2Q26 EARNINGS REVIEW & CREDIT UPDATE · COLOMBIA UNIVERSAL BANK

Banco Davivienda:

Margin Recovery and Capital Build Strengthen the Post-Integration Credit Story

Constructive Credit View; Prefer the 8.125% Tier II 2035 as Improving Fundamentals Offset Sovereign and Integration Risks

Banco Davivienda S.A. · BVC: PFDAVVNDA · Bogotá, Colombia · **Fitch BB / Moody's Baa3 / S&P BB- (all Stable)**

KEY FACTS

Credit view	**CONSTRUCTIVE; fundamental trajectory improving. We do not see a clear peer-relative mispricing in either DAVIVI bond, so this is a fundamental call, not a rich/cheap call**
Preferred bond	**DAVIVI 8.125% Tier II 2035 (8.21% YTW, 295bp OAS) — preferred over the AT1 for its more conventional loss-absorption structure, not because it screens cheap**
Issuer rating	**Fitch BB (Stable); Moody's Baa3 (Stable); S&P BB- (Stable) — S&P downgraded from BB (Negative) on Apr 9, 2026 following the Colombia sovereign action**
Capital	**Consolidated CET1 of 12.13% at 2Q26 (+75bp YoY); Total Capital Adequacy of 16.08%; Colombia (separate) CET1 of 12.67%, 567bp above the regulatory minimum**
Liquidity / funding	**Gross loans-to-funding ratio of 89.7%; demand deposits +28.0% YoY; cash and interbank funds of COP20.3tn at 2Q26**
Structural note	**BNS integration (Colombia, Costa Rica, Panama) completed Dec 1, 2025 via Holding Davivienda Internacional (75.1% owned; IFC 7.1%); a partial DAVIbank-to-Banco Davivienda asset transfer is pending SFC non-objection**
Key watch items	**Credit: pace of BNS synergy realization and Colombia sovereign rating trajectory. Operating: consumer/commercial repricing versus a 12.00% policy rate and 6.14% June inflation print**

UPDATE VIEW

Banco Davivienda's 2Q26 results confirm that the post-BNS-integration trajectory is proceeding constructively across the three pillars that matter most for bondholders: margin recovery, asset-quality stability, and capital accretion. Consolidated net result reached COP663bn, up COP380bn Q/Q and +52.8% YoY, as net interest income expanded 13.3% Q/Q on systemic loan repricing and a stronger investment book, while operating expenses normalized after the COP225bn wealth-tax charge that depressed 1Q26. NIM expanded to 6.15% (+65bp Q/Q), cost of risk held near cycle lows at 1.99%, and consolidated CET1 built to 12.13% even as the balance sheet continued to absorb the integrated Costa Rica and Panama operations. We are constructive on the credit: the fundamental trajectory is genuinely improving, though Davivienda's rating headroom is increasingly a function of the Colombian sovereign ceiling rather than idiosyncratic factors — S&P's April 2026 downgrade of the sovereign flowed directly through to the Bank's international scale. On valuation, we do not see either DAVIVI bond as clearly mispriced versus domestic peers (Section 7); we prefer the Tier II 2035 for its structure, not because it screens cheap.

DAVIVI · CURVE SNAPSHOT · Fitch BB / Moody's Baa3 / S&P BB-

TICKER	CPN	MATURITY	BID	ASK	YTM/YTW	OAS	DUR	KHORLAN VIEW
DAVIVI	8.125	7/2/2035	103.46	103.78	8.21	295	3.27	Preferred expression — cleaner loss-absorption structure; not a cheapness call
DAVIVI	6.65	Perpetual (AT1)	93.67	94.08	9.28	416	3.84	Highest carry, but 121bp pickup doesn't compensate for deferral/write-down risk, in our view

Source: Bloomberg market data as reviewed (client pull, Aug 14, 2026), Banco Davivienda 2Q26 Results Report (Aug 11, 2026), Khorlan Capital SRL. Duration = modified duration. DAVIVI's Tier II bond carries a Fitch B+/Moody's B1 issue-level rating and the AT1 a Fitch B-/Moody's B2 issue-level rating, both notched down from the issuer rating per standard subordination conventions.

1. Executive Summary

We organize this update around the three pillars that determine whether the post-BNS integration is creating credit value: margin recovery, asset-quality stability, and capital accretion. 2Q26 delivered constructive evidence on all three.

MARGIN RECOVERY. NIM expanded to 6.15% (+65bp Q/Q, +56bp YoY; 6.00% incl. FX&D), the second consecutive quarter of improvement, driven by systemic repricing across the commercial and UVR-indexed mortgage books following Banco de la República's cumulative rate hikes. Net interest income reached COP3,037bn (+13.3% Q/Q, +31.0% YoY).

