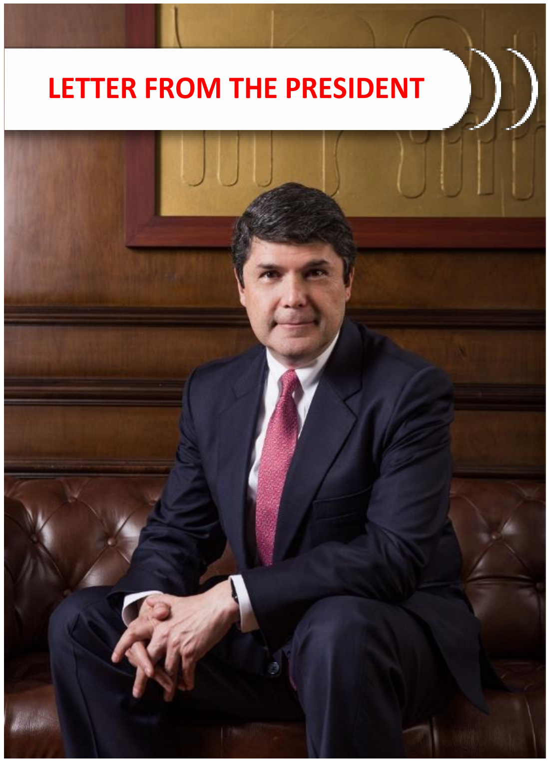
Informe de GESTIÓN

2021

Scotiabank COLPATRIA



The past two years have been challenging; first, 2020 changed how we did things; then, in 2021 we started living under a new normalcy and little by little, we got our activities back. As I mentioned last year, the financial system never stopped; it was an essential service that was always available to financial consumers and supported different sectors as they revived. Once again, Scotiabank Colpatria proved to be a solid and resilient organization that has the best human talent, which allows us to continue providing excellent services to our clients.

Our management framework is guided by a strategy that includes five essential pillars, which brought important results in 2021:

Being a Relationship Banking

As part of our new strategic focus and given the new market conditions, we created a model business supported by Relationship Banking as our main pillar. With this in mind, our commercial teams have specialized in working by segments, which allows them to serve clients according to their profile and thus solve their savings, protection, investment or financing needs more efficiently.

For example, in 2021 we created a remote client service model for the more affluent sector, which has enabled bringing our relationship bankers closer to our clients, answering their needs and requests on line. Additionally, in corporate banking we supported important transactions for very relevant clients not only in Colombia but in the region, such as Ecopetrol and Telefónica among others; we confirmed our commitment to Colombia's economic and corporate development.

The Best Client Experience

By placing our clients at the core of everything we do, we seek to constantly improve their experience in every channel; it is how, aligned with our investment plan, we have promoted new digital services that support a better experience and attained a NPS (Net Promoter Score) in our digital channels above +50%. Additionally, digitalization has enabled us to migrate to transactions outside of the branches; in 2021, our NPS in this channel was over 40%.

We will continue working in 2022 to improve our clients' experience in the different channels, focusing on consolidating the best digital experience in the market and making it easier and more intuitive for our clients.

Being Modern and Digital

We continue with our investment plan, where we have focused mainly on strengthening our digital capabilities, permanently launching new features that expand our clients' experience; for example, the option of making additional payments to their credits and that are recorded as a credit to loan capital. This transaction can now be made from our digital channels without having to go to a branch.

These investments have allowed us to improve client experience, which is clearly proven by the excellent results in digital indicators; for example, our digital acceptance was above 65% in 2021 and more than 70% of our personal banking sales were supported by digital tools. These indicators confirm that our strategy and investment plan are having the expected results in order to attain the long-term goals set.

Guaranteeing profitable growth

The 2021 financial results were considerably higher than in 2020 and the expectations we had set at the beginning of the year. By the end of 2021 our net profit was $ billion pesos, which represents an improvement of more than $500 billion pesos compared to 2020 and places the level back where it was in 2019.

In 2021, we kept on proving how solid we are; in January 2021 the new solvency methodology came into effect, which together with the Basel III standards, allowed Scotiabank Colpatria to maintain a result of 300 basic points above the minimum regulatory level.

Last of all, during this year of revival, we kept our risk assessment grades granted by external firms that ratify our AAA rating in long term debt and BRC 1+ in short term debt. Value & Risk Rating for its part, confirmed the AAA rating for long term debts and the VrR1+ in short term debts.

Developing the best talent

We continue to focus on promoting diversity and developing our talent, which performs and makes our strategy a reality. At the end of 2021, 55% of the members of the directors' committee were women, thus proving that we are committed to diversity and equality of opportunities for professional development.

I am additionally pleased to acknowledge the excellent work we have done in the past few years to become one of the best companies to work in Colombia; in 2021 we placed sixth in the Great Place to Work ranking, thus confirming that we are committed to constantly developing internal talent.

Last of all, I wish to thank each and every one of the Bank's employees for their outstanding performance during 2021, thus proving our resilience to face this period of uncertainty and personal, family and professional challenges; we confirmed that we have the capacity and reliability to continue generating important results in 2022.

(Original Signed)

Jaime Alberto Upegui Cuartas
President

MANAGEMENT REPORT

We hereby present the report corresponding to FY between January 1 and December 31, 2021.

ECONOMIC CONTEXT

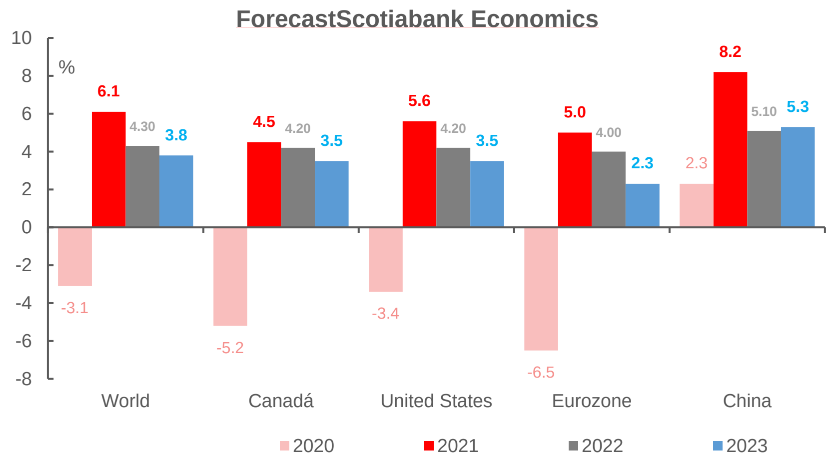
2021 began with optimism with the discovery of vaccines against Covid 19; however, as the year went by, the world continued facing the challenges of the pandemic while simultaneously facing challenges in adjusting monetary policies, which were less expansive in the face of economic recovery and an increased inflation.

Vaccination processes were agile in the more developed countries, thus bringing optimism to economic revival; in spite of new waves of contagion, mortality rates remained low and the average lockdown was more moderate than in 2020. The world adapted to living with the pandemic and service activities slowly regained their path during the second half of 2021.

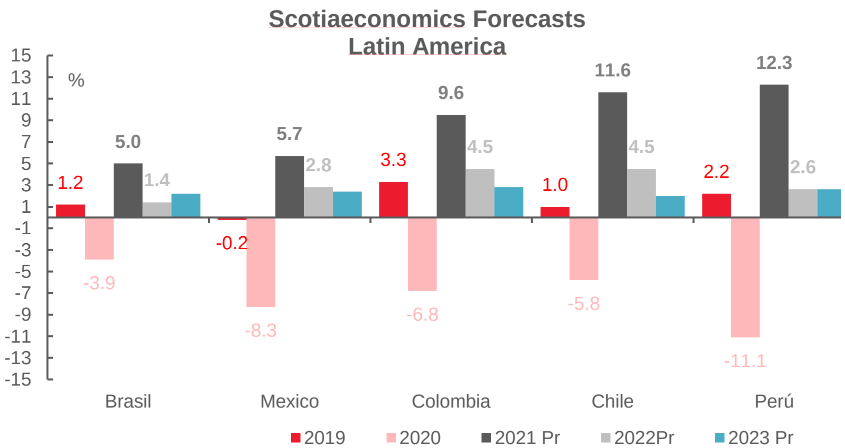
On the other hand, some developed countries maintained serious fiscal stimulus packages; the US in particular, authorized a new wave of direct allowances for the population in an amount of USD 1.9 billion, which guaranteed a sound demand dynamic until the third quarter of the year. Developing countries on the other hand, started considering adjustment plans to correct the increase in debts resulting from the excess in expenses resulting from the pandemic. In the USA, the year ended with a proposal for longer term fiscal plans in infrastructure and social policy; however, the Democratic part's lack of consensus is placing this option at risk. Additionally, Congress increased the debt ceiling by USD 2.5 billion, and tensions in this regard may not be perceived until 2023.

