

## Public Information Summary

Banco Davivienda, S.A.

<b>Host Country</b>	Republic of Colombia
<b>Name of Borrower</b>	Banco Davivienda S.A.
<b>Project Description</b>	A subordinated unsecured loan of up to USD 250 million that will qualify as Tier 2 capital for the purposes of (i) strengthening the Borrower’s capital position and maintaining its prudential ratios, (ii) providing long-term liquidity to alleviate adverse impacts on its portfolio from COVID-19, and (iii) supporting the growth of the Borrower’s lending to small and medium enterprises (“SME”) and low income housing, with at least 30% of loan proceeds to be dedicated to 2X eligible borrowers (the “Project”).
<b>Proposed DFC Loan</b>	USD 250,000,000 (10 years)
<b>All-Source Funding Total</b>	USD 312,500,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	By supporting a systematically important financial institution during the current difficult economic period, the Project is expected to have a positive developmental impact on Colombia. The COVID-19 pandemic has had a significant adverse impact on Colombia. The shutdown of the economy combined with the global drop in oil prices and movement to the world’s major currencies has led to a significant decrease in economic activity in Latin America’s fourth largest economy. The IMF estimates the Colombia will experience a recession and 2.4 percent contraction of the economy in 2020, with a slow recovery expected in 2021 <sup>1</sup> . The Project will provide important Tier II capital to help increase the regulatory capital and inject liquidity for Banco Davivienda to weather this financial and economic crisis and continue its positive developmental activities. In addition, the Project will help support a financial institution that focuses on the employment of women, notably women are the majority in Banco Davivienda’s management roles. With a more secure capital base as a result of this Project, Banco Davivienda is expected to be able to continue its support for many underserved demographic groups, with loans for SMEs and mortgages for low-income borrowers.
<b>Environment and Social Assessment</b>	Establishment of loan facilities for the purpose of proving Tier II capital is screened as a Category C project for the purpose of environmental and social assessment. The primary environmental and social issue associated with the Project is the need for a strong Environmental and Social

<sup>1</sup> IMF: “Colombia Article IV Consultation”, April 17, 2020.

	<p>Management System to ensure that downstream investments are developed in accordance with DFCs Environmental and Social Policies and Procedures (“<b>ESPP</b>”) and the IFC’s General Environmental, Health, and Safety Guidelines. Under DFC’s ESPP, Banco Davivienda is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“<b>PS</b>”) 1 and 2.</p> <p>A desktop due diligence assessment indicates that because the Project involves a loan to a financial intermediary, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>Banco Davivienda has policies and procedures that, when taken as a whole, make up their ESMS; and the ESMS has been deemed adequate.</p> <p>This review covers the commensurate human rights risks associated with the finance sector in the Colombia.</p>
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