ASSET-QUALITY STABILITY. Cost of risk held near cycle lows at 1.99% (+11bp Q/Q, -72bp YoY), PDL>90 improved to 3.70% (-5bp Q/Q, -76bp YoY), and coverage strengthened to 101.4% (+410bp Q/Q) — provisioning is running ahead of the improving delinquency trend, not behind it.

CAPITAL ACCRETION. Consolidated CET1 built to 12.13% (+18bp Q/Q, +75bp YoY) on retained earnings, with Total Capital Adequacy of 16.08%. At the separate (Colombia) level, CET1 of 12.67% sits 567bp above the regulatory minimum.

EARNINGS AND VALUATION. Consolidated net result reached COP663bn (+134% Q/Q, +52.8% YoY), with the swing partly a base effect from the ~COP225bn 1Q26 wealth-tax charge. Given DAVIVI's limited USD bond universe, we assess valuation against comparable Colombia financial issuers rather than an issuer-specific curve; we do not see either DAVIVI bond as clearly mispriced, and prefer the Tier II 2035 on structure rather than on richness/cheapness (Section 7).

Credit implication: The three-pillar evidence is now two consecutive quarters deep: margin is expanding into an improving, not deteriorating, risk backdrop, and capital generation is running ahead of integration-related balance-sheet growth. That combination materially reduces the principal post-BNS downside risk we would otherwise flag for a bank this soon after a transformational acquisition.

2. Company Overview

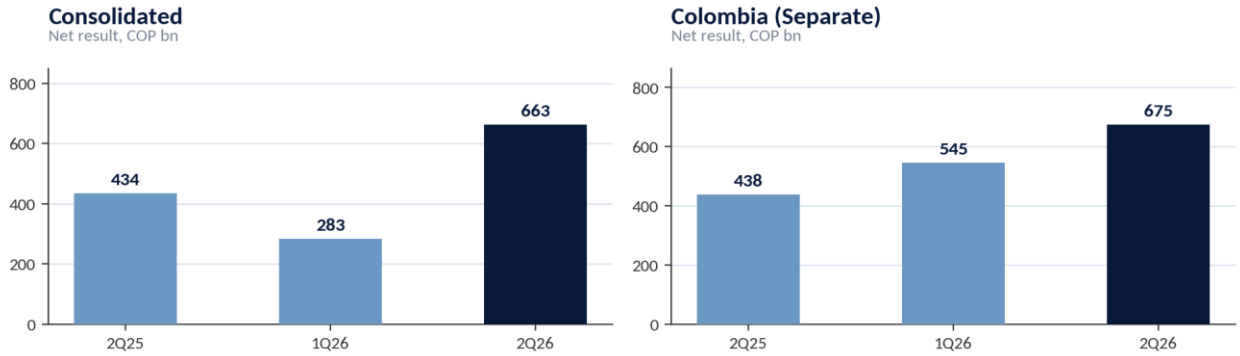
Banco Davivienda S.A. is one of Colombia's largest universal banks, offering commercial, consumer and mortgage lending, deposit-taking, and wealth-management services under the Davivienda brand, alongside the DaviPlata neobank platform. As of June 2026 the Bank operated in six countries — Colombia, Costa Rica, Panama, El Salvador and Honduras — with more than 26 million customers and 678 branches.

On December 1, 2025, Davivienda Group completed the integration of The Bank of Nova Scotia's (Scotiabank/BNS) operations in Colombia, Costa Rica and Panama. BNS assets and liabilities in Panama were integrated directly into Banco Davivienda Panamá; the Costa Rica and Colombia BNS operations continue to operate under the DAVIbank brand, with a partial DAVIbank-to-Banco Davivienda asset transfer in Colombia pending SFC non-objection — a structural point relevant to bondholders since it affects which entity ultimately holds which assets and liabilities within the group. Banco Davivienda owns 75.1% of Holding Davivienda Internacional (HDI), the sub-holding consolidating the Central American operations, with the IFC holding 7.1%; Davivienda's own USD bonds continue to trade and settle at the Banco Davivienda entity level independent of the Davivienda Group holding-company structure.

3. 2Q26 Results Review

Consolidated net interest income reached COP3,037bn in 2Q26, up 13.3% Q/Q and 31.0% YoY (COP2,965bn incl. FX&D, +10.5% Q/Q, +22.6% YoY). Loan interest income grew 4.6% Q/Q on the systemic effect of higher benchmark rates feeding through to the commercial and UVR-indexed mortgage portfolios, while investment and interbank income grew 63.6% Q/Q on sovereign-curve valuations and a larger fixed-income book. NIM reached 6.15% (annualized quarterly basis), up 65bp Q/Q and 56bp YoY.

Figure 1. Net Result Expanded Across the Consolidated and Colombia Franchises



Source: Banco Davivienda 2Q26 Results Report (Aug 11, 2026), Khorlan Capital SRL.

