



Titularizadora

COLOMBIANA

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TITULARIZADORA COLOMBIANA

CEO AND BOARD OF DIRECTORS' REPORT TO THE
ORDINARY GENERAL MEETING OF SHAREHOLDERS

FEBRUARY 2022

TABLE OF CONTENTS

1.	OVERVIEW	7
1.1.	EVOLUTION IN 2021	7
1.2.	OUTLOOK	12
2.	CAPITAL MARKET	13
2.1.	INTERNATIONAL MARKETS	13
2.2.	LOCAL MARKETS	15
3.	ISSUANCES 2021	18
3.1.	ISSUE TIV V-2	18
3.2.	ISSUE TIPS PESOS N-21	18
3.3.	ISSUE TIPS U-5	19
4.	BEHAVIOR OF THE ISSUES AND LOAN PORTFOLIOS	21
4.1.	SECURITIZED LOANS	22
4.2.	LOAN PREPAYMENTS	24
4.3.	LOAN PREPAYMENTS	26
4.4.	ASSETS RECEIVED IN LIEU OF PAYMENT	28
4.5.	SECURITIZED LOAN MANAGERS	29
4.6.	INTERNAL MASTER MANAGEMENT PROCESSES	30
5.	REAL ESTATE SECURITIZATION	32
5.1.	PORTFOLIO BREAKDOWN AND DIVERSIFICATION	32
5.2.	DEAL MANAGEMENT	35
5.3.	PROFITABILITY	36
5.4.	BEHAVIOR OF THE SECONDARY MARKET	37
6.	OTHER PROJECTS	39
6.1.	NEW ORIGINATORS	39
6.2.	TITULARIZADORA DOMINICANA	40
7.	ADMINISTRATION AND HUMAN RESOURCES	41
7.1.	HUMAN RESOURCES	41
7.2.	QUALITY MANAGEMENT	41
8.	TECHNOLOGY	43
8.1.	INFORMATION SECURITY AND CYBERSECURITY	43
8.2.	TECHNOLOGICAL DEVELOPMENT AND EVOLUTION	44
9.	LEGAL AND REGULATORY ASPECTS	45
9.1.	REGULATORY ASPECTS	45
9.2.	LEGAL CONTINGENCIES	48
9.3.	LEGAL ASPECTS	48
10.	RISK MANAGEMENT	50
10.1.	OPERATING RISK MANAGEMENT	50
10.2.	MANAGEMENT REPORT ON ACTIVITIES RELATED TO THE PREVENTION AND CONTROL OF MONEY LAUNDERING AND TERRORISM FINANCING (SARLAFT, FOR THE SPANISH ORIGINAL)	50
10.3.	LIQUIDITY RISK MANAGEMENT	51
11.	OTHER ASPECTS	53
11.1.	INTERNAL CONTROL SYSTEM	53
11.2.	ASSESSMENT OF THE DISCLOSURE AND CONTROL SYSTEMS	56
11.3.	REPORT ON TRANSACTIONS WITH SHAREHOLDERS AND MANAGERS	57
11.4.	TRANSFERS AS GIFTS	57
11.5.	ASSETS ABROAD	57
11.6.	PAYMENTS TO DIRECTORS, ADVISORS, ADVERTISING AND PUBLIC RELATIONS	57
11.7.	STATUS OF COMPLIANCE WITH INTELLECTUAL PROPERTY REGULATIONS	57
11.8.	IMPLEMENTATION OF INTERNATIONAL STANDARDS	57
11.9.	FREE CIRCULATION OF INVOICES	58
11.10.	FORESEEABLE EVOLUTION	58
12.	FINANCIAL STATEMENTS	59
12.1.	MAIN BALANCE SHEET FIGURES	59

2021 Management Report



12.2.	INCOME STATEMENT	59
12.3.	FINANCIAL AND OPERATING RATIOS	60
12.4.	CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31, 2021	60



INTRODUCTION

2021 was a year of economic recovery following the COVID-19 pandemic. From a macroeconomic perspective, economies have been gradually returning to their pre-pandemic growth levels. This has been accompanied by a reduction in unemployment rates and a return of employment rates to near normal levels. Fiscal adjustments have been put in place to correct the unbalances produced by the economic rescue measures, with the aim of reducing the economy's vulnerability to the growth in debt levels. Consumer spending has also increased, along with increasing commodity and energy prices, which have put pressure on monetary policy decisions. Despite the above, the outlook for loan portfolios, financial assets and real estate portfolios has remained favorable.

Another fact that should be highlighted is the good moment the mortgage loan sector is experiencing. By the end of the year, new home sales had reached a record high. During 2021, sales of 227,600 units were reported, the highest sales level ever. Disbursements to acquire housing increased at an annual rate of 66.5%, also reaching an historical record. The mortgage loan portfolio also reached higher levels than reported in previous years. And despite the growth, overdue loan levels have tended to normalize, with gradual reductions. All the above points to a positive outlook for operations in 2022.

Lastly, the issuances made during 2021 indicate a strong market appetite for the securities offered by the Company. Upon resuming activities, three issuances were made: two of mortgage loans (TIPS U-5 and TIPS Pesos N-21) AND one of vehicle loans (TIV V-2). The positive figures demonstrate persisting demand, although in a less dynamic market due to the economic and political instability experienced during the year: contractions in monetary liquidity, rising inflation and the wave of national protests, which decreased the appetite for fixed income products. We expect the positive trend of the financial and housing markets to continue in 2022.