In this context, macroeconomic indicators showed better performance than expected and as a result of the above, the International Monetary Fund -IMF- improved its projections for economic growth throughout the year. The Fund currently anticipates a 5.9% projection in 2021 compared to the 5.2% projection made in October of 2020; for the more advanced economies, the Fund expects a 5.2% growth, while the emerging economies are expected to grow at a rate of 6.4%. With 2022 ahead, expansions would be more moderate, at a rate of 4.9% worldwide; 4.5% for developed countries and 5.1% for emerging economies. However, the IMF continued stressing that inequality in the revival processes would persist and that it mostly depends on the capacity to provide immunization to the population. In this regard, the entity's perspectives are more unfavorable for countries with lower income countries, more sensitive still to the impact of the pandemic. This inequality was in fact in the spotlight in the latter part of 2021 when the new variant Omicron was found in South Africa, a country that at the time, had low vaccination rates at the time. This means that there is an ongoing risk of developing new variants.

At Scotiabank Economics, the estimated global growth for 2021 is 6.1%, which would secure activity levels above pre-pandemic, fueled by China and the USA. In line with the above, the increase in interest rates in developed countries are expected to begin earlier as a response to the pressure of inflation and more advanced economic recovery.



In Latin America, Peru and Chile would lead the revival in 2021 with two-digit expansion rates. Additionally, central Banks in the region are expected to increase the rate at which they normalize interest rates.



Source: Scotiabank Economics.

Thus, and as a result of a more optimistic outlook on economic revival and with ample tax incentives, financial markets began to rapidly incorporate the possibility of experimenting further inflation and eventually a more accelerated withdrawal of monetary incentives. In fact, during the first quarter of the year the 10-year treasures in the US had a marked increase, going from operating at rates below 1% to operating at rates above 1.75%; this drive became slower as new Covid variants appeared and Central Banks, which believed the initial pressures on inflation to be transitory, increasingly called to remain calm.

However, inflation continued to increase worldwide as a result of high demand, supply chains with considerable bottlenecks that added on to high prices in food and raw materials worldwide. The increase in prices has consequently been more persistent than expected and took the US to the highest inflation in 40 years, above 6.5%; in the meantime, the Eurozone inflation is at its highest since 1997 (when statistics for the Eurozone were started). In China, the producer price index has increased to the highest annual rate since 1995; indicators are yet to show inflection.

Central Banks, particularly those in emerging economies, started to normalize their policies as a response to material increases in inflation; the most aggressive response has come from Brazil's Central Bank, increasing rates by as much as 575pbs. In the meantime, Central Banks in developed countries had a less expansive discourse, more vigilant over increase in prices. In line with the above, the US Federal Reserve announced it would be starting to dismount the asset purchase program in November; however, considering the robust metrics in employment recovery and high inflation, the end of 2021 forecasted a more accelerated withdrawal of incentives and three potential 0.25% increases in interest rates in 2022. In its

December meeting, the Bank of England for its part, increased interest rates, earlier than anticipated by the markets.

With 2022 in sight, the world will continue to coexist with an increasingly strict monetary policy, in which many Central Banks will start from historically low interest rates within a context of high, global wide indebtedness.

Along with concerns about inflation, political and geopolitical issues, the withdrawal of US troops from Afghanistan after 20 years of direct intervention was also in the radar: The internal disputes in the US Congress increased tension as negotiations on the financing of the federal government and the debt ceiling continued until the end of the year; although some agreements were made, the US fiscal perspective is still in the radar.

New fears arose about Asia at the end of the quarter when the real estate agent Evergrande failed to pay its liabilities which reach a total of USD 300MM (the equivalent of Colombia's GNP for one year) in local as well as in foreign currency. Although apparently Evergrande's debt is mostly local, (80% approx.), whether it will result in a systemic risk is still uncertain. In fact, in mid-December, Evergrande was declared in default by an international credit rating agency; eventual debt restructuring and actions by the Chinese government are expected.

In Latin America, the context continued to be highly volatile, in view of varying developments in the vaccination process, key elections and even protests. In Chile, the constitutional referendum revealed a structure in which coalitions will be paramount to approve each article in the new constitution. On the other hand, the recent authorization to withdraw pension saving and the ongoing broad tax incentives improved the forecast for growth.

The election of Pedro Castillo in Peru increased asset volatility; however, the Castillo administration softened the tone and made material changes to its cabinet to have a better environment in to negotiate with Congress. The presidential election in Chile completed the electoral round, when leftist leader Javier Boric was elected, thus impacting Chilean markets by the end of 2021.

In regards to monetary policy, Mexican and Brazilian Central Banks were the first in the region to raise their interest rates and throughout 2021, increased their rates by 575 pbs and 125 pbs. In Peru and Chile, rates were increased by 225 pbs and 350 pbs. In Colombia, the increase cycle began in September with 1.75%, and ended the year in 3%; the adjustment rate is expected to increase in early 2022.

As a result of the above, markets remained volatile in 2021; the stock exchange market hit record highs in the exchange markets for developed countries, even though there were serious correction episodes throughout the year. The ACWI closed with a 16.6% recovery and US markets came close to a historical record high; in Europe, stock exchanges recovered by 21%. The US dollar, as measured by the DXY index, became 6,4% stronger compared to developed currencies; impacts were event stronger for emerging currencies with an average weakening of 9.2%, since most of the currency's movements also depended on idiosyncratic events. US treasures for their part, showed an average increase of 60 pbs, directly resulting from the expectation of having a less expansive monetary policy.

COLOMBIAN ECONOMY

Colombia faced the second peak in the pandemic from December 2020 and throughout January 2021; major cities faced new lockdowns, which however less intense than those of March and April of 2020, entailed a considerable disruption to the reopening process that had started in September of 2020. Even so, the hard macroeconomic indicators showed an unexpected resilience in economic activity; thus, in activities were quicker to adapt during the second reopening. The vaccination process began simultaneously on February 17, and by the end of 2021, 55% of the population had completed the Vaccination Program (28.3 million people); some parts of the population even have booster shots.

On the other hand, fiscal policy was predominantly uncertain, particularly the financial plan and tax reform. The dissemination of the 2021 financial plan revealed that the fiscal deficit for 2020 was lower than initially expected, since expenses associated to the sanitary crisis were lower than anticipated; however, as the pandemic-related emergency continued in 2021, part of the expenses not made will continue towards the current FY, thus increasing the expected fiscal deficit for this year. In 2020, the deficit closed ta 7.8% of the GNP, while in 2021 the initial estimate increased it to 8.6% of the GNP.

In April, in the midst of the vaccination process and plans for economic revival, the Government announced a Tax Reform, which sought to increase fiscal income by ~COP 25 billion and preserve social programs mainly by increasing VAT and the basis for tax return. The proposal was not welcomed, increasing social unrest. The summon to a national strike and the harshness of the strike promted the resignation of the Minister of Finance and the withdrawal of the Tax Reform, thus leaving Colombia once again without a clear plan to attain fiscal sustainability. After these events, on May 19 S&P and Fitch on July 1, decided to reduce Colombia's rating from BBB- to BB+ with stable perspective, thus officializing investment losses for its long-term debt in foreign currency. Moody's for its part trusted Colombia's robust institutional framework and confirmed its credit rating at Baa2.

After the protests and the double contagion peak between May and July, restrictions were lowered and the vaccination plan hurried. In this context, and in spite of the impact the National Strike had on the country, the Colombian economy showed an unexpected recovery, thus surpassing the forecasts made by several relevant entities. Consensus went from expecting an expansion of less than 5% in 2021, to forecasting economic growth close to 10% for 2021. In regards to employment, consolidating normalcy allowed the economy to recover 90% of the employments lost during the pandemic; however, informal employment grew as did the curtailing in employment generation, mostly affecting women and youths. On the other hand, the inactive population remains high, mostly in population over 50. Challenges in 2022 included improving the quality of employment by making it formal.