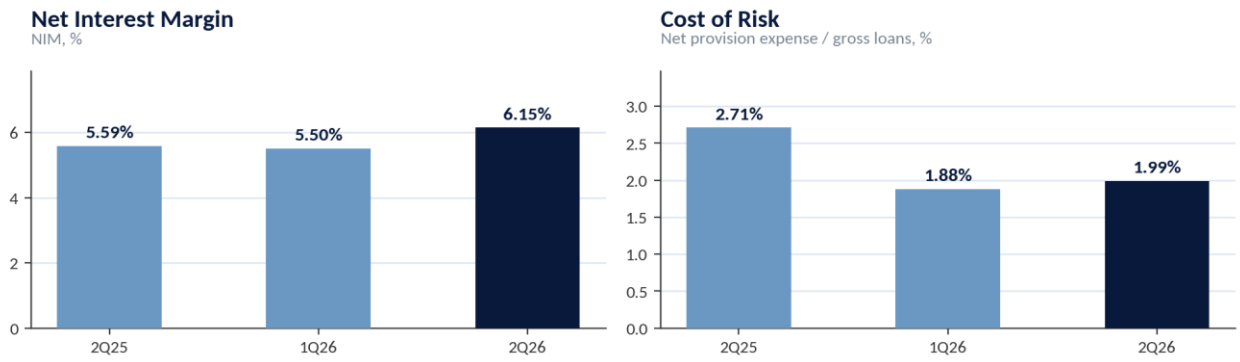
Table 1. Consolidated Results Summary

METRIC	2Q25	1Q26	2Q26
Net Interest Income (COPbn)	2,319	2,680	3,037
NIM	5.59%	5.50%	6.15%
Net Provision Expenses (COPbn)	982	817	871
Cost of Risk	2.71%	1.88%	1.99%
Non-Financial Income (COPbn)	597	715	706
Operating Expenses (COPbn)	1,594	2,096	1,865
Cost-to-Income	52.9%	62.3%	50.9%
Net Result (COPbn)	434	283	663
ROAE	10.65%	5.96%	13.77%
ROAA	0.91%	0.50%	1.16%

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL. 1Q26 includes a ~COP225bn wealth-tax charge; the company's own adjusted 1Q26/2Q26 ROAE were 10.60%/13.80% and adjusted cost-to-income were 55.72%/50.79%, excluding this non-recurring effect.

Net provision expenses of COP871bn were up 6.5% Q/Q (-11.3% YoY) on portfolio growth, lifting the quarterly cost of risk 11bp to 1.99% — still well below the 2.71% level of 2Q25. Non-financial income of COP706bn was roughly flat Q/Q (+18.2% YoY), driven by fee income from corporate banking, insurance collection, and the integrated Costa Rica/Panama franchises. Operating expenses fell 11.0% Q/Q to COP1,865bn, primarily the base effect of the 1Q26 wealth-tax charge, though they remain up 17.0% YoY on the incorporation of BNS payroll and integration-related costs. The resulting cost-to-income ratio of 50.9% (vs. 62.3% in 1Q26 and 52.9% in 2Q25, or 50.79% on an adjusted basis) is consistent with a bank absorbing a large integration while sustaining underlying efficiency.

Figure 2. NIM Expanded While Cost of Risk Held Near Cycle Lows



Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Asset quality trends were constructive across segments. The commercial PDL>90 ratio improved 19bp Q/Q to 4.51% (Colombia separate) on past-due-loan management and portfolio growth; consumer PDL ticked up 9bp Q/Q on natural delinquency migration but remains well below year-ago levels; and mortgage PDL>90 was broadly stable. Write-offs of COP698bn in 2Q26 were down 37.3% YoY, concentrated in the consumer book, consistent with the improving quality trend. Loans by Stage 1/2/3 stood at 91.12%/4.84%/4.04% of the consolidated portfolio at 2Q26.

Gross loans by segment (consolidated): commercial grew 0.2% Q/Q and 16.1% YoY to COP80.2tn, driven by Colombia corporate disbursements in energy/hydrocarbons; consumer grew 0.3% Q/Q and 20.2% YoY to COP40.0tn on credit-card and payroll-loan disbursements in both Colombia and Central America; and mortgage grew 0.5% Q/Q and 27.5% YoY to COP54.6tn, driven by low-income housing (VIS) and leasing segments in Colombia.

Credit implication: Margin is expanding into a benign, improving risk backdrop rather than at the expense of it: coverage rose 410bp Q/Q even as delinquency improved, indicating conservative rather than reactive provisioning — a healthier combination than margin expansion funded by looser underwriting.

4. Credit Profile & Balance Sheet

Consolidated CET1 reached 12.13% at 2Q26, up 18bp Q/Q and 75bp YoY, driven by retained earnings and partially offset by higher credit and market risk-weighted assets from loan growth. Total Capital Adequacy of 16.08% was 14bp lower Q/Q (Additional Tier 1 and Tier II capital both declined on the appreciation of the Colombian peso against USD-denominated subordinated instruments) but 50bp higher YoY, supported by the July 2025 USD500mn Tier II subordinated issuance. The leverage ratio ticked up 5bp Q/Q to 7.90%. At the separate (Colombia-only) level, CET1 closed at 12.67% (+31bp Q/Q), 567bp above the regulatory minimum, and Total Solvency at 18.52%, 702bp above minimum — among the widest capital cushions in the local peer set (Section 7).