2021 Management Report



Graph 1. Issuances History Source_TC

2002	2003	2004	2005
TIPS UVR E1 \$479mm E2 \$588mm	TIPS UVR E3 \$464mm E4 \$328mm	TIPS UVR E5 \$345mm E6 \$574mm TECH E1 \$521mm E2 \$518mm	TIPS UVR E7 \$424mm TECH E3 \$119mm
2006	2007	2008	2009
TIPS UVR E8 \$781mm TIPS Pesos E1 \$268mm E2 \$355mm	TIPS UVR E9 \$313mm TIPS Pesos E3 \$333mm E4 \$377mm E5 \$311mm	TIPS UVR E10 \$237mm TIPS Pesos E6 \$208mm E7 \$370mm E8 \$384mm E9 \$400mm	TIPS Pesos E10 \$505mm E11 \$442mm E12 \$386mm E13 \$246mm
2010	2011	2012	2013
TIPS UVR E11 \$181mm E12 \$360mm E13 \$345mm TIPS Pesos E14 \$518mm E15 \$613mm E16 \$2.4bn	TIPS Pesos N1 \$238mm N2 \$303mm N3 \$379mm	TIPS Pesos N4 \$385mm N5 \$399mm N6 \$381mm	TIPS Pesos N7 \$428mm
2014	2015	2016	2017
TIPS Pesos N8 \$153mm N9 \$503mm N10 \$358mm	TIPS UVR U1 \$434mm TIPS Pesos N11 \$374mm TIL Pesos L1 \$15mm	TIPS Pesos N12 \$412mm N13 \$353mm TIS Pesos H1 \$46mm TER IPC R1 \$233mm	TIPS UVR U2 \$273mm TIPS Pesos N14 \$422mm N15 \$455mm N16 \$385mm TIL Pesos L2 \$123mm
2018	2019	2020	2021
TIPS UVR U3 \$506mm TIPS Pesos N17 \$315mm TIL Pesos L3 \$101mm TIS Pesos H2 \$47mm Tin \$163mm	TIPS UVR U4 \$348mm TIPS Pesos N18 \$360mm N19 \$406mm N20 \$405mm TIV V1 \$87mm	TIL Pesos L4 \$88mm Tin \$105mm	TIPS Pesos N21 \$326mm U5 \$241mm TIV V2 \$51mm



1. OVERVIEW

1.1. EVOLUTION IN 2021

1.1.1. MACROECONOMIC ENVIRONMENT

INTERNATIONAL MARKET

2021 was characterized by efforts to recover and reactivate the economy, following the crisis from the spread of COVID-19. The progress made in vaccination programs has enabled the reopening of borders, companies, trade, and industries, with positive results in terms of economic expansion. Despite this, the growth rate began to lose steam during the second half of the year, with substantial increases in overall price levels driven by more expensive commodities and higher energy costs, arising from bottlenecks in the global supply chains.

The increase in economic activity in most developed economies during the first quarters of 2021 was the direct result of policies for the reactivation of the labor market, fiscal expansion measures and a more flexible monetary policy. This positive trend has been reflected in the recovery of the labor market: in the Euro Zone, the unemployment rate at October 2021 was 6.7%, down from 7.4% in December 2020; the United States has displayed a downward trend over the year, with an unemployment rate of 4.6% at November 2021, the lowest since the start of the pandemic, and down vs 6.3% at the end of January, which reflects the recovery of the jobs lost to the shock of the pandemic.



Latin America has also participated in this cycle of recovery of output and employment levels. Brazil reported growth of 12.3% during 2Q-2021, with a subsequent drop in annualized GDP in 3Q-2021 to a growth rate of 3.9%. The forecasts of this variable for the end of 2021 are in the range of 4.7%, with a slowdown in 2022 that would reduce growth to only 0.3%, according to IMF estimates. This economic contraction cycle is the result of inflationary



pressures that led to the early withdrawal of monetary stimulus measures in many emerging economies. In turn, in 3Q-2021 the Mexican economy grew at an annual rate of 4.7%, driven by tertiary sector activities, which increased by 4.4%, in which growth in the entertainment (+71.2%) and lodging (+67.7%) sectors played a key role. The unemployment rate in December was 3.5%, explained by the creation of 4.2 million jobs and an increase in employment in the professional services sector (+768,000). Lastly, the Chilean economy grew by 17.2% in 3Q-2021, marginally lower than the 18.1% rate reported in 2Q-2021, which positions Chile as the regional economy with the best macroeconomic indicators. According to estimates, output increased by around 11% in 2021 and will slow down to 2.5% in 2022. There are also concerns about the long-term sustainability of consumer spending produced by the increase in the liquidity of households, associated with withdrawals from pension funds, which have reached an amount of up to USD 71 billion, equivalent to 28% of GDP.

The expansion of economic activity is explained by the reactivation of the various economic sectors. During 2021, public spending in the United States, driven by its economic recovery program, reached USD 6.82 trillion, a record high compared to the USD 6.6 trillion spent in fiscal year 2020. This move to increase public spending was common in countries where the fiscal balance allowed. The European Union also increased spending to EUR 715.3 billion, also a record high. In Latin America, consumer spending variables remained positive in 3Q-2021: Chile (+36.2%), Mexico (27.9%), Brazil (+17.5%) reported growth compared to the same period the previous year. Global foreign direct investment flows picked up in 2021, with an increase of 77% to an estimated USD 1.65 trillion. Latin America received foreign direct investment inflows of USD 147 billion, up 75% compared to 2020. These increases are an indication of the return of investor confidence in the region.

The trend of extraordinary increases in government spending has remained. On the over USD 16.9 billion announced in measures to counteract the shock of the pandemic, questions are already being raised as to their scope and on returning to normal indebtedness levels, following the expiration of many of these measures in 2022. Even so, global government indebtedness levels are expected to remain at around 100% and to begin to decrease gradually in 2026. Despite this, a fiscal support policy remains in place, with large acquisitions of public debt by central banks aimed at mitigating the costs of new loans. However, deficit levels remain above the pre-pandemic period, with increases in net government debt as a percentage of GDP. According to IMF forecasts to the end of this year, in the Euro zone the deficit will increase to 89.8% and in Latin America to 51.4%, where the economies of Brazil and Mexico are expected to reach debt to GDP ratios of 90.2% and 60.2% in 2022. These increases in debt levels have led to growing concerns about the risks emerging countries face by taking on debt in foreign currency, while interest rates continue to rise in most economies.