In September, and acting as the new Minister of Finance, Jose Manuel Restrepo managed to obtain approval of a Social Investment Law addressed at increasing tax collection by eliminating the reductions foreseen in corporate taxes. The tax reform was less ambitious and structural than the initial one and had the potential to collect the equivalent of ~1.2% of the GNP in 2023. However, and although fiscal results were better than expected, the effect of the tax deficit on the

Administration was 7.6% of the GNP for 2021, lower than the 8,6% of the GNP forecasted at the beginning of the year. The above as a result of improved collection, resulting from better economic activity.

Inflation reached a minimum of 1.51% in March and since then has shown an acceleration that can be explained both by the effects of the statistic base, price normalization with atypical controls due to the pandemic, better dynamics in demand and more recently, the effects of increasing the Price of raw materials and international freights. In 2021, inflation closed at 5.62%, surpassing the Central Bank's inflation target ceiling. Although the clash in inflation is temporary, there are factors that extend the increase in prices; one of them was the 10.07% increase in the minimum wage, which traditionally impacts the manual labor-intensive prices.

Under this scenario, in which the revival of economic activities was faster than expected, and in which inflation shows increases and risks for the future, in September the Colombian Central Bank began an upward interest rate cycle, going from a historic minimum of 1.75% and closing 2021 at 3%, with a forecast of continuing upward to 5%. The normalization of monetary policy happens in a context of improved economic growth and more prolonged inflation pressures than anticipated; also, the effects of indexation for the high inflation closing and the increase in the minimum wage may well result in failing once again to comply the inflation goal in 2022.

Local assets were volatile in the financial market, both as a result of internal uncertainty in the midst of the tax reform crisis and the decrease in the investment rate, as well as the external context which, in time, confirmed the possibility of having a generalized increase in interest rates. In 2021, the exchange rate had a noticeable tendency towards depreciation and divergent from the best local macroeconomic conditions and the best terms in the international market. The above as a result of intensified fiscal uncertainty after the tax reform collapsed and later as a result of the pressure for broader differentials in rates with neighboring countries. The USDCOP closed at 4070 pesos, an 18.9 % depreciation for the year, above the average in emerging countries.

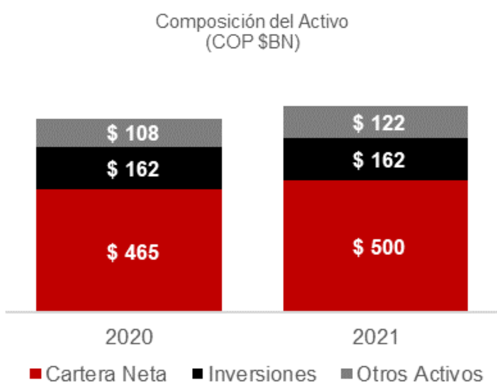
Interest rates had a generalized increase compared to the yield curve. The average curve increased by 269pbs, and at the end of the year the short (+268.7 pbs) and medium part of the curve (+318.5 pbs) suffered the greatest pressure as a result of the adjustments to the local monetary policy.

SECTOR BEHAVIOR

In 2021, credit institutions showed the beginning of a successful recovery from Covid 19, proving that the financial sector in Colombia is robust, resistant and has the capacity to adapt. The above can be proven by the positive tendency in all credit modalities with important growth in consumption and mortgages. The amounts disbursed in the last quarter surpassed the average pre-covid in spite of the increases in the intervention rate by the Central Bank. The change in combination is evident everywhere, reducing term deposits and increasing cash deposits, which reduces the cost of funds. All of these factors resulted in improving the profitability of entities after the deterioration resulting from the pandemic.

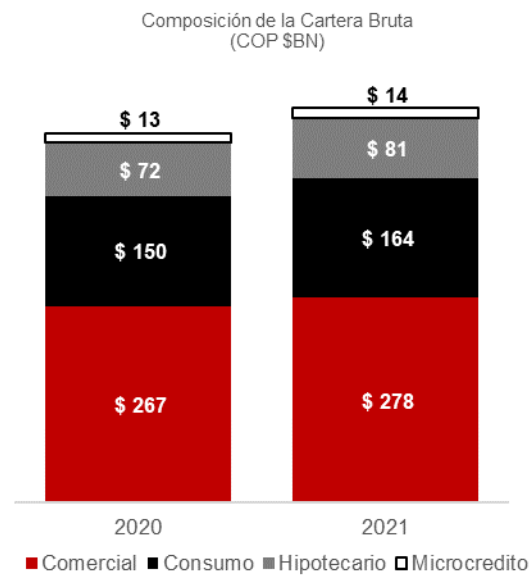
Assets

In 2021, the total assets attained an annual increase of 6.6%, mainly explained by the 7.4% increase in the net portfolio, which increased by 48 basic points and continues to be the listing with the highest participation with 63.8%.



Figures by October 2021

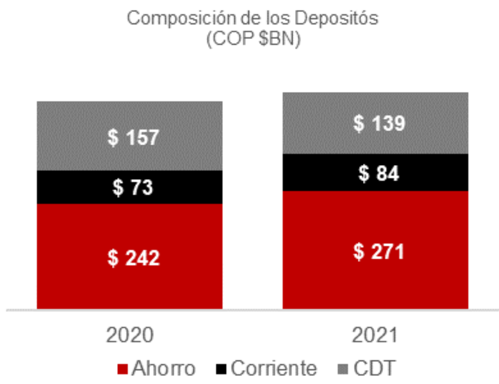
The gross portfolio went from having an annual growth of 4.8% in 2020 to 6.9% in 2021. This increase was mostly fueled by mortgage credits with a 12.4% increase, together with a 9.0% increase in consumption and a 4.2%. commercial. In regards to distribution, although the commercial portfolio lost 135 basic points compared to the previous year it continues having the highest participation (51,9%) in 2021, followed by a 30.5% consumption portfolio.



Figures by October 2021

Funding

The funding growth rate decreased in 2021, going from 10.0% to 6.3%, where deposits went from growing at a rate of 13.9% to only growing 4.6%. This reduction in growth was mainly explained by the deterioration of term deposits (-11.4%). Savings accounts for their part, grew by 11.8% and checking accounts by 15.4%. This proves that transactional deposits grew, and savings accounts increased their participation in 353pbs over total deposits, while checking accounts increased participation by 158pbs. TDC lost participation by 511pbs.



Figures by October 2021

Rentability

The system's cumulative net profit closed at COP $9.33 billion by October 2021, which is equal to a growth of 143.9% compared to the same period in the preceding year. Income increased by 4.6% in this period, while expense increased by 8.2%. Profitability indicators showed increase both in patrimony profitability (+566 basic points) as well as in assets (+72 basic points), which can be explained by greater profits.

COP $BN	2020	2021	Δ
UTILIDAD	**$ 3,8**	**$ 9,3**	**143,9%**
ROA	0,5%	1,2%	72
ROE	4,2%	9,9%	566

SCOTIABANK COLPATRIA'S ECONOMIC SITUATION

ASSETS STRUCTURE

Billions $

CUENTA	dic-21	dic-20	Var $	Var %
Disponible	4.295	4.011	284	7,1%
Inversiones	4.502	3.570	932	26,1%
Cartera neta	28.474	24.636	3.838	15,6%
Aceptaciones y derivados	592	479	113	23,5%
Cuentas por cobrar	395	295	100	34,0%
Propiedades y equipo	573	639	(66)	-10,3%
Inversiones en Subsidiarias	92	79	12	15,3%
Otros activos	1.248	1.288	(40)	-3,1%
TOTAL ACTIVO	**40.170**	**34.998**	**5.173**	**14,8%**

The Bank's total assets grew by 14,8% by the end of 2021 compared to the previous year. This growth can be explained mainly by the increase in the credit portfolio by COP 3.838MMM (15,6%) and the investment portfolio by COP 932MMM (26.1%); the above is due to the purchase of TES titles available for sale during the first quarter of the year and the purchase of TDA and TES titles for trading during the second semester.