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Figure 3. CET1 Built as Consolidated Equity Strengthened

Total equity, COP bn (bars); CET1 ratio, % (line), 2Q25 vs. 2Q26

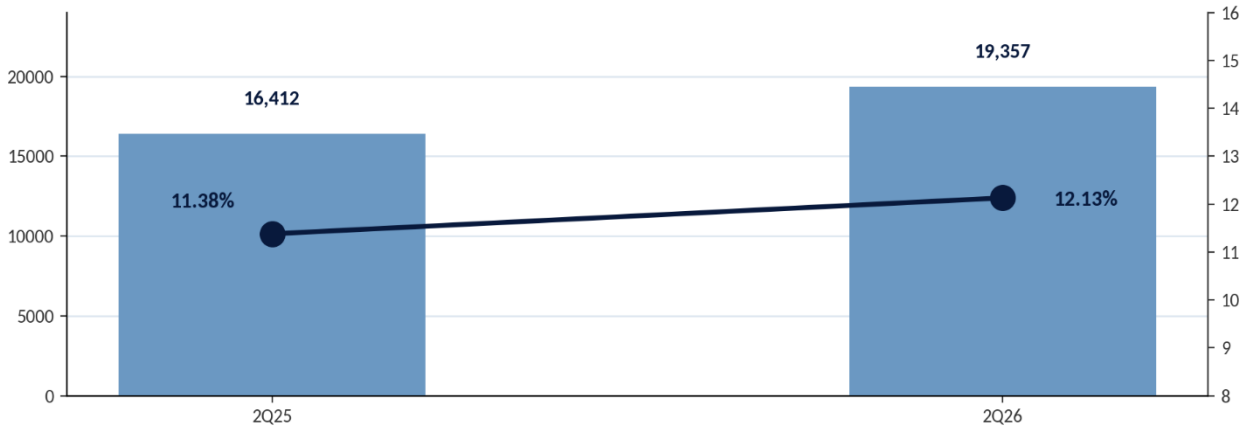


Table 2. Key Credit Metrics, 2Q25 vs. 2Q26

METRIC	2Q25	1Q26	2Q26
Total Assets (COPbn)	189,550	228,469	227,676
Gross Loans (COPbn)	145,088	174,200	174,709
Total Equity (COPbn)	16,412	19,128	19,357
CET1 Ratio	11.38%	11.95%	12.13%
Total Capital Adequacy	15.58%	16.22%	16.08%
Leverage Ratio	8.22%	7.85%	7.90%
PDL > 90 days	4.46%	3.75%	3.70%
Coverage Ratio	86.4%	97.3%	101.4%
Gross Loans / Funding	88.9%	89.1%	89.7%

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Funding sources totaled COP194.7tn at 2Q26 (+19.3% YoY on the integrated Panama/Costa Rica balances); the funding mix and cost trends are discussed in Section 6.

Credit implication: Capital generation is now running ahead of integration-related balance-sheet growth: CET1 built 75bp YoY and Total Solvency 50bp YoY despite absorbing the BNS integration and a USD500mn Tier II issuance. The 567–702bp cushion above regulatory minimums at the separate level materially reduces the principal post-BNS downside risk to the subordinated complex specifically.

5. Operating Performance

Digital Transformation and DaviPlata

93.1% of consolidated customers were considered digital as of June 2026 (Colombia: 94.2%; Central America: 80.1%, +4.8pp YoY). DaviPlata, the Bank's neobank platform, continued its consolidation: the loan portfolio reached COP145.1bn (+286.2% YoY on nanocredit disbursement momentum) and quarterly platform revenue reached COP78.3bn (+57.0% YoY), both immaterial to the consolidated balance sheet today but relevant as a forward funding-cost and fee-income lever.