Monetary policy measures have been hardening recently. Interest rates have been raised in response to inflationary pressures. These have ended up changing expectations on transitory inflation, which have begun to put pressure on the governments' actions. The Federal Reserve (FED) has begun to taper the stimulus in view of the 7% inflation rate, because of which it is expected to increase its interest rate to above 0.25%. The central bank of Mexico (Banxico) expects inflation to rise by more than 4% in the next 12 months, which is above its



3% target. In response, it raised its interest rate to 5.5% in the last month of 2021. The Chilean central bank (BCC), like other banks in the region, also expects inflation to be above monetary policy targets, and has decided to move its rates to 4.0%. These increases in the international markets will end up making loans more expensive and restricting the payment and indebtedness capacity of developing economies, which implies that trade-offs will have to be made between fiscal and monetary policy during 2022.

LOCAL MARKET

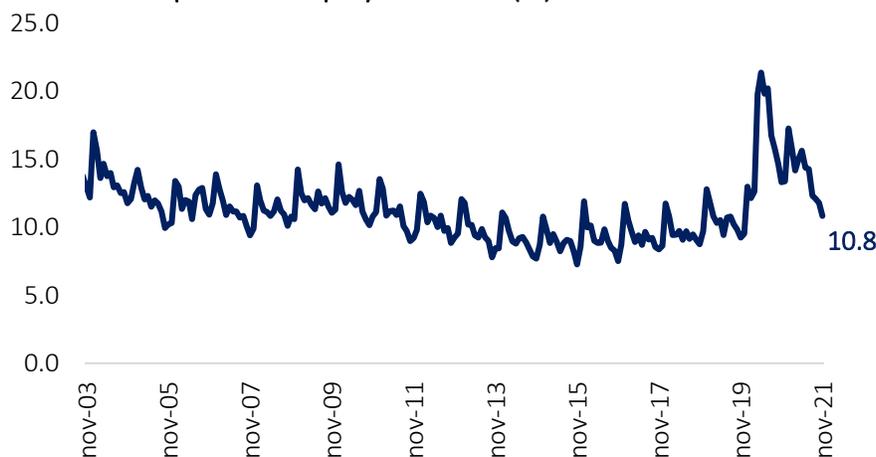
The gradual implementation of the national vaccination plan has facilitated the country's economic reactivation process, with a total of over 70 million doses applied to mitigate the pandemic. The reopening of trade and tourism, the return to work with continued use of remote work by service companies, and the increase in industrial production have led to employment rates that are close to pre-pandemic levels. The unemployment rate reached a peak in January 2021 of 17.3 %, and since then some improvement has been observed: in November is stood at 10.8%, which is closer to the 9.8% reported in the same month in 2019. Additionally, loosening of restrictions to the free movement of production factors, such as limits to seating capacity, have contributed to improving local productivity. In April, the number of people employed increased by 3.9 million, and at November there were 538,000 new jobs. At the end of said month, 21.8 million people were employed, 1.8 million more than reported in January. The number of unemployed people decreased by 1.8 million, and as of November they totaled 2.6 million.

This reflects the growth in economic output during 2Q-2021, which reached 17.6%, with a subsequent slowdown in 3Q-2021 to 13.2%. According to IMF forecasts, at year-end 2021 GDP growth will reach 7.6% with a downward trend, and growth of 3.8% is expected for 2022. In November, the economic leading indicator (ISE, for the Spanish original) increased by 9.6%. Among its components, the best performance was reported by the tertiary sector, with growth of 10.5%, driven by trading (+19.3%), food and information (17.3%), which contributed to reaching the highest figure in the last four years. The activities that contributed most to the added value dynamics of GDP during this quarter include wholesale and retail trade (+33.8%), manufacturing industries (+18.8%), and artistic, entertainment, recreation, and other service activities (+32.0%). The growth of all these activities is a good sign of recovery, although some sectors display slower growth rates: construction (+0.8%), agriculture, cattle ranching, hunting, fish farming and fishing (1.3%) and real estate activities (2.0%), which is explained by difficulties in the construction supply chain that are gradually being overcome to return to pre-pandemic levels. The year-to-date variation of gross domestic product in 3Q-2021 was 10.3%, a substantial change from the -8.1% reported in 3Q-2020.

Graph 3. Evolution of GDP (annual change, %). Source: DANE



Graph 4. Unemployment rate (%). Source: DANE



Regarding fiscal policy, the posture of the national government has remained similar to that of the previous year. Resources have been distributed through the National Emergency Mitigation Fund, including relief for small companies through payroll subsidies, issuance of credit lines, and monetary transfers to low-income households through the Ingreso Solidario program. The fractioning of tax payments for individuals has been gradually curtailed to move towards fiscal sustainability in the country. Specifically, as of November 2021 public debt totaled COP 724 trillion, equivalent to 65.3% of GDP, and the latest update of the fiscal deficit at 2Q-2021 totaled COP 17 trillion. With the expiration of the subsidies and resumption of the medium-term fiscal framework, according to the plan, it is expected that in 2022 the fiscal deficit of the national central government will reach 7.0% of GDP and that its net debt will account for 67.0% of GDP. The adjustments required to achieve the objectives require a tax reform, such as the one that sparked a wave of protests in May, but nonetheless ensured the country's fiscal sustainability. A reform with similar effects is expected, because of the change of government.



