

BANCO DAVIVIENDA S.A. 2023 TAX POLICY AND REPORT

TAX POLICY AND STRATEGY

The Bank complies adequately and timely with both the intent and the provisions of all tax regulations of the countries it serves. An ongoing analysis of constantly changing regulations enables the Bank to plan, implement, and effectively adopt decisions and control risks on tax matters.

TAXES PAID

The chart below depicts all taxes paid on a consolidated basis by Banco Davivienda, including national, municipal, and territorial taxes. The value of taxes paid is directly proportional to the profits and income generated.

(Amounts expressed in millions of Colombian pesos)

TAX	AMOUNT
Income Tax	966,801
Sales tax	6,456
Industry and trade tax	301,576
Tax on financial transactions	153,996
Others	69,057
Total tax paid	1,497,886

(Amounts expressed in millions of Colombian pesos)

ENTITY	NUMBER OF EMPLOYEES	REVENUE	PROFIT (LOSS) BEFORE TAX	INCOME TAX (ACCRUED 2023)	INCOME TAX PAID (ON CASH EARNED IN 2022 AND PAID OUT IN 2023)
Colombia	13,554	46,209,491	(1,490,777)	65,639	787,837
Costa Rica	1,107	4,103,019	12,784	22,676	70,310
El Salvador	1,784	1,686,398	252,471	65,207	60,740
Honduras	1,276	1,288,249	168,210	62,983	46,622
Panamá	241	469,462	63,509	1,228	1,292
Total	17,962	53,756,618	(993,803)	217,734	966,801



EFFECTIVE TAX RATE

For the year 2023 the Bank’s Consolidated Financial Statement recorded a net deferred tax receivable of COP 621,472, this figure is composed of income tax payable of COP 217,734 and deferred tax receivable of COP 839,205, calculated on the tax credit granted by the result generated in the period. In this sense, for the year 2023 the Bank does not report an effective rate.

The income tax rate in Colombia is 40%, the difference with the effective rate is presented by tax benefits and other effects applicable to the Bank according to tax regulations.

(Amounts expressed in millions of Colombian pesos)

Profit before taxes	(993,803)
Income Tax at nominal rate 2023 (40%)	(397,521)
Non-deductible expenses and tax revenues ¹	388,866
Exempt Income ²	(73,602)
Tax deductions and untaxed income	(664,995)
Donations	(544)
Effect of tax rates in foreign jurisdictions ³	48,707
Derecognition of previously recognized (recognition of previously unrecognized) deductible temporary differences	83,231
Expenditure from previous years	(7,389)
Income tax - Branch Miami	1,776
Total income tax expense	(621,472)

1. Non-deductible expenses correspond mainly to portfolio provisions and taxes (tax on financial transactions and other taxes).
2. Exempt income includes foreign dividends and valuation of investments in the case of foreign subsidiaries.
3. The rate adjustment in the foreign subsidiaries corresponds to the difference between the calculations at 40% and 38% applicable in Colombia for 2023 and 2022, respectively, and the average national rates in the other countries.