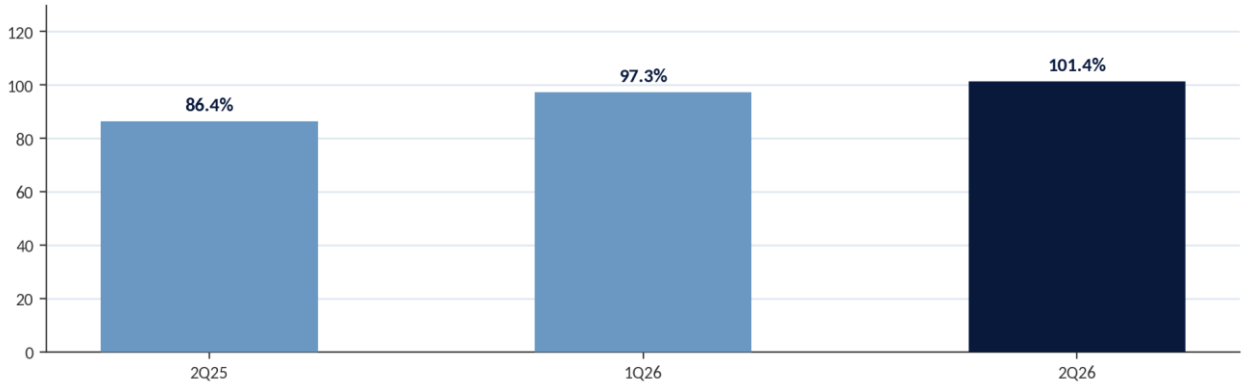
Peer Context: Data Availability

A fundamentals-based peer table (CET1, PDL, coverage, ROE) against Colombia bank peers such as Banco de Bogotá, Bancolombia, or Banco AV Villas would sharpen this section further. We have not included one here because issuer-level fundamental disclosures for those peers were not available in the materials reviewed for this report, and we do not publish unverified financial estimates. Where we do have reliable, sourced data — bond-market OAS, duration, and ratings for the domestic Colombia Financials issuer set — we present the full peer comparison in Section 7.

6. Funding & Liquidity

Cash and interbank funds totaled COP20.3tn at 2Q26, down 7.8% Q/Q on lower foreign-currency liquidity but up 26.1% YoY on the integrated balances. The investment portfolio reached COP25.8tn (+11.5% YoY). Demand deposits grew 28.0% YoY to COP82.7tn on a deliberate low-cost transactional funding strategy, and bonds outstanding grew 10.0% Q/Q to COP13.1tn on COP1.6tn of local placements (Twelfth Issuance, six lots, 1.10x–3.06x demand coverage per lot). The gross loans-to-funding ratio stood at 89.7%, up from 88.9% a year earlier. The consolidated sustainable (ESG-labeled) portfolio reached COP33.9tn (19.4% of total gross loans, +24.3% YoY); we do not view sustainable-funding trends as a first-order driver of this credit view and note it here for completeness.

Figure 4. Coverage Ratio Reached a Multi-Quarter High
Loan-loss reserve / PDL > 90 days, %



Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Credit implication: Provisioning discipline is running ahead of the improving delinquency trend, not behind it: coverage of 101.4% (155.6% including collateral) is the highest level in the three quarters shown, even as PDL>90 improved — a conservative combination consistent with balance-sheet strengthening rather than reactive risk management.

7. Relative Value Analysis

Methodology

DAVIVI has only two outstanding USD bonds — a Tier II and an AT1 sitting at opposite ends of the capital structure — which is too few, and too structurally dissimilar, to support a meaningful issuer-specific curve regression. Given DAVIVI's limited USD bond universe and differing capital structures, we assess valuation primarily against comparable Colombia financial issuers, bucketed by capital-structure seniority, rather than through a curve-fitting exercise.

The AT1's 121bp of additional OAS over the Tier II (416bp vs. 295bp) compensates for materially different loss-absorption mechanics — coupon deferral and non-viability write-down risk — not simply for a longer duration profile (3.84 vs. 3.27 years). We prefer the Tier II for this structural reason, not because either instrument screens rich or cheap.

Table 3. DAVIVI Bonds — Structural Detail

TICKER	CPN	MATURITY	BID	ASK	YTW	OAS	DUR	CAPITAL STRUCTURE
DAVIVI	8.125	7/2/2035	103.46	103.78	8.21	295	3.27	Tier II sub., 10NC5 (callable 2030); Fitch B+ / Moody's B1
DAVIVI	6.65	Perpetual	93.67	94.08	9.28	416	3.84	AT1 perp. NC10; deferral/write-down risk; Fitch B- / Moody's B2