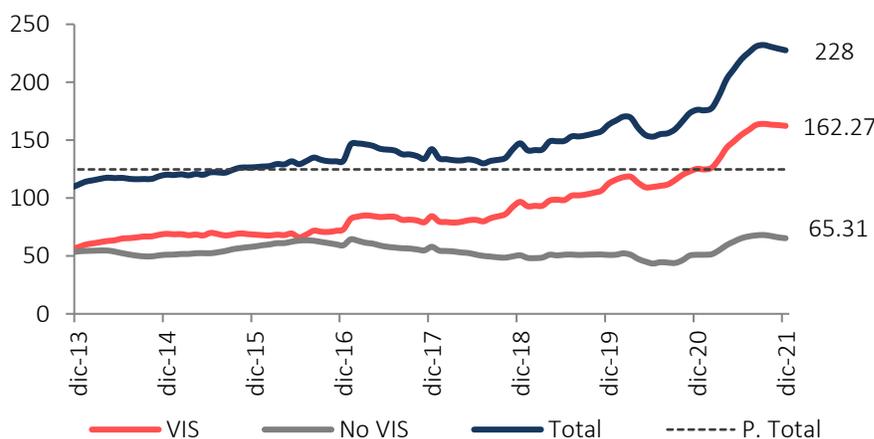
The monetary policy directed by the central bank (Banco de la República) was initially aimed at stimulating expansion, but it later evolved to increasing the interest rate from 1.75% to 3.0% in response to inflationary pressures. The reserve ratio remained at 8% and there was a slight increase in the deposit rate. The bank engaged in repo transactions to inject liquidity into the economy.

1.1.2. THE HOUSING MARKET AND MORTGAGE LOAN SECTOR

The construction sector has been overcoming production difficulties related to restricted movement and the implementation of biosafety measures at the work sites. In terms of sales, the results have been positive: a total of 239,000 housing units are expected to be sold by year-end 2021. 80% of the regional markets have reported sales above pre-pandemic levels. CAMACOL forecasts that construction GDP will grow by 17.7 % in 2022.

At year-end 2021, mortgage loan interest rates continue to be at record lows. The average interest rate for home purchases other than social interest housing (VIS, for the Spanish original) denominated in Colombian pesos is around 8.96%. This is 1.2 percentage points below the average reported in 2020 (10.2%). And for VIS, the average in 2021 is around 10.42%, 1.1 percentage points below the average in 2020 (11.5%). In turn, the subsidies offered through the government program “Mi casa Ya” have reached disbursements of around COP 2.3 trillion and have ended up replacing the FRECH II program, whose transactions had decreased by about 25.8% in 3Q-2021.

Graph 5. New housing units sold (latest 12 months, thousands of units). Source: Galería Inmobiliaria.



The gross balance of mortgage loans at the end of September 2021 totaled COP 85.5 trillion, COP 8.9 trillion more than the amount reported in the same period in 2020, equivalent to annual real growth of 6.8%, resuming its previous growth trend. The loan quality indicator in October was 4.26%, which indicates the effectiveness of the relief granted to overdue borrowers.



1.2. OUTLOOK

1.2.1. MACROECONOMIC ENVIRONMENT

The International Monetary Fund has forecast global economic growth of 5.9% in 2021 and 4.9% in 2022. Emerging and developing economies will post growth of +6.4% in 2021, and of +5.1% in 2022. In the Latin America and Caribbean region, following a -7.0% contraction in 2020, a rebound to +6.3% will be achieved in 2021, followed by a slow-down to +3.0% in 2022.

The Colombian economy is expected to maintain the expansion trend at year-end 2021, with forecast GDP growth of up to 9.0%, followed by a 5.5% rate in 2022. Forecast inflation at year-end 2021 is above 4% and around 3.76% in 2022, above the Colombian central bank's specific target. The unemployment rate is expected to fluctuate around 12.8% in the first months of 2022.

1.2.2. HOUSING MARKET AND MORTGAGE SECTOR

With the faster pace of expected new home deliveries, disbursements to acquire housing in 2022 are estimated at around COP 21.4 trillion, equivalent to annual growth of 13.3%.

By the end of 2022, the gross balance of mortgage loans is expected to reach COP 94.1 trillion, which would reflect a nominal annual increase of 10.4%.

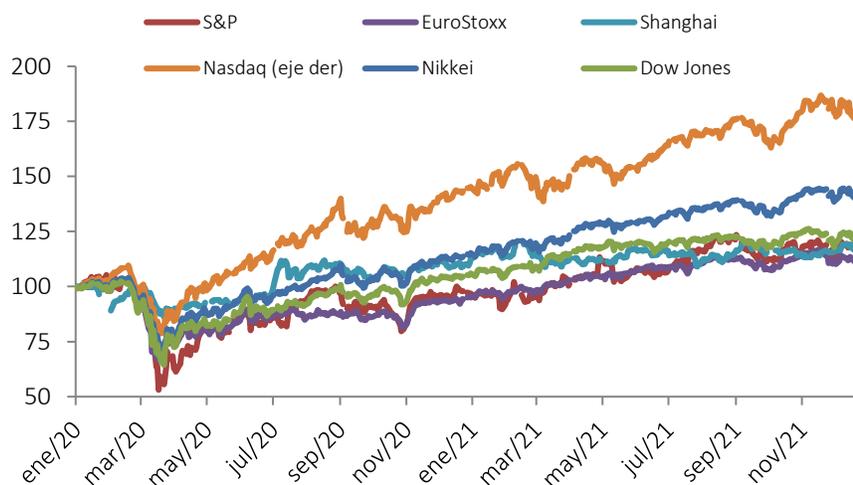


2. CAPITAL MARKET

2.1. INTERNATIONAL MARKETS

The effects of the COVID-19 pandemic continued to affect the world economy in 2021, and most financial assets were surrounded by uncertainty and volatility. Variable income displayed very good performance in general, given the low rate levels, abundant liquidity provided by the central banks and the rebound in economic growth in most economies, following a sharp downturn in 2020, which was reflected in substantial and ongoing valuation of the stock market indicators, especially in developed countries.