Billions$

CUENTA	dic-21	dic-20	Var $	Var %
Comercial	12.771	10.479	2.291	21,9%
Consumo	11.152	11.620	(469)	-4,0%
Hipotecaria	6.159	5.332	827	15,5%
Microcrédito			-	0,0%
Total Cartera Bruta	**30.082**	**27.432**	**2.650**	**9,7%**
Provisiones	(1.607)	(2.796)	1.189	-42,5%
TOTAL CARTERA NETA	**28.474**	**24.636**	**3.838**	**15,6%**

In 2021, portfolio increased by 15,6%, mostly driven by commercial portfolio, which grew 21.9% given the bank's strategic focus on that segment and in lines with the expectation for the parent company. Mortgage portfolio closed with a growth of 15.5% as disbursements regained their pre covid levels in February; by May, this level had been surpassed by 37%, mainly as a result of the Government's incentives to purchase homes and strengthening of commercial forces specialized in the product. On the other hand, the consumption portfolio closed at COP 11.152MMM, with a 4.0% drop, considering the adjustments in regards to origination of some products and the impact of COVID, which accelerated penalties in 2021. In market share, the Bank closed with 5%, and continued as the sixth institution with the greatest portfolio.

MIX DE CARTERA	dic-21	dic-20	Var %
Comercial	42,5%	38,2%	4,3%
Consumo	37,1%	42,4%	-5,3%
Hipotecaria	20,5%	19,4%	1,0%

In the portfolio structure, commercial portfolio showed a 4.3% increase, which resulted from its sound performance. On the other hand, the mortgage portfolio increased its participation by 1% and the consumption portfolio dropped as a result of the changes previously mentioned.

LIABILITY STRUCTURE

Billions$

CUENTA	dic-21	dic-20	Var $	Var %
Depósitos y Exigibilidades	30.815	27.563	3.252	11,8%
Derivados	580	439	141	32,2%
Obligaciones Financieras	3.878	2.212	1.666	75,3%
Bonos	1.411	1.487	(77)	-5,1%
Otros Pasivos	617	570	48	8,3%
TOTAL PASIVOS	**37.301**	**32.271**	**5.030**	**15,6%**

At the end of 2021, liabilities totaled COP 37.301MMM, with a 15.6% growth generated by a COP 3.252MMM (11.8%) increase in deposits and COP 1.666MMM (75.3%) in financial obligations.

CUENTA	dic-21	dic-20	Var $	Var %
Certificado a término	10.396	11.202	(806)	-7,2%
Depósitos ahorros	17.556	13.646	3.910	28,7%
Cuenta corriente	2.442	2.130	312	14,6%
Otros	421	585	(164)	-28,0%
TOTAL DEPÓSITOS	**30.815**	**27.563**	**3.252**	**11,8%**

At the end of 2021, the Bank's deposits reached a growth of 11.8%, resulting from the COP 3.910MMM (28.7%) increase in savings deposits and the 14.6% increase in checking accounts, which grew.

This tendency in the increase of cash deposits and decrease in DTC has been ongoing since last year, and results from the migration towards cash deposits due to the low certificate rates and the treasury's negative tendency to renew these certificates; we are not expecting this tendency to continue being as strong next year, given the increase in cash rates at the end of the year and those that are projected for 2022. The term certificates (TDC) showed a 7.2% reduction, mainly resulting from the above-mentioned impacts.

During 2021 the Zero Account continued being the product that most attracted clients and resources, with its non-collection value proposition, providing clients with the ease of mind to manage their resources without receiving collections for commissions for transactions and use.

It is worth stressing that during this period:

- The opening in digital self-management increased by 27%
- Digital adoption grew by 67.2% and the App has the greatest participation in its use by 74 %
- New Zero Accounts in the year # 181.130

The pandemic enabled accelerating digital transition with clients using 100% digital channels for their transactions.

We promoted digital opening through communication campaigns and the use of virtual banking, which contributed to this migration.

MIX DEPOSITOS	dic-21	dic-20	Var %
Certificado a término	33,7%	40,6%	-6,9%
Depósitos ahorros	57,0%	49,5%	7,5%
Cuenta corriente	7,9%	7,7%	0,2%
Otros	1,4%	2,1%	-0,8%

In terms of deposit structures, one can observe that savings accounts gained 7.5% of participation, compared to the reduction of term certificates by-6,9%.

STRUCTURE OF PATRIMONY

Billions $

CUENTA	dic-21	dic-20	Var $	Var %
Capital	322	322	-	0,0%
Reservas	1.524	1.839	(316)	-17,2%
Otro resultado integral	92	142	(50)	-35,5%
Prima en colocación de acciones	695	695	-	0,0%
Utilidad del ejercicio	189	(316)	505	159,9%
Resultados de eje. anteriores	47	43	5	10,5%
TOTAL PATRIMONIO	**2.869**	**2.726**	**143**	**5,3%**

The Bank's patrimony was COP 2.869MMM, with a 5.3% growth compared to the previous year, generated by an increase in COP 505MMM in the FY profit. This difference can be explained by the COP -316MMM loss in 2020, which resulted from the more reduced financial margin and a larger provisional assumption from the effects of COVID 19.

Solvencia	dic-21	dic-20	Var %
Relación de Solvencia Básica	8,6%	6,8%	1,8%
Patrimonio Técnico	3.285	3.358	-2,2%
APNR	22.714	27.797	-18,3%
Relación de Solvencia Total	**12,5%**	**11,7%**	**0,9%**

By December 2021, the capital adequacy margin was 12.5%; this is 86 basic points higher than the level attained during the same period the previous year. Basic capital adequacy for its part, was 8.6%, 179 basic points above the level recorded in 2020. The increase in these indicators is mainly due to the change in the methodology to calculate capital adequacy that started ruling in January 2021, generated by the beginning of the conversion to Basel III.

Bearing in mind that the Bank is of the group of Entities Having Systemic Importance, these solvency levels are appropriate because the minimum required margins are 10.5% for total solvency and 6% for basic solvency.

CUMULATIVE STATE OF RESULTS

Billions $

DESCRIPCIÓN	dic-21	dic-20	Var $	Var %
Ingresos Cartera	2.605	3.196	(591)	-18,5%
Costo Fondos	830	1.180	(350)	-29,7%
Inversiones Netas	272	294	(22)	-7,4%
MARGEN FINANCIERO	**2.047**	**2.310**	**(263)**	**-11,4%**
Comisiones Netas	415	479	(65)	-13,5%
Provisiones	586	1.727	(1.142)	-66,1%
CONTRIBUCION FINANCIERA	**1.876**	**1.062**	**814**	**76,7%**
Gastos Operacionales	1.696	1.624	72	4,4%
Otros Ingresos	180	114	66	57,9%
UTILIDAD ANTES DE IMPTOS	**360**	**(448)**	**808**	**-180,4%**
Impuesto de Renta	171	(132)	304	-229,3%
UTILIDAD/ PÉRDIDA NETA	**189**	**(316)**	**505**	**-159,9%**

Net profit for 2021 was COP 189MMM, a figure COP 505MMM higher than the previous year. This growth resulted from better provision behavior, liberation of additional provisions and a moderate expense growth; this was partially compensated by lower income generated by the reduction in placement rates, mostly driven by a usury rate located at an average of 156 basic points below the previous year, which mostly affected consumer products.

At the end of 2021, the cost of funds decreased -29.7% compared to 2020. The bank continues to focus on the strategy to optimize the cost of funds in order to compensate the economic circumstances resulting from the pandemic; additionally, deposit rates also dropped, basically as a result of the lower intervention rate by the Colombian Central Bank by an average of 94 pbs from one year to the next.

Furthermore, net commissions dropped by 13.5% as a result of better credit card and insurance commissions.

Variation in provisions was positive , contracting by 66.1% compared to the previous year; this resulted mainly from two impacts: one, portfolio management in order to considerably improve quality indexes compared to 2020 and two the liberation of additional provisions set aside during 2020 under Circular 022 of 2020.

On the other hand, operational expenses grew a moderate 4.4% compared to 2020, which resulted from expenses associated to the businesses' growth such as product placement, networks, technology, VAT, among others, which was partially compensated with savings in administrative expenses. Non-operational income increased by COP 66MMM compared to the previous year, based on non-recurrent income, such as selling the consumer written off portfolio.

Last of all, in regards to income tax, the implicit rate dropped by 2%, from 36% in 2020 to 34% in 2021, which was compensated by the increase in non-deductible items.