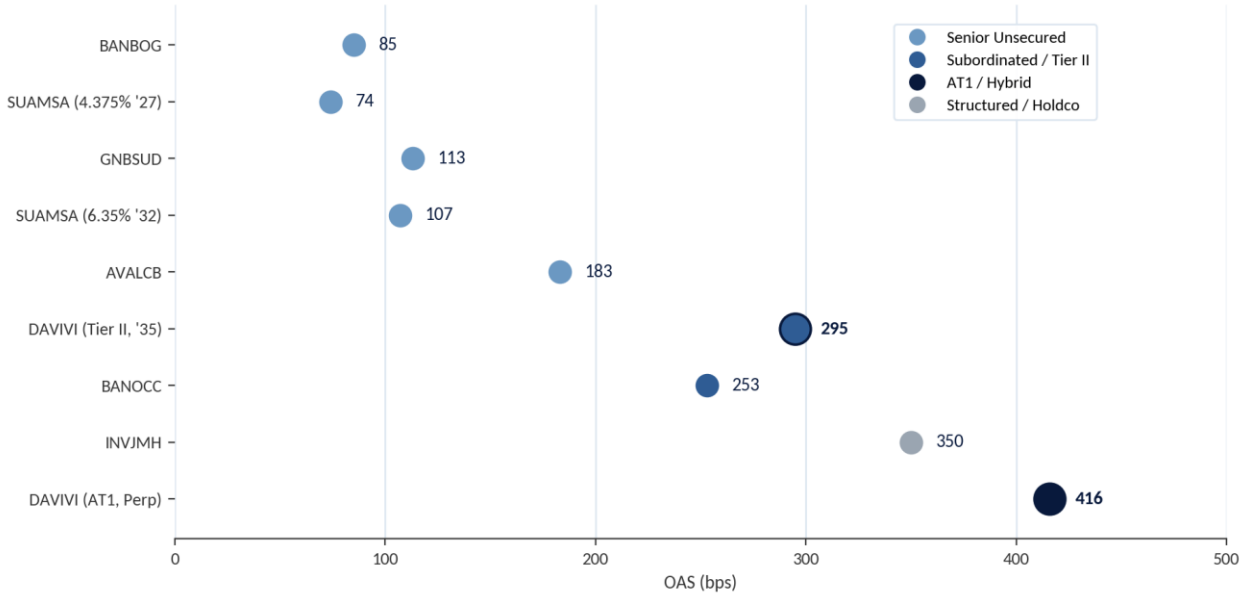
Source: Bloomberg market data as reviewed, Khorlan Capital SRL. Issue-level ratings are notched down from Davivienda's issuer ratings (Fitch BB, Moody's Baa3, S&P BB-) per standard subordination conventions; S&P issue-level ratings not independently confirmed in the materials reviewed.

Peer Positioning by Capital-Structure Bucket

The domestic Colombia Financials comparison set spans four distinct capital-structure buckets, which we separate explicitly rather than reading OAS levels as a single, comparable scale (Figure 5). Mixing senior, subordinated, AT1 and structured instruments on one axis would make DAVIVI's 295bp Tier II look "cheap" against BANBOG's 85bp senior print, which is not an apples-to-apples signal — the gap reflects seniority, not relative value.

Figure 5. OAS by Capital-Structure Bucket: Senior, Subordinated, AT1, and Structured

OAS by issuer, bps, Colombia Financials USD curve as reviewed; color = capital-structure bucket



Source: Bloomberg market data as reviewed (client pull, Aug 14, 2026), Khorlan Capital SRL.

Table 4. DAVIVI Spread Differential by Bucket

CAPITAL STRUCTURE	DOMESTIC PEERS INCLUDED	PEER OAS RANGE	DAVIVI OAS	DIFFERENTIAL
Senior Unsecured	BANBOG, SUAMSA (x2), GNBSUD, AVALCB	74–183bp	n/a — DAVIVI has no senior USD bond	n/a
Subordinated / Tier II	BANOCC (253bp)	253bp	295bp	+42bp vs. sole peer
AT1 / Hybrid	None in domestic set reviewed	n/a	416bp	No direct peer — carry not independently verifiable
Structured / Holdco	INVJMH (350bp)	350bp	n/a	n/a — different structure, not a peer for either DAVIVI bond

Source: Bloomberg market data as reviewed, Khorlan Capital SRL.

The Tier II's 42bp premium to BANOCC, its only direct domestic subordinated peer, is modest and does not by itself indicate a clear rich/cheap dislocation given the small sample (n=1). Read together with the senior complex (74–183bp) as a proxy for where DAVIVI senior paper would likely price if issued, we do not see DAVIVI's spread level as a peer-relative mispricing in either direction — it appears to reflect subordination and shared Colombia/bank-sector risk appropriately. Notably, there is no domestic AT1 peer in the set reviewed, so the AT1's carry advantage cannot be independently benchmarked against a comparable instrument; we treat that as a reason for caution rather than an opportunity.

8. Key Credit Risks

Key Credit Risks

- Colombia sovereign and ratings linkage. S&P downgraded Colombia's sovereign rating in early 2026, which flowed through directly to Banco Davivienda's international scale (S&P cut the Bank to BB- Stable from BB Negative on Apr 9, 2026); further sovereign deterioration would likely pressure the Bank's ratings via the sovereign ceiling regardless of idiosyncratic performance.
- Rate and inflation backdrop. Colombian annual inflation accelerated to 6.14% in June 2026 (from 5.56% in March), prompting a 75bp BanRep hike to 12.00%; a policy rate at this level pressures funding costs and could weigh on consumer asset quality if sustained.
- BNS integration execution risk. The Costa Rica and Panama operations were integrated less than eight months before this report, and a partial DAVIbank-to-Banco Davivienda asset transfer in Colombia remains pending SFC non-objection; integration missteps could disrupt the trajectory evidenced in 2Q26.
- FX sensitivity of capital ratios. AT1 and Tier II capital both declined Q/Q on peso appreciation against USD-denominated subordinated instruments; a reversal (peso depreciation) would mechanically inflate risk-weighted assets denominated in or linked to USD exposures.
- Thin bond universe limits relative-value precision. With only two USD bonds spanning different capital-structure buckets and, for the AT1, no domestic peer at all, position sizing should rely on peer comparables and structural analysis rather than curve-fitting (Section 7).
- Wealth-tax and other non-recurring charges. The ~COP225bn 1Q26 wealth-tax charge materially distorted quarter-over-quarter comparisons in this report; further non-recurring items are possible given Colombia's evolving tax regime.