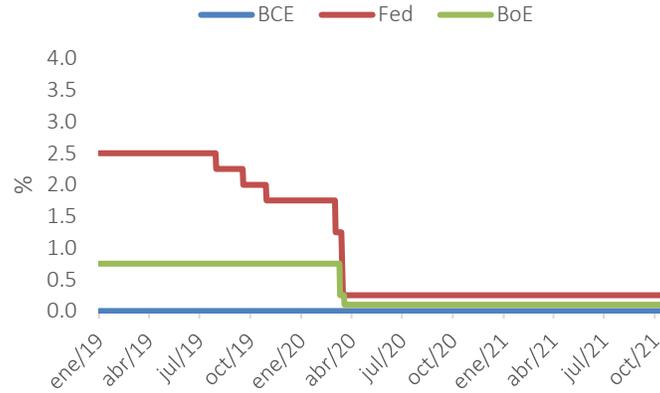
Graph 6. Stock market indexes in developed countries. Source: Bloomberg



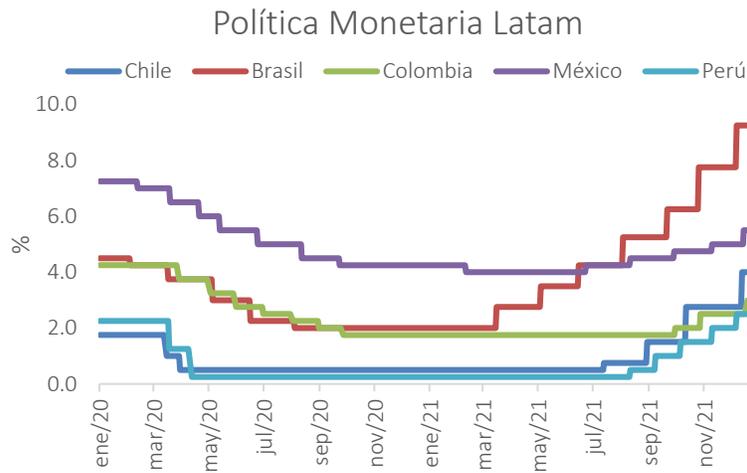
Moreover fixed income assets devalued during the year, given the higher economic growth in most countries, the inflationary pressures that worsened in the second half, the start of the normalization of monetary policy, or the expectation of normalization of monetary policy, and the reduction of incentives implemented by the central banks in 2020 to reactivate growth and assure liquidity.



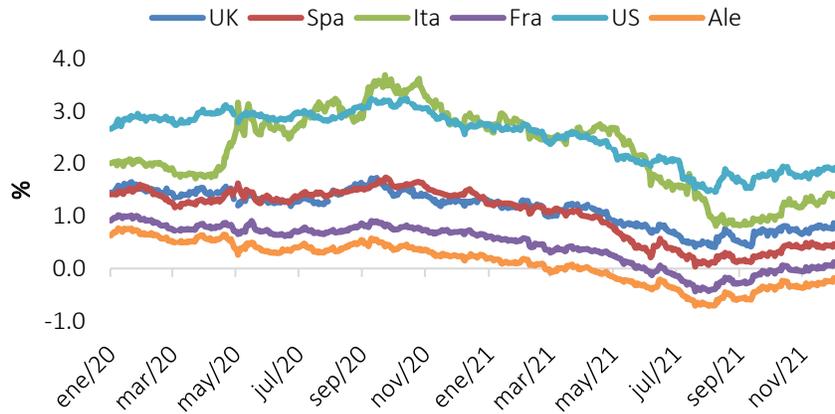
Graph 7. Monetary policy in developed countries. Source: Bloomberg



Graph 8. Monetary policy in Latam. Source: Bloomberg



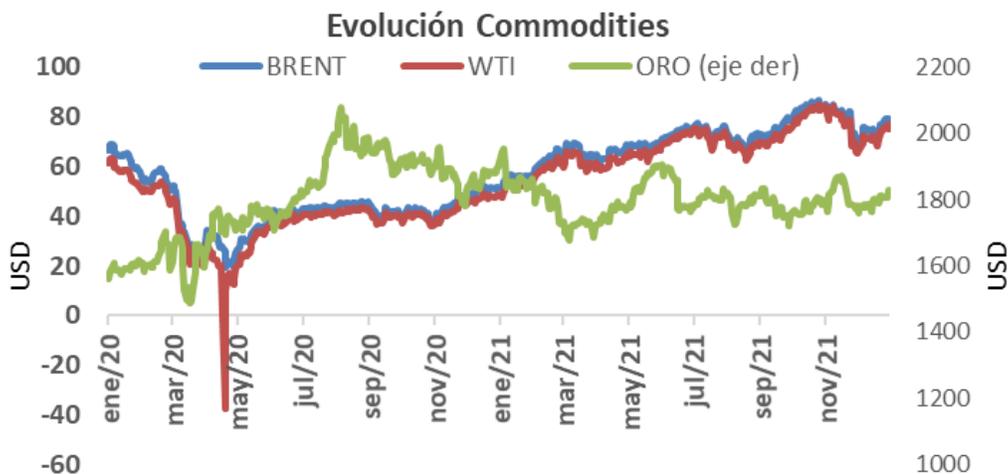
Graph 9. Sovereign bonds in developed countries (10 years). Source: Bloomberg





The commodities market also displayed a substantial recovery due to the reopening of the economies, the reactivation of global demand and the difficulties in normalizing supplies due to supply chain bottlenecks, which put upward pressure on prices and contributed to accelerating inflationary pressures.

Graph 10. Evolution of commodities. Source: Bloomberg



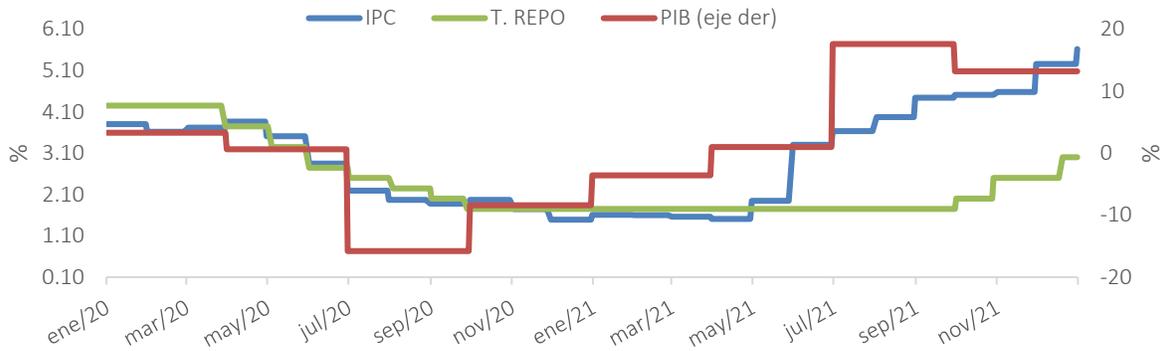
2.2. LOCAL MARKETS

The local market closed the year with good economic indicators that reflect the economic recovery and the reduction of unemployment, even though performance in the first half of the year was not as favorable due to different factors, including the continuation of the pandemic, delays in the vaccination process, social protests in the months of April and May, and the first downgrading in May of the sovereign credit rating by S&P, which was later confirmed in July by Fitch Ratings, losing the investment grade status with these credit rating agencies.