OPERATION WITH RELATED PARTIES

Under legal provisions in force, particularly International Accounting Rule No. 24, and with the corresponding approvals, the Bank managed operations undertaken with administrators, economically related parties and other related parties, which were made under market conditions and adjusted to the institution's credit policies regarding indebtedness. Transactions with related parties, affiliates and economically related parties:

31 de diciembre de 2021								
		The Bank Nova Scotia	Mercantil Colpatria	Otras entidades Grupo Colpatria y BNS (1)	Fiduciaria Colpatria	Scotia Securities	Gestiones y Cobranzas	Crédito Fácil Codensa S.A.
Activos y pasivos								
Corresponsales	$	5.350	-	-	-	-	-	-
Operaciones forward		355.669	1.348	-	-	-	-	-
Cartera de créditos		-	39	6.256	-	-	-	-
Cuentas por cobrar		7.245	-	5.700	-	-	-	-
Total activos	**$**	**368.264**	**1.387**	**11.956**	**-**	**-**	**-**	**-**
Depósitos y exigibilidades	$	-	6.024	178.656	4.083	7.143	3.570	15.618
Líneas de crédito (2)		-	-	1.367.019	-	-	-	-
Intereses sobre tasa - bonos		-	375	856	9	14	7	-
Operaciones forward		411.253	-	-	-	-	-	-
Otras cuentas por pagar		11.965	-	-	-	-	-	-
Bonos		-	267.603	426.097	-	-	-	-
Otros pasivos		-	-	1.457	-	9	-	-
Total pasivos	**$**	**423.218**	**274.002**	**1.974.085**	**4.092**	**7.166**	**3.577**	**15.618**

31 de diciembre de 2021								
		The Bank Nova Scotia	Mercantil Colpatria	Otras entidades Grupo Colpatria y BNS	Fiduciaria Colpatria	Scotia Securities	Gestiones y Cobranzas	Crédito Fácil Codensa S.A.
Ingresos y gastos								
Forward	$	1.188.707	1.348	-	-	-	-	-
Otros ingresos		13.102	-	100	3.238	397	-	-
Intereses y comisiones		-	1	123.554	13	18	3	-
Total ingresos	**$**	**1.201.809**	**1.349**	**123.654**	**3.251**	**415**	**3**	**-**
Intereses y comisiones	$	-	70.768	74.474	1.255	168	77	-
Forward		1.334.790	-	-	-	-	-	-
Otros gastos		35.335	-	42.775	243	-	-	-
Total gastos	**$**	**1.370.125**	**70.768**	**117.249**	**1.498**	**168**	**77**	**-**

(2) Corresponds to the financing of foreign currency and working capital operations in an amount of USD 343.372.117 and 399.559.057 by December 31, 2021 and 2020. These operations are negotiated at market rates. The average rate for the operations in force by December 31, 2021 and 2020 is 0.59% and 0.80%, and expires on March 26, 2026 and January 10, 2025 respectively.

Investment in Crédito Fácil Codensa, Compañía de Financiamiento

In November of 2020, Crédito Fácil Codensa S.A. Compañía de Financiamiento requested the Financial Superintendence to authorize its incorporation, which was granted on January 26, 2021 under Resolution 0054 of 2021 issued by the Financial Superintendence.

The company was incorporated under public deed No. 402 dated March 29, 2021 at the office of the 10th public notary of Bogotá D.C.; its main economic activity is developing activities inherent to Financing Companies. The company has no recorded operations.

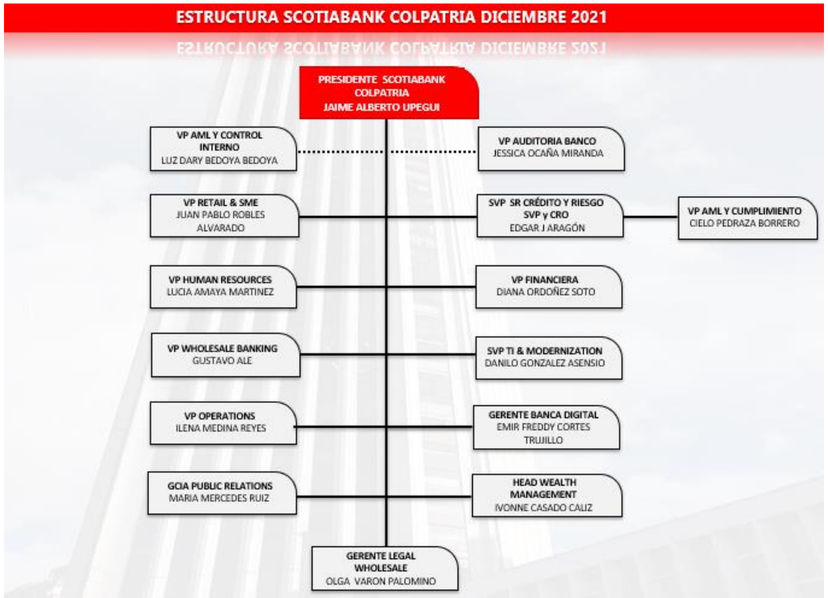
The authorized capital to incorporate the Financing Company is thirty-two million Colombian pesos ($32,000); the Bank contributed 50,99%, Codensa S.A. ESP 48,99% and others contributed 0,02%. By December 31, 2021 it has capitalized $16.318 and is pending capitalization of $16.318.

The Company is accounted as a subsidiary in the Bank's financial statements by December 31, 2021, and follows the guidelines established by the Financial Superintendence.

ORGANIZATIONAL STRUCTURE

The entity's organizational structure changed as follows:

- The Technology Vice-presidency was merged into a "Vp Technology and Modernization"
- Danilo González Asensio was appointed as SVP IT & Modernization
- Gustavo Alé was appointed as Vice president Wholesale Banking
- Lucía Amaya was appointed as Vice president Human Resources
- Juan Pablo Robles was appointed as vice president Retail & SME
- Ivonne Casado was reported to the Presidency as Head of Wealth Management
- Emir Cortés was reported to the presidency as Manager Digital Banking
- Olga Lucía Varón was reported to the presidency as Legal Wholesale Manager
-



DIGITAL TRANSFORMATION

After a year that changed the way on which the Colombian market perceived digital channels, Scotiabank Colpatria continued in its purpose of generating the best digital experience for its clients. This is clearly revealed because in spite of the fact that the indicators measuring Digital Banking for 2020 grew exponentially compared to previous years, 2021 not only maintained these excellent results, but preserved the growing trend; this shows that our clients consider using digital channels in their day-to-day life as something essential while they also acknowledge our efforts to make them increasingly robust and efficient.

The main pillars and focus that have been worked on in Digital Banking in 2021 are detailed below:

Digital Channels

Although by 2021 in person attendance to the workplace returned after months of lockdown during 2020, the Digital team continued with its efforts to develop and implement new functions in Jump (the name that defines our digital platforms composed of our Mobile App and Virtual Banking on the Web), which led to closing the year with excellent results in digital adoption indicators (65%), self-serve transactions (self-managed transactions made by clients) 89% and 52 points in NPS.

Transactions such as card-free withdrawals, activating debit cards, paying third party Credit Cards, Credit Card certificate of good standing, were but a few of the new functions launched during the year and that facilitated client access to the bank's transactions services.

Digital Sales

Thanks to the massive display of products and improvements to several of the Bank's digital sales platforms (whether self-managed by clients or assisted by an official from our internal or external sales forces, 2021 was Paramount for digital sales. These joint efforts paved the way to attain a 76% digital sales indicator.

Clients can obtain high impact products such as insurances (fraud and tailored life insurance), pre-approved loans and credit cards and the opening of pocket accounts through Jump App and Web with just a click. Important results were also attained in OneBank, and the year ended with a representative participation in office sales using OneBank on products such as personal loans (94%), savings accounts (67%) and insurances (80%).

Human Talent

Since working at the office was plainly impossible, the huma resources team and the Digital banking leadership team reinforced and focused its efforts on ensuring that the Digital Banking team remained as united and committed as it had been when working in person. The new reality of working from home was constantly coupled with activities that enabled them to continue developing their skills and with self-training and individual learning tools.

Likewise, in 2021 the Digital Factory team focused on one of the Bank's most important and ambitious technology projects, called Latam DCC, the purpose of which was to migrate the datacenter to Mexico. The project's most important benefits include mitigating risks resulting from disasters occurring as a result of the diversification of cities having the datacenters, optimizing costs resulting from having everything regionally, and having a more robust support team which is bigger in México.