Positive Catalysts

- Continued NIM expansion as loan repricing continues to outpace funding-cost increases, building on two consecutive quarters of margin improvement.
- Further capital build toward or above pre-integration CET1 levels, supporting a ratings-stable-to-positive trajectory independent of sovereign action.
- Successful completion of the DAVIbank-to-Banco Davivienda asset transfer, simplifying the post-BNS corporate structure.

9. Investment Conclusion

We are Constructive on Banco Davivienda's credit. This is a fundamental view, not a relative-value call: our own peer work in Section 7 finds no clear mispricing in either DAVIVI bond, so the case for owning the credit rests on the improving three-pillar trajectory — margin recovery, asset-quality stability and capital accretion — rather than on cheapness.

Fundamental Credit View: Constructive

Supporting factors: consolidated NIM expansion to 6.15% from 5.59% YoY; cost of risk held near cycle lows at 1.99%; consolidated CET1 built to 12.13% from 11.38% YoY; coverage strengthened to 101.4% from 86.4% YoY; and a separate-entity (Colombia) capital cushion of 567–702bp above regulatory minimums.

Offsetting factors: direct exposure to the Colombia sovereign ceiling following S&P's April 2026 downgrade; a challenging domestic rate/inflation backdrop (12.00% policy rate, 6.14% inflation); ongoing BNS integration execution risk, including a pending regulatory asset transfer; and FX sensitivity in the subordinated capital stack.

On balance, we view the consistency and magnitude of the post-integration operating improvement as outweighing these risks.

Trade Conclusion

Constructive on Davivienda credit; we prefer the 8.125% Tier II 2035 for its combination of an 8.21% YTW, 295bp OAS, and more conventional loss-absorption structure. The 6.65% AT1 offers materially higher carry (9.28% YTW, 416bp OAS), but we do not view the incremental 121bp as compelling enough to favor the junior instrument given coupon-deferral and non-viability write-down risk — particularly with no domestic AT1 peer available to benchmark that carry against. This is a capital-structure preference, not a cheap/rich call: we do not believe the Tier II is mispriced relative to peers, only that it offers a cleaner risk profile for the same underlying credit improvement.

Table 5. Credit Scorecard

CREDIT FACTOR	ASSESSMENT
Operating Momentum	Strong / improving
BNS Integration	Second consecutive quarter of NIM expansion post-close
Capital Trajectory	Improving — CET1 12.13%, +75bp YoY
Asset Quality	Improving — PDL>90 3.70%, coverage 101.4%
Liquidity / Funding	Solid — 89.7% loans/funding; demand deposits +28.0% YoY
Ownership / Sovereign Linkage	Not sovereign-owned, but rated on/near the Colombia sovereign ceiling
Rating Trajectory	S&P downgraded Apr 2026 on sovereign action; Fitch/Moody's stable
Bond Universe	Thin (2 bonds, 2 buckets); AT1 has no domestic peer for benchmarking
Peer-Relative Valuation	No clear mispricing identified in either instrument
Overall Credit View	CONSTRUCTIVE

Source: Khorlan Capital SRL assessment based on Banco Davivienda's 2Q26 Results Report and Bloomberg market data as reviewed.

Relative-Value View

- DAVIVI 8.125% Tier II 2035 — Preferred expression given its conventional 10NC5 dated-subordinated structure; not a cheapness call, as we see no clear mispricing versus its sole domestic peer (BANOCC).
- DAVIVI 6.65% Perpetual (AT1) — Highest carry on the curve (416bp OAS, 9.28% YTW), but subject to coupon deferral and potential write-down/conversion at the point of non-viability, with no domestic AT1 peer available to benchmark the carry; appropriate only for capital-structure-tolerant accounts.
- Peer context — The senior complex (BANBOG, SUAMSA, GNBSUD, AVALCB, 74–183bp) is not a like-for-like comparable to either DAVIVI bond, but provides a reasonable read-through for where DAVIVI senior paper would price if issued.

Bottom line: Constructive on Banco Davivienda credit, supported by a genuine and consistent post-integration margin, asset-quality and capital trajectory. We prefer the Tier II 2035 within the curve for its structure, not its price — our own peer work finds no clear mispricing in either DAVIVI bond. This is a fundamental-improvement thesis, not a relative-value trade.