In the second half, with the end of the protests, the end of the third wave of contagion and greater opening of the economy, economic growth recovered substantially, driven mainly by consumer spending, which enabled closing the year with growth in gross domestic product of around 10% in annual terms, which put upward pressure on inflation (combined with the global supply chain restrictions), leading to a year-end inflation rate of 5.62% in annual terms. Both the increase in inflation above the central bank's target range and the increased expectations for 2022 and 2023 led the central bank to act through the first increase in its monetary policy interest rate in September.

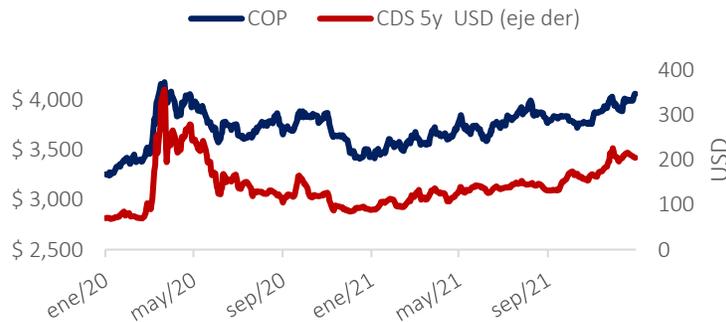


Graph 11. Economic growth, inflation, and repo rate. Source: Bloomberg

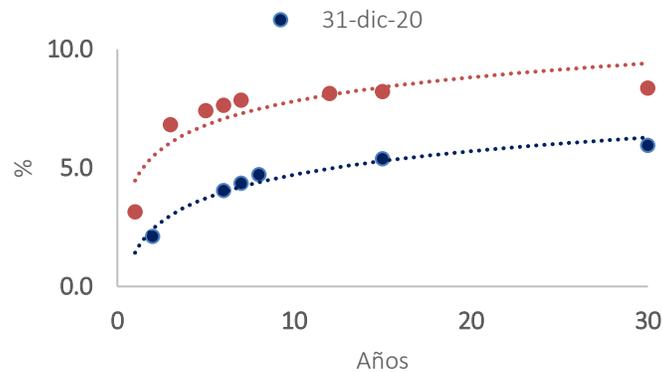


In terms of financial assets, there were no major changes in variable income assets during the year; however, other assets displayed greater volatility and devaluation, including, among others, the Colombian peso (devaluation of 16% y/y); the risk premium of 5-year CDS in dollars, whose price increased from 89 at the start of the year to 205 at year-end; both public and private fixed income assets, whose yield curves flattened substantially and with rate increases of around 300 basis points.

Graph 12. Colombian Peso - CDS 5 years USD. Source: Bloomberg



Graph 13. Fixed rate TES curve. Source: Bloomberg





Regarding fixed income issuances, the amount placed in TES was COP 49.4 trillion (+22% compared to 2020), including long-term TES auctions and agreed and mandatory TES with public entities, including the first issuances of green TES in the months of September and October for a total of COP 1.5 trillion. Of total TES issuances, COP 43.1 trillion were through auctions and COP 6.3 trillion through public entities. On the other hand, short-term TES auctions totaled COP 13.88 trillion during the year.

Through the securities exchange, fixed income issuances totaled COP 10.5 trillion during the year, 18.5% less than in 2020. Issuances by financial sector entities totaled COP 6.9 trillion (+51% compared to 2020), issuances by the non-financial sector totaled COP 2.6 trillion (-64% compared to 2020) and issuances by public entities totaled COP 0.9 trillion (-4% compared to 2020).



3. ISSUANCES 2021

The volatility produced by the internal and external factors mentioned above put pressure on fixed income asset rates both locally and internationally, which at times made it difficult to arrange issuances due to market conditions. However, investors did not display concerns in connection with the underlying assets of the issuances or with the evolution of their main indicators.

During the year, three (3) issuances of securitized debt instruments were made:

3.1. ISSUE TIV V-2

In February, the second issuance of vehicle loans, originated by Finanzauto, was made. The following is a summary of the issuance:

Chart 1. Issues TIV V-2. Source: TC

	Portfolio	Sec. A Series	Sec. Subordinated	Total amount issued
TIV V-2	COP 50,000	COP 40,000	COP 11,000	COP 51,000

Amounts in millions of pesos

The issue received a AAA rating from Fitch Ratings and was made through the Book of Offers on the securities exchange main market. The minimum amount for Series A was COP 36, billion and the maximum amount was COP 40, billion. The bid-to-cover ratio was 1.11 over the minimum amount offered. The cut-off rate was 4.90% EA. The total amount of this issue was placed in collective investment funds.