RISKS

As a result of the sanitary emergency caused by the pandemic in 2021 the Bank continued granting debt redefinitions in order to support its clients, all of which was encompassed within the provisions of the Colombian Banking Superintendence.

Since 2020 and to face this new reality, Scotiabank Colpatria S.A. had been implementing different measures to ensure continuity of its services, and enabling these measures to be aligned in 2021 to the new challenges resulting from the pandemic, as well as from the economic revival.

The teams in the Senior Risk Vice-presidency worked in coordination to ensure appropriate performance of liquidity levels and growth of credit portfolios, encompassed within the Bank's risk appetite.

Monitoring and follow up of diverse indicators evidence a robust and responsible risk management in 2021, which allowed generating different growth strategies projected for 2022, aligned to the country's economic revival.

Liquidity Risk Management System (SARL for its Spanish acronyms) and Structural Balance Interest Rate

Scotiabank Colpatria S.A. complied with Colombian regulations in force concerning the Liquidity Risk Management System – SARL.

Bearing in mind the economic circumstances, in the past few years the Bank preserved a conservative position in liquidity management in order to ensure appropriate levels that could enable facing eventual contingencies, supporting the entity's operation and giving clients serenity. To this end, it implemented additional monitoring elements and increased the frequency in measuring some indicators and simulations (estimated daily IRL and LCR) to anticipate potential impacts and managing early any decisions tending to preserve the Bank's liquidity.

The Bank thus maintained good liquidity levels reflected in a 30 day Liquidity Risk Indicator (LRI) at an average of 468%, covering close to five times the short term liquidity needs with its liquid resources. By the end of the year, the 7 day LRI was at 806% (COP 4.6 billion) and the 30 day LRI was at 347% (COP 3.7 billion), evidencing higher levels to those recorded in the system's average (250% ~300%).

In regards to measuring the structural liquidity, - Net Stable Funding Coefficient (CFEN for its Spanish acronyms) – the bank has implemented additional measurements and simulations to guarantee structural liquidity conditions that guarantee sufficient funding to cover long term funding requirements. In this regard, in 2021 the entity maintained average levels of 112% (minimum 109,6% in September of 2021), always placing itself above the 90% regulatory minimum for 2021. According to the transition period to comply with the regulatory minimum of the indicator, a minimum 100% compliance must be guaranteed by March 2022.

All this resulted from the structural strategies adopted by following the best practices and standards of our parent company, which have been oriented towards maintaining a focus in stable deposits, deconcentrating clients in the financial segment and a liquidity contingency plan based on early alerts. As a whole, these strategies allowed having a strong scheme to monitor liquidity management while having additional capacity for early reaction in situations of stress.

Throughout 2021, the different regulatory and internal risk management indicators complied with the limits established to ensure that the entity complied with the risk appetite levels and measured exposure levels appropriately.

Indicator	Average	Maximum	Minimum
Reason for short term liquidity coverage (LCR - Basel III)	142%	182%	109%
IRL 30 days	468%	641%	258%
Liquidity Cushion	5,7 Bn	6,8 Bn	4,3 Bn
High Quality Liquid Assets	5,6 Bn	6,7 Bn	4,2 Bn

Bn: COP billions

In regards to the Structural Balance Interest rate, Scotiabank Colpatria S.A. maintained a risk exposure measuring scheme through the sensitivity of 100 basic points of Economic Value of Equity and the Net Interest Income, in order to generate possible alerts and follow up. This was supported by assessing strategies to optimize balance risk exposure and the Banks rate types.

Indicator	Sverage	Maximum	Minimum
Economic Value (EV)	111.727 Mill	198.466 Mill	62.427 Mill
% EV / Patrimonio	5,18%	8,93%	3,07%
Annual Income (AI)	11.524 Mill	21.592 Mill	3.657 Mill
% AI / Utilidad antes de impuestos	13,7%	23,4%	4,0%

Mill: COP millions

Last of all, the internal limits set were complied during 2021, while additionally undertaking a revision and updating thereof ad the corresponding risk manuals. The above, accompanied by developing and calibrating internal models for a more in-depth risk analysis and having decision-making tools.

Market Risk Management System (SARM for its Spanish acronyms)

A year marked by global-wide changes in monetary policy as a mechanism to contain in inflationary pressures, with a generalized increase in interest rates and strong volatility of the local exchange rate that marked the market dynamics.

In this context, the Bank maintained proactive management of risk exposure of the investment portfolio and derivatives market. The bank took advantage of the opportunities and performed strategies that facilitated client management and increased profits by 23%. It is worth stressing that the entity maintained its VaR and stressed VaR limits unaltered; these have been in agreement with the market's volatile and the Bank's risk appetite.

At the end of the year, the regulatory VaR closed at COP 125,691 million, COP 38.105 higher than at the end of 2020, represented in 3,74% on Dec/21 in regards to the technical patrimony.

According to the portfolio composition, the bigger market risk exposure resulted from the risk of interest rate, which by the end of the year was 88% of the total VaR.

Last of all, all the regulatory requirements were met and the incentives to strengthen risk management were implemented.

Anti-Money Laundering and Counter Terrorism Financing Risk Management System (SARLAFT for its Spanish Acronyms)

The Anti-Money Laundering and Counter Terrorism Risk Management System (SARLAFT) addresses and incorporates characteristics of the entity and its Parent Company (Bank of Nova Scotia, Scotiabank) as well as regulatory regulations, the best international practices and recommendations, particularly those issued by the International Financial Action Group – GAFI. The Money Laundering and Counter Terrorism Residual Risk profile (LA/FT) for Scotiabank Colpatria S.A., has behaved within acceptable levels approved by the Board of Directors, considering that there are no circumstances affecting SARLAFT's regular performance. Control assessments were made and the results of the reviews undertaken by control organs and operation follow up were considered to determine this profile.

In 2021, the Institutional Policy on Risk prevention of ML/TF was changed and amended as were the corresponding procedures; these changes and amendments were approved in the local Board of Directors.

Changes and/or additions were also introduced to the Bank's AML-SARLAFT Procedure Manual in 2021, which gathers the different instructions and procedures concerning MLA/TFA and Sanctions.

The annual revision of monitoring rules and adjustments to the tools employed was made as part of the operation follow up process. Officials were also reminded of the obligation to report unusual operations and situations by using the established communication channels. Different training and communications activities were held, which were addressed at officials with the purpose of generating awareness and specific duties and responsibilities concerning the prevention and MLTF risks and sanctions. These training activities were supported by different methodologies and were developed according to the target group.

Within the framework of the National Money Laundering Prevention Day held on October 29, an online transmission was made to issue awards for the digital campaign of the financial sector; Scotiabank Colpatria S.A. was awarded second place. Last of all, the requirements made by the competent authorities were addressed within the terms agreed and the reports addressed to UIAF were sent according to the guidelines issued by the regulating entity.

Operational Risk Management System (SARO for its Spanish acronyms)

The bank identified the risks and controls of mission, strategic and support processes associated to the different areas. The conclusion as a result of this exercise, is that there is a medium inherent risk (prior to applying controls); after applying the mitigating controls, the residual risk is labelled as low-medium. Thus, the risk level was aligned with the normal business behavior.

In order to manage the risks associated to third parties contracted by the Bank, the Third Party Risk management transformation program (TPRM) was implemented, which incorporated improvements to strengthen risk management of third parties such as: i) New questionnaire to identify risks inherent to the contract, ii) Implementing platforms to analyze risks and management of the agreement's life cycle, iii) Inclusion of the residual risk assessment and supplier questionnaire, iv) Efficient risk acknowledgement process identified by the owner of the agreement, and v) Analysis of the financial circumstances of critical third parties.

The entity updated and strengthened its continuity and organizational resilience program, which, during 2021, continuously improved by updating and attaining results in testing the different unit- defined continuity plans, defining changes in methodologies, which allow better continuity management of the business to respond to a variety of interruption scenarios, such as technologies, infrastructure, cybersecurity, absence of essential personnel, absence of third parties and external factors, pandemic etc. The information documented in the business impact analysis (BIA), with the purpose of including a greater number of criteria to attain a mayor scope of the continuity plan. Likewise, a working plan was documented during 2021 that included assessing suppliers that support critical processes under the provisions of the BIA and thus guarantee the least possible impact in regards to possible unavailability of third parties, in order to improve the continuity of the business in services and/ or client service channels.

