally documented and there are well-defined and effective execution and oversight controls in place to provide reasonable assurance in terms of financial reporting risk mitigation.

Second Line: The risk areas monitor the Bank's controls, question or advise on the formulation of controls for mitigation, among which are the key financial reporting controls, understood as those that take care of how financial information is recorded, processed and disclosed.

Various methodologies are used to monitor these controls, such as:

- Evaluation of controls in conjunction with those responsible for processes (first line).
- Focused and prioritized monitoring to measure the reasonableness and effectiveness of controls.

Based on these results, identified opportunities for improvement are conveyed to those in charge of processes, improvement actions are defined, and control ratings are updated if required.

Third Line: The Bank's Audit Vice-presidency assesses the Internal Control System to determine if it is reasonable to ensure that it is effective, encompassing financial reporting matters (Accounting Management).

The Internal Audit Vice-presidency independently and objectively assesses risk management, internal control, and corporate governance. Based on its findings, it shares recommendations to improve processes and operations. Key financial reporting controls are embedded in these evaluations. The assessments in 2023 were conducted under the approved planning, following a risk-level prioritization exercise for the various processes within the Bank, guided by the process map, strategic objectives, and regulatory and legal obligations. No material deficiencies were identified upon revision of financial reporting-related processes.

Internal Audit followed up on the action plans defined by those responsible for processes, who followed the recommendations made and continue to do so; similarly, the Audit Committee and additional Corporate Governance bodies monitored the status of implementation and effectiveness of such plans, thereby contributing towards achieving our mission to present and disclose financial information properly.

As a result of the activities conducted by the three defined lines, no significant deficiencies were detected that would have prevented the recognition, measurement, and disclosure of the financial information.



**RICARDO LEÓN OTERO**  
Legal Representative



**A.7.3. CERTIFICATION ISSUED BY THE  
FISCAL AUDITOR WHICH CONFIRMS THE  
EFFECTIVENESS OF CONTROLS ON THE  
FINANCIAL INFORMATION REPORT**

This certification is carried out through the ISAE 3000 report issued by the fiscal auditor KPMG, as of December 31, 2023, which is an integral part of their opinion and therefore is also part of the package of the Individual and Consolidated Financial Statements.

(See Appendix 5)

#### EXECUTIVE VICE PRESIDENCY OF RISK

**Álvaro José Cobo Quintero** / Executive Vice-Presidency of Risk

**Paula Reyes del Toro** / Credit Risk Vice-Presidency

**Sandra Rodríguez Nieto** / Environmental, Social and Climate Risk

**Sandra Mónica Delgadillo** / Environmental, Social and Climate Risk

**Claudia L. Barajas** / Environmental, Social and Climate Risk

**Santiago José González** / Environmental, Social and Climate Risk

**Beatriz E. Ponce Castellanos** / Environmental, Social and Climate Risk

**David Orlando Pedraza Sanabria** / Investor Relations

**Paula Lorena Botía Cella** / Investor Relations

**Laura Valentina Castro Domínguez** / Investor Relations

**Pablo Villalobos Lombana** / Investor Relations

**Carlos Mario Díaz Durante** / Investor Relations

**Andrés Camilo Chacón Briceño** / Investor Relations

#### SUSTAINABILITY

**Alejandra Díaz** / Sustainability Management

**Maria Camila Vasquez Noriega** / Science, Performance and ESG Culture - Knowledge Center

**Ingrid Natalia Lozano Muñoz** / Knowledge Center

**Sara Daniela Ramírez Serrano** / ASG Performance

**Andrés Sebastián Burgos Arévalo** / Strategic Analysis and ESG Data

#### EXECUTIVE VICE PRESIDENCY OF PERSONAL BANKING AND MARKETING

**Maritza Pérez Bermúdez** / Executive Vice President of Personal Banking and Marketing

**Carlos Eduardo Torres Prieto** / Marketing and Advertising Department

**Claudia María Granada** / Public Relations Management

**Carlos Javier Larrota Rangel** / Branding & Advertising

**Carolina Ocampo Carrillo** / Branding and Advertising

**Angelica Sanchez Bohórquez** / Reputation Sustainability Marketing and Sustainability

#### VICE PRESIDENCY OF ACCOUNTING AND TAXES

**Juan Carlos Hernández Núñez** / Accounting and Tax Vice-Presidency

**Tatiana Saldarriaga Jiménez** / Accounting Department

**Sandra Liliana Bejarano** / Generation and Analysis of Financial Statements

**Miriam Leiva** / Generation and Analysis of Financial Statements

**Andrés Giovanni Moreno** / Generation and Analysis of Financial Statements

**Faiver Castro** / Generation and Analysis of Financial Statements

#### DESIGN AND PRODUCTION

**Babel Group** / Design Concept

**Todo Comunica S.A.S.** / Editorial Design and Photography Retouching

**José F. Machado y Sofía Machado** / Content Production and Editing Direction

**Ximena Vargas Rusce, Juan Camilo López Rojas,**

**Magda Rocío Barrero Ortiz, Maribel Ferrucho** / Diagramation

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**The world**  
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*Let's make it more prosperous,  
inclusive and green*