3.2. ISSUE TIPS PESOS N-21

The first mortgage loan issuance of the year was carried out in June, with loans denominated in pesos originated by Banco Davivienda. The following is a summary chart of the issuance:

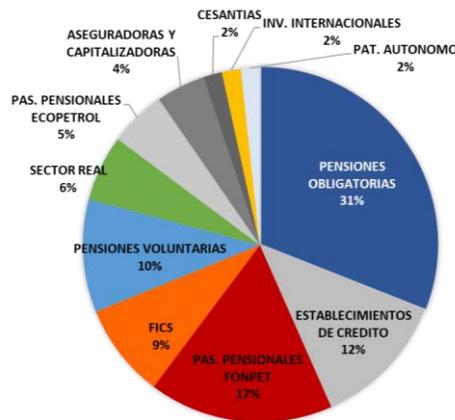
Chart 2. Issue TIPS N-21. Source: TC

	Portfolio	Sec. A Series	Sec. Subordinated	Total amount issued
TIPS Pesos N-21	COP 326,404	COP 290,500	COP 35,904	COP 326,404

Amounts in millions of pesos

The issue was rated AAA by Fitch Ratings and was made through the Book of Offers on the securities exchange main market. The minimum amount for Series A was COP 290 billion and the maximum amount was COP 356 billion. The total placement was for COP 290.5 billion, making use of the discretionary feature provided for in the Book of Offers mechanism and to optimize the rate and cost of the issue. Total demand for the issue was COP 340.5 billion, for a bid-to-cover ratio of 1.17 over the minimum amount offered. The cut-off rate was 6.06% EA. The securities were awarded to the following investor segments:

Graph 14. Source: TC



3.3. ISSUE TIPS U-5

After 2 years of no issuances denominated in UVR, in October TIPS U-5 was issued, with loans originated by Banco Davivienda. The securities were issued in UVR, but below we present the equivalent in pesos:

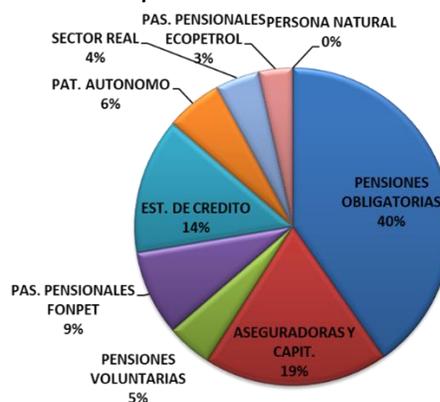
Chart 3. Issue TIPS U-5. Source: TC

	Portfolio	Sec. A Series	Sec. Subordinated	Total amount issued
TIPS U-5	COP 236,442	COP 215,162	COP 26,481	COP 241,643

Amounts in millions of pesos

The issue was rated AAA by BRC Investor Services and was made through the Book of Offers on the securities exchange main market. The minimum amount for Series A was the equivalent of COP 191.215 billion and the maximum amount was COP 238.129 billion. The placement amount was the equivalent of COP 215.162 billion, also aimed at optimizing the rate and cost of the issue. Total demand for the issue was COP 303.599 billion, for a bid-to-cover ratio of 1.59 over the minimum amount offered. The cut-off rate was 2.58% EA. The securities were awarded to the following investor segments:

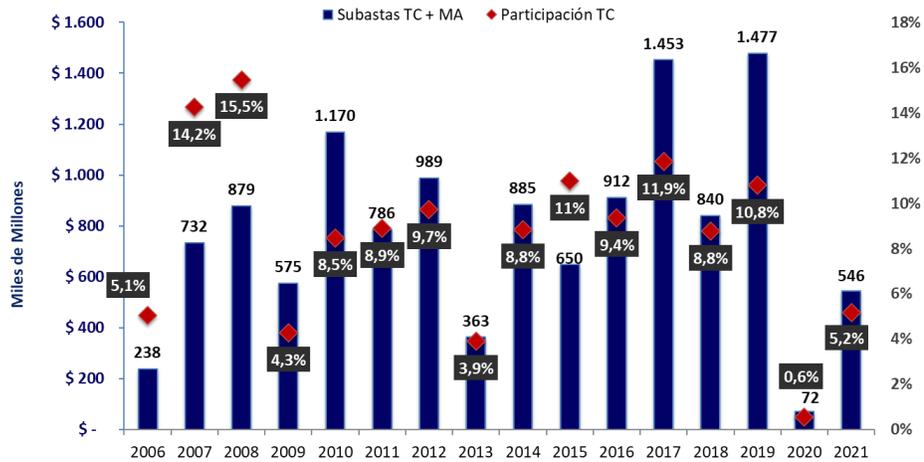
Graph 15. Source: TC



With the 3 issuances made, Titularizadora had a 5.2% market share of the fixed income issuances made through the securities exchange, as shown below:



Graph 16. TC Share of BVC issuances Source: BVC



In 2021, 68 issuances of securitized debt instruments were made, with total loans for COP 23.8 trillion, for a balance of loans under management of COP 3,512 trillion at December 2021.



4. BEHAVIOR OF THE ISSUES AND LOAN PORTFOLIOS

At year-end 2021, the Company reached a total of COP 24.78 trillion in issuances. Of this total, 64.65% are securities backed by mortgage loans in pesos, 29.78% backed by mortgage loans denominated in UVR, 1.64% backed by overdue mortgage loans denominated in UVR, 1.33% are securities backed by consumer payroll loans, 0.94% are securities backed by commercial loans, 0.61% are backed by vehicle loans and 1.06% are securities backed by real estate assets. At the end of the year, the securities balance was COP 3.5 trillion (Chart 5).

In 2021, three issuances were made, one issuance of vehicle loans, and two issuances of mortgage assets. At the end of the year, the termination process was completed for the issues TIPS E-8, TIPS E-9, TIPS E-10, TIPS E-11, TIPS E-12, TIPS E-13, TIPS Pesos E-6, TIPS Pesos E-7, TIPS Pesos E-8, TIPS Pesos E-9, TIPS Pesos E-10, TIPS Pesos E-11, TIPS Pesos E-12, TIPS Pesos E-13, TIPS Pesos E-14, TIPS Pesos E-15 and TIPS Pesos E-16.

