Products for low income population
Banco Davivienda
Colombia
General Facts

Total Population
- 45 million

Banked Population
- 16 million
- Davivienda: 4 million

GDP per Capita
- USD 5,500

Population Distribution by Annual Income

| Income Range   | Colombia | USA: USD 48,000
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>USD 0 – 800</td>
<td>15%</td>
<td>-</td>
</tr>
<tr>
<td>USD 800 – 3000</td>
<td>41%</td>
<td>27%</td>
</tr>
<tr>
<td>USD 3000 – 7,500</td>
<td>33%</td>
<td>27%</td>
</tr>
<tr>
<td>USD 7,500 – 25,000</td>
<td>8%</td>
<td>22%</td>
</tr>
<tr>
<td>USD 25,000 – 50,000</td>
<td>2%</td>
<td>13%</td>
</tr>
<tr>
<td>USD + 50,000</td>
<td>1%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Dane: Colombian National Statistical Department
## Families

<table>
<thead>
<tr>
<th>Category</th>
<th>Colombia</th>
<th>Davivienda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Adults</td>
<td>8.3%</td>
<td>13.75%</td>
</tr>
<tr>
<td>Young Couples</td>
<td>6.8%</td>
<td>8.21%</td>
</tr>
<tr>
<td>Families with Children under 12 years</td>
<td>25.9%</td>
<td>21.44%</td>
</tr>
<tr>
<td>Families with Children from 12 – 18 years</td>
<td>29.6%</td>
<td>27.95%</td>
</tr>
<tr>
<td>Families with Children over 18 years</td>
<td>22.2%</td>
<td>22.27%</td>
</tr>
<tr>
<td>Golden years</td>
<td>7.4%</td>
<td>6.38%</td>
</tr>
</tbody>
</table>
Davivienda’s History

- **1972**: Founded as a Savings and Loans Institution
- **1993**: Entered into consumer lending
- **1997**: Became a universal bank
- **2004**: Acquisition of a credit card specialized unit (Bansuperior)
- **2007**: Acquisition and merge of Granbanco a corporate bank.
- **2009**
  - Third largest bank in assets
  - 4.2 Million customers
  - 550 Branches
  - 150 Cities
  - 10,000 Employees
  - Service to 1 million low income families

**OUR BRAND: A LITTLE RED HOUSE**

Values perceived by our costumers
- Close
- Kind
- Familiar
Our Offer For Low Income Families

- Housing
- Education
- Entertainment
- Day to Day Well Being

FAMILIES
Housing Loans

Since 1972 we offer - Social Housing loans (VIS): Program developed by the government to fulfill the housing deficit in low income families.

Typical Property Value: **USD 8,000**
Government subsidy: 10%
Savings: 10%
% LTV: 80%
Monthly payment: **USD 30**

Nº of houses financed by Davivienda: 250,000

Non performing loans: 2%
Avg. annual interest rate: 15%
Avg. Tenor: 15 years

ROE: 25%
Children’s University Tuition Saving Program

- Professional education is not government provided.
- Private universities tuitions are relatively high to low income families

“Datuturo Educativo” is an investment fund which objective is to save a monthly amount in order to pay for university’s tuition.

Avg. saving goal: **USD 30,000**
Monthly payment: **USD 20**
Saving period: ??
Avg. investment rate: **8%**
(After 3% of fee)

# of customers: **30,000**
ROE: 21%
Entertainment

Retail Stores - Credit Cards

- Offered through retail stores
- Fixed monthly payment (No matter the amount due)

For non-Banked population is an educational product as they always have the same payment

Avg. Credit Line:  USD 200
Monthly payment:  USD 10
Number of Cards:  250,000

ROE: 19%
Well Being

Personal Insurance

Charged to the credit card or automatically debited from payroll accounts

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Amount Covered</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accidental Insurance</td>
<td>USD 6,000</td>
<td>USD 0,75</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>USD 10,000</td>
<td>USD 6,67</td>
</tr>
</tbody>
</table>
Remittances - Money sent by workers abroad to their families

- # Monthly received remittances: 200,000
- Avg. Remittance: USD 250

Payroll accounts

- Nº of accounts: 1 million
- Avg. Monthly Payroll payment: USD 200

Government Subsidy Payment Cards

- No account needed
- Cash withdrawals from ATM or Offices in rural areas

  Monthly subsidy: USD 100
Strengths

**Infrastructure**
- Electronic channels
- Geographical coverage

**Operative efficiency**
- Automatic charges / debits
- Cross – selling of different products.

**Cost / control**

**Understanding families cycle**
- Payroll
- Credit Cards
- Car Financing
- Housing Loans
- Saving / Investment

**Quality of the offer**
- Simple products
- Customer education
Challenges

Risk Mitigation (Credit)
- Payroll automated discounts
- Early collection processes
- Fixed payments
- Low LTV / DTI ratios
- Importance of credit history (Education)

Government regulations
- Interest rate cap
- Anti-Money laundering regulations
- Regulations regarding customers communications
Thank you for your attention!