Additionally, a methodology was developed to measure the maturity of the business continuity system based on assessing key components in order to establish opportunities for ongoing improvement and strengthening the business continuity system in the entity.

A working framework applicable to the Bank and its affiliates was defined in order to manage cybersecurity and technology risks; it contains the guidelines to identify risks, measure exposure to those risks, ensure effective monitoring and adopting measures to control or mitigate the risk. Consequently, and as part of the 2021 management, operational risk identification and assessment processes were accompanied and supported in essential processes supporting the technological platform and the information security processes.

Financial Consumer Attention System (FCAS)

The Bank continued with its “client first” vision, focusing on improving the experience, transforming processing and marking a difference in regards to the product or service provided to the end client, regardless of the cannel the client uses and the product the client acquires. In 2021, the entity focused on identifying the clients’ pains in order to anticipate needs and identify critical processes. Some actions worth stressing are stated below:

The Service Fans campaign was created with support from working tables, improving service levels and client experience as well as indicators in regards to the number of complaints.

The response to the first client contact continued being one of the main objectives along with articulating all the entity’s service channels.

Changing the processes an acknowledging the entity’s responsibility in fomenting and fostering the clients’ financial education, strengthened guided campaign strategies and the information provided through service channels in sector relevant issues such as fraud and the new clean slate law; this enabled mitigating and reducing figures of requests for purchases not acknowledged.

2022 will focus on reinforcing the Relationship Banking concept, with the purpose of strengthening trust relations with our clients in order to become their first option; service channels and the Customer Service Unit will continue working together to attain better synergy and contributing towards client self-management.

Credit Risk Management System (SARC)

In 2021, the Bank worked hard to strengthen a risk and transverse control policy for the entire Bank, so that every employee, whether a Risk agent or not, develops an awareness that can enable the Bank to be safer both for the Entity as well as for its clients.

Corporate and Commercial Credit Risk Management System

In 2021, the Scotiabank Colpatria S.A. credit portfolio registered stability and its performance became increasingly stronger as the economic revival consolidated, particularly during the second semester of the year. The commercial portfolio behaved satisfactorily in 2021, growing by a registered 23%; the Bank ended granting financial buffers in the second semester of 2020. The country's circumstance in May and June of 2021 for its part, which took a considerable toll on economic activities in Valle del Cauca, did. Not have material effects on the portfolio; transfers to the normalization unit (SAM) returned to pre-pandemic levels during the first semester of 2021.

The performance of the strategy established to increase participation in the corporate segment positively influenced the risk profiles and the overdue portfolio, the latter dropping to levels below the ones twelve months earlier (31+ 4.3% compared to 8.1% for the previous year and 91+ 3.9% compared to 6.6% for the previous year).In lie with a better risk profile, provisions were below the established budget (COP 153.642 million executed budget vs. COP 266.082 millions in budget).

Perspectives for 2022 consider variables that will define the industrial and economic performance in the next few months, including the political uncertainty and inflationary pressures that will have an effect on the dynamics of interest rates and credit demand.

Consumer and Mortgage Credit Risk Management

The 31+ overdue portfolio indicator for consumer portfolio closed by December at 3,68%, compared to 9,90% for the previous year. For mortgage portfolio, the overdue portfolio closed at 4,03%, compared to 4,69% for the previous year. The highest value for this indicator was in January of 2021, 12,59% for consumer and 4.89% for mortgage, closing the year with a considerable improvement.

In sum, in 2021 the Bank not only focused on meeting the clients' immediate needs, but given the economic revival it also focused on granting new credits, thus increasing its participation in the market.

Internal Control System (ICS)

In compliance of its duties as Internal Auditor, for Scotiabank Colpatria S.A. and the provisions of Basic Legal Circular 029 of 2014 issued by the Colombian Financial Superintendence, Internal Audit performed its duties and assessed the efficiency of the Internal

Control System - ICS, for the period between January 1 and December 31, 2021.

The Bank's administration is responsible for the veracity of the information provided to Internal Audit, as well as for the action plans formulated to correct the findings, implement them and consequently, for their efficiency. The responsibility of Internal Audit is to communicate the findings and recommendations about internal control systems and the Entity's risk management on time to the High Direction and the Auditing Committee, as well as to follow up on the actions designed by the Administration to correct deficiencies and improve the Bank's internal control system.

The results of the audits undertaken during 2021, the ongoing monitoring activities, the audits efficiency, and the index of solutions to the observations made in the auditing, enabled the Vice-president and Auditor in Chief to have a reasonable basis to conclude that Scotiabank Colpatria S.A.'s internal control system is on the road to becoming stronger. The administration is workig with defined action plans to meet the improvement processes.

COMPLIANCE CULTURE

The compliance culture continued becoming stronger in 2021 y developing and implementing corporate policies and guidelines. The main activities are described below.

Regulatory Compliance

The regulatory compliance program continued getting stronger in 2021, thus allowing us to identify and manage different regulatory requirements. The result of the FY 2021 Compliance Assessment and Control for Business Lines and Corporate Functions are for the most part at low risk and at moderate risk for Residual Risk and are encompassed in the Scotiabank risk appetite.

Activities addressed at protecting and mitigating regulatory risk in matters concerning protection to financial consumer were undertaken.

Several aspects were strengthened this year:

Accompanying the implementation of new regulatory obligatons directly impacting clients.

Activities such as regulatory reviews in compliance of the Law for the Protection of Financial Consumers in Assets, Liabilities Digital and Collections were undertaken.

Accompanying and monitoring in communication campaigns to clients with the purpose of ensuring clarity in purchasing the Bank's and its affiliates' products and ensuring compliance of the terms and conditions thereof.

Last of all, accompanying the requirements made by different regulating entities.

Risk Behavior and Culture

The process for the Annual Certification of the Compliance of the Code of Conduct addressed at all collaborators and members of the Bank's Board of Directors took place between September and October.

Likewise, and in alignment with the anti-bribe and corruption policy, participation in donation processes, sponsorships and risk management for third parties continued. The annual conflict of interests survey was held together with the "Global 2021 Learning and Compliance Windows Program" for mandatory compliance courses.

Privacy

Processes were undertaken to analyze the state of compliance of legal obligations, review personal data treatment policy, define data treatment procedures (use, collection, analysis, storage, custody of authorizations, channels for attend to requests, authorization forms and responsible officials) and the compliance of regulatory obligations and internal guidelines was strengthened.

Monitoring and Compliance Testing

The monitoring and testing program executed an annual risk-based testing plan, which included key elements associated to compliance,regulatory, privacy and behavior risks.

SOCIAL BALANCE

Strategy

As a strategy, Scotiabank Colpatria focused on Environmental, Social and Governance (ESG) matters, which focuses on four pillars:

- Environmental action
- Economic resilience
- Inclusive society.
- Leadership and Corporate Governance.

Environmental Action

We proved our commitment to sustainable development and transition towards a low carbon economy by reducing our own environmental footprint, financing sustainable solutions and fostering the global dialogue on climate change. This pillar developed mainly through the following programs:

- We can do it Together (*Juntos es Posible*)
- Environmental Leaders
- Eco-schools
- Forest in the Amazon
- Go Mobility
- Environmental Table
- Comprehensive Hazardous Residues (PGIRP) and Solid Residues (PGIRS) Management Plan
- Sustainable purchases
- Environmental Change Strategy

Economic Resilience

We provide our collaborators with: skills, training, and opportunities to grow and attain their maximum potential.

Additionally, we offer our clients financial tools so they may participate and prosper in the formal economy and we invest in economic resilience of the communities where we work.

This pillar was mainly developed through the following programs:

- Economy for success
- Innovation Camps
- ABC' for my Finances
- EconoMY
- Knowing More Being more
- Gender focused corporate training

Inclusive Society

We work to eliminate obstacles towards progress, incrementing access to opportunities, combatting prejudices and racisms and supporting associations impacting the communities and cultures where we provide service. We foment progress in diversity in the communities and thus create a more equitable future for our clients, employees, communities and our Bank.