Appendix

Appendix A — Consolidated Balance Sheet, 2Q25 vs. 2Q26 (COP bn)

METRIC	2Q25	1Q26	2Q26
Total Assets	189,550	228,469	227,676
Cash & Interbank Funds	16,110	22,035	20,309
Net Investments	23,100	26,064	25,750
Gross Loans	145,088	174,200	174,709
Loan Loss Reserves	(5,594)	(6,359)	(6,551)
Total Liabilities	173,138	209,341	208,319
Demand Deposits	64,631	83,239	82,743
Term Deposits	73,983	84,586	84,114
Bonds	10,181	11,907	13,097
Total Equity	16,412	19,128	19,357

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Appendix B — Gross Loans by Segment (COP bn)

SEGMENT	2Q25	1Q26	2Q26	YoY
Commercial	69,055	80,048	80,175	+16.1%
Consumer	33,253	39,834	39,972	+20.2%
Mortgage	42,780	54,317	54,562	+27.5%
Total	145,088	174,200	174,709	+20.4%

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Appendix C — Bond Issuance and Funding Structure

INSTRUMENT	AMOUNT OUTSTANDING	COUPON	MATURITY / NOTE
AT1 Perpetual (USD, SGX-listed)	USD500mn	6.65%	Perp NC10; Fitch B- / Moody's B2
Tier II Subordinated (USD, SGX-listed)	USD500mn	8.125%	10NC5, matures 2035; Fitch B+ / Moody's B1
Senior/Sub. Bonds Program 2011 (COP)	COP0.63tn of COP6.0tn issued	Various	COP0.2tn available for future issuance
Senior/Sub. Bonds Program 2015 (COP)	COP3.05tn of COP6.41tn issued (Program) + COP1.65tn (12th Issuance)	Various	COP6.46tn available for future issuance
Multilateral — IFC (2027)	COP433bn	n/a	Domestic issuance, single international buyer
Multilateral — BID (2027)	COP363bn	n/a	Domestic issuance, single international buyer
Multilateral — IFC (2029)	COP211bn	n/a	Domestic issuance, single international buyer
Multilateral — CII/BID Invest (2030)	COP300bn	n/a	Domestic issuance, single international buyer

Source: Banco Davivienda 2Q26 Results Report, Khorlan Capital SRL.

Appendix D — Colombia Financials USD Curve, Full Detail

ISSUER	CPN	MATURITY	PRICE (BID/ASK)	YTM	OAS	DUR.	1D	1M	YTD
DAVIVI (AT1)	6.65%	Perp	93.67 / 94.08	9.28%	416	3.84	-0.01	0.56	3.51
INVJMH	8.00%	12/6/26	122.39 / 122.84	7.92%	350	0.30	0.02	0.27	3.27
GNBSUD	7.051%	4/3/27	100.44 / 100.90	6.31%	113	0.60	0.03	-0.13	4.15
SUAMSA	4.375%	4/11/27	99.44 / 100.16	5.24%	74	0.63	0.00	0.05	2.58
BANBOG	4.375%	8/3/27	99.45 / 99.66	4.96%	85	0.94	0.05	0.09	2.64
AVALCB	4.375%	2/4/30	94.51 / 94.73	6.16%	183	3.15	0.05	-0.74	3.80
SUAMSA	6.35%	5/13/32	103.99 / 104.17	5.53%	107	4.61	0.13	-0.54	1.21
BANOCC	10.875%	8/13/34	109.62 / 111.48	9.11%	253	2.37	-0.06	-0.28	0.81
DAVIVI (T2)	8.125%	7/2/35	103.46 / 103.78	8.21%	295	3.27	0.02	-0.58	3.81

Source: Bloomberg market data as reviewed (client pull, Aug 14, 2026), Khorlan Capital SRL. Prices/spreads are indicative and subject to change; 1D/1M/YTD changes are in points.

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Report-Specific Data Notes

Figures sourced from Banco Davivienda's 2Q26 Results Report (August 11, 2026), which presents both consolidated (IFRS, all local and international subsidiaries) and separate (Colombia-only, IFRS with SFC adjustments) financial statements; recipients should not treat these two bases as directly comparable without reference to the underlying reporting perimeter, as indicated throughout this report. 1Q26 figures for the consolidated group include a non-recurring wealth-tax charge of approximately COP225bn, which materially affects quarter-over-quarter comparisons for cost-to-income, ROAE, ROAA, and net result; the Company's own adjusted metrics excluding this effect are noted where disclosed. Bond-market prices, yields, and spreads for DAVIVI and the domestic Colombia Financials peer set (Appendix D) are sourced from Bloomberg as reviewed and are indicative only; they are subject to change and may not reflect executable levels at the time of reading. Issue-level ratings for the DAVIVI Tier II and AT1 instruments reflect standard subordination notching from the issuer's senior ratings; S&P issue-level notching specifically was not independently confirmed in the materials reviewed for this report and should be verified independently before use in position sizing.