The programs that strengthened the pillar were:

- Scotiabank Futbol Club:
    - Balones Rojos
    - FutbolNet
- Inversión en la comunidad
    - Fundación Plan
    - Save the Children
    - Gran Tierra Energy + Créame Incubadora de empresas
    - WWF: environmental classroom for scientific research

Leadership and Corporate Government

We create a culture of high performance, in which each collaborator can attain his/her máximum potential, protect the cleits' money, privacy and information, as well as support human rights world wide so that pur leadership and corporate government can allow us to establish solid bases and work towards our future.

The programs used to foment this pillar are:

- Sospechosamente Fácil (Suspiciously easy)
- Great Place To Work
- Equidad de género (Gender Equality)
- Club del 30%
- Participation in "She Is Global Forum"
- Acknowledgement PAR LATAM 2021 Ranking
- National Ranking for Inclusive Companies– We Trade Fair
- LGBT+ Pride Month
- Friendly Biz Certificate

REGULATORY FRANMEWORK

In 2021, the following regulations came into force, which are relevant in operating banking establishments:

First of all, External Resolution 1 issued on January 29, 2021 by the Board of Directors of the Colombian Central Bank, amending External Resolution 05 of 2009, in regards to low value payment systems; aligning the provisions in External Resolution 05 of 2009 with the new regulations on low value payments systems included in Decree 1692 of 2020. In this regard, under External Circular 005 issued on March 12, 2021, the Colombian Financial Superintendence defined the rules to register unsupervised purchasers (RANV for its Spanish acronyms) and established certain transparency obligations that purchasers are under the obligation to observe in regards to accrediting funds and the information that must be provided to users in purchasing contracts. Additionally, External Circular 20 issued in October 7, 2021, amended Chapter I of Title II and II of Part I of Basic Legal Circular in regards to obligations concerning the information supplied to financial consumers by the EASPBV acting as suppliers of payment services and credit establishments and Companies Specialized in Deposits and Electronic Payments providing purchasing services.

Decree 151 issued by the Ministry of Finance on February 10, 2021 amended Decree 2555 of 2010 in regards, among others, to the regime under which issuers of securities reveal information. Additionally, the Colombian Financial Superintendence issued External Circular 006 on March 29, 2001, under which it provided instructions concerning processes to issue and appraise securities issued by closed collective investment funds, private equity fund, autonomous patrimonies or under entitlement processes, recorded in the National Registry for Securities and Issuers. Likewise, External Circular 019 issued on October 7, 2021 provides instructions concerning the undertaking of advisory activities in the securities market; criteria under which to classify simple or complex products and the distribution thereof, as well as requirements to implement technological tools to provide professional recommendations.

Decree 257 issued on March 9, 2021 made additions to Decree 1077 of 2015 in regards to the conditions for long term individual housing credits, particularly credit conditions under which (i) financing of up to 70% of the value of the real estate property is allowed and up to 80% for social housing; (ii) the first installment on the credit may not be above 30% of the family income and (iii) real estate property must be indired against the risk for fire and earthquake. Then, Decree 951 issued on August 19, 2021 regulated the coverage of the interest rate applicable to acquiring socia housing.

On the other hand, the Colombian Financial Superintendence issued External Circular 002 on March 10, 2021 under which it issued instructions concerning branch regimes and provision of financial services through correspondents, and that (i) defines the requirements and conditions to provide services through mobile correspondents and adds insurance branches that can be commercialized by using a network and (ii) define the requirements that must be considered with the information addressed at financial consumers to provide services through correspondents.

Law 2088 issued on May 12, 2021 regulated remote work from home and implemented a legal definition of “remote work from home”; it also stated coordination requirements and the right to disconnect from work, under which remote work from home must be undertaken. Additionally, under External Circular 12 issued on May 31, 2021, the Colombian Financial Superintendence extended the enforcement of the Accompanying Debtors Program (PAD for its Spanish acronyms) defined in External Circular 022 of 2020 until August 31, 2021. Decree 1026 issued on August 31, 2021 provided the instructions concerning the sanitary emergency generated by the COVID-19 pandemic, and maintaining law enforcement, ordering selective lockdown with individual and selective distancing and a safe economic revival. Last of all, Resolution 1913 issued on November 25, 2021 by the Ministry ofr Health and Social protection extended the sanitary emergency declared in Colombia under Resolution 385 of 2020, until February 22, 2022.

On May 12, 2021, The Colombian Financial Superintendence issued External Circular 009 under which it issued instructions relative to the regimes authorizing equity investments of financial holdings.

Likewise, the Board of Directors of the Colombian Central Bank issued External Resolution 4 on May 28, 2021 amending External Resolution 1 of 2018 in regards to operations authorized to intermediaries in the exchange market.

It is also relevant to mention Circular Letter 40 issued on July 13, 2021 by the Colombian Financial Superintendence, under which the supervisor stated the expectations concerning the transition plans for the LIBOR rate for the second half of 2021; among others, it was intended to identify the existing contracts linked to the LIBOR rate and expiring after 2021, as well as updating and establishing protocols to facilitate the incorporation of a new language to support the entities' credit and derivative agreements.

Additionally, External Circular 16 issued on August 26 of 2021 created Chapter VIII of Title I of the Basic Legal Circular in regards to the statutes applicable in the controlled testing space for financial innovation activities.

External Externa 17 issued on September 1, 2021 amended Chapter IV of Title IV of Part I of the Legal Basic Circular concerning the instructions relative to risk management of money laundering and financing of terrorism. This Circular introduced, among others, changes such as: (i) excepting supervised entities from verifying the identity of end beneficiaries and shareholders or associates of potential clients when listed in international stock exchanges that have information revealing systems equivalent to the ones recorded in the RNVE; (ii) defining rules related to the simplified client knowledge procedure for legal entities, and (iii) defining special rules as part of the simplified client knowledge procedure for mandatory insurances. External Circular 18 issued on September 22, 2021 issued the instructions related to the Comprehensive Risk management System (SIAR) and the SIAR Exempted Entities Risk Management Systems (SARE).

On the other hand, Decree 1084 issued on September 10, 2021, amended Decree 2555 of 2010 in regards to regulations applicable to financial institutions acting as policy takers on behalf of their debtors. This decree includes an important amendment concerning fees for collection services of insurance premiums, which cannot be greater than the fees collected by the financial institution under market conditions for said service

It is worth mentioning that the "Social Investment Law" (tax reform) was issued together with other provisions on the same matter, under the provisions of Law 2155 issued on September 14.

Additionally, Law 2157 issued on October 29, 2021 amended and added on to statutory law 1266 of 2008, establishing general provisions concerning habeas data in regards to the permanence of financial and credit information in the central risk system, among other provisions.

Likewise, Law 2161issued on November 26, 2021 set the provisions to promote the acquisition, renovation and non-evasion of the mandatory SOAT vehicle insurance. The law established, among others, that as of 2022, insurance companies would acknowledge a maximum of 5% for SOAT sale intermediation costs over monthly premiums issued.

On the other hand, under Decree 1724 issued on December 15, 2021 the Colombian President set the minimum monthly legal wage for 2022, at one million ($1,000,000) pesos.

Last of all, Decree 1789 issued on December 21, 2021, regulated the use of electronic and digital signatures generated within the framework of the Digital Authentication Service, so they may contribute towards facilitating relations between the State and individuals.

ADDITIONAL LEGAL INFORMATION

The separate financial statements have been prepared according to the Accounting Rules and Financial information Rules accepted in Colombia (NCIF), set forth under Law 1314 of 2009, regulated under Sole Regulatory decree 2420 of 2015 amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. Additionally, no important or relevant events have been reported after the FY.

In compliance with the provisions of paragraph 2 of Article 87 of Law 1676 of 2013, it is hereby attested that Scotiabank Colpatria has not hindered the free circulation of invoices issued by suppliers of goods and services.

The Bank complied with the legal provisions concerning intellectual property and copyrights, under the provisions of Law 603 issued on July 27, 2000; the official Security Policies document includes policies that must be strictly complied by everyone using the information systems owned by the Bank.

Last of all, under the provisions of External Circular 028 of 2014, the implementation report of the new Country Code is a comprehensive part of this report, which was transmitted to the Financial Superintendence as required under the said Circular. Likewise, the full report of the survey may be consulted on the entity's web site in the acerca de/ inversionistas/Encuesta Código país section.

(Original Signed)
Eduardo Pacheco Cortés
President of the Board of Directors

(Original Signed)
Jaime Alberto Upegui Cuartas
President