Chart 4. Securities balances and percentage pending payment
(Amounts in billions of pesos). Source: TC

Product line	Balance issued	Current balance	Share of total	% pending amortization
Mortgage - Pesos	16019	2059	64.65%	12.9%
Mortgage - UVR	7378	1009	29.78%	8.3%
TECH	405	0	1.64%	0.0%
Payroll	328	76	1.33%	23.3%
Commercial - CPI	234	37	0.94%	15.8%
Vehicle	151	89	0.61%	59.0%
Real estate	263	292	1.06%	
Total	24779	3564	100.00%	

Chart 5. Securities breakdown. (Amounts in millions of pesos). Source: TC

Issue	Total A	B	MZ	C	TOTAL
U-1	38,763	58,984	20,421	2,681	120,849
U-2	92,755	30,412	5,778	3,802	132,747
U-3	237,654	14,631	13,830	5,434	271,549
U-4	202,650	36,080	4,665	2,991	246,386
U-5	211,194	21,440	2,382	2,859	237,875
Pesos N-1	-	-	151	1,165	1,316
Pesos N-2	-	-	-	0	0
Pesos N-3	-	-	4,664	1,841	6,506
Pesos N-4	-	2,529	9,344	1,869	1,3742
Pesos N-5	-	11,458	9,712	1,937	23,108
Pesos N-6	-	6,822	11,040	1,845	19,708
Pesos N-7	-	20,680	16,305	4,076	41,061
Pesos N-8	-	11,442	3,014		14,456
Pesos N-9	24,074	54,617	3,676	2,483	84,849
Pesos N-10	0	45,572	5,299		50,871
Pesos N-11	13,821	47,723	7,342		68,886
Pesos N-12	46,488	53,632			100,120



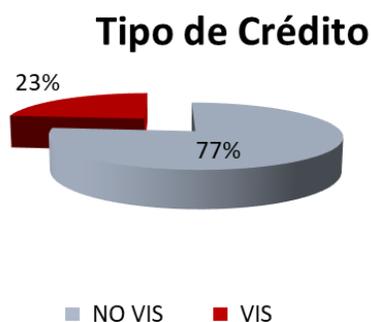
Issue	Total A	B	MZ	C	TOTAL
Pesos N-13	75,170	38,832			114,002
Pesos N-14	74,509	44,881	5,428		124,818
Pesos N-15	75,509	45,789	6,701	2,234	130,233
Pesos N-16	85,712	37,681	6,785	1,884	132,062
Pesos N-17	75,868	30,788	6,004	1,539	114,200
Pesos N-18	165,206	26,994	1,785	1,785	195,770
Pesos N-19	189,922	32,204	5,000	2,000	229,126
Pesos N-20	233,824	28,978	4,950	2,250	270,001
Pesos N-21	249,460	29,819			279,278
Pesos H-1	7,714	8,769			16,482
Pesos H-2	21,045	7,855			28,900
Pesos L-2	-	3,204			3,204
Pesos L-3	627	16,504		1,850	18,981
Pesos L-4	37,987	14,715		1,558	54,260
TIV V-1	34,148	13,000			47,148
TIV V-2	31,000	10,000		1,000	42,000
TER IPC R-1	7,777	29,238			37,014
TIN	292,462				292,462
TOTAL	2,525,337	835,271	154,274	49,084	3,563,967

4.1. SECURITIZED LOANS

At year-end 2021, the securitized loan assets are composed of a mortgage loan portfolio, a portfolio of discounted consumer payroll loans, vehicle loans and commercial loans. The following are details of their balances and general characteristics.

MORTGAGE LOANS

The balance of the loans in the issuances at December 2021 was COP 3.2 trillion. This balance is represented by 74,313 individual housing loans; 77% of the balance is in Non-VIS loans and 23% in VIS loans.



Graph 17. Portfolio distribution by type of loan Source: TC Calculations

In 2021, 25 issuances were structured based on mortgage loans with FRECH subsidies, which represent 20.20% of the total balance of the securitized mortgage loan portfolio. The

2021 Management Report



national government offers to cover a percentage of the agreed interest rate on these loans. The loans covered by FRECH continue to perform well.

The following is a breakdown of the mortgage loan portfolio by issuance:

Chart 6. Breakdown of Portfolio by Type Source: TC
Principal balance as of December 31, 2021 (COP million)

EMISION	UVR	%	PESOS	%	Total general	%
E-1	392	0%			392.48	0%
WR U-1	131609	13%			131609	4%
WR U-2	131650	13%			131650	4%
WR U-3	274.071	27%			274.071	8%
WR U-4	245.186	24%			245.186	7%
WR U-5	228.803	23%			228.803	7%
PESOS N.1			15.790	1%	15.790	0%
PESOS N.2			22.681	1%	22.681	1%
PESOS N.3			24.224	1%	24.224	1%
PESOS N.4			31670	1%	31670	1%
PESOS N.5			35.076	2%	35.076	1%
PESOS N.6			18.786	1%	18.786	1%
PESOS N.7			53.044	2%	53.044	2%
PESOS N.8			25.569	1%	25.569	1%
PESOS N.9			106.444	5%	106.444	3%
PESOS N.10			61576	3%	61576	2%
PESOS N.11			76.055	3%	76.055	2%
PESOS N.12			109.298	5%	109.298	3%
PESOS N.13			120.957	5%	120.957	4%
PESOS N.14			129.991	6%	129.991	4%
PESOS N.15			139.053	6%	139.053	4%
PESOS N.16			135.477	6%	135.477	4%
PESOS N.17			117.027	5%	117.027	4%
PESOS N.18			188.950	8%	188.950	6%
PESOS N.19			221.396	10%	221.396	7%
PESOS N.20			258.723	11%	258.723	8%
PESOS N.21			276.685	12%	276.685	8%
PESOS H.1			17.636	1%	17.636	1%
PESOS H.2			30.312	1%	30.312	1%
IECH E.1			47.553	2%	47.553	1%
IECH E.3			6.708	0%	6.708	0%
TOTAL	1.011.712	100%	270.684	100%	3.282.396	100%

Regarding the risk profile of these issues, the ratio of the loan principal balance over the value of the guarantee, or Loan-to-Value ratio (LTV), remains at favorable levels. At year-end, 84.38% of the loans had a LTV ratio of less than 50%, 14.82% have a LTV ratio between 50% and 70%, and only 0.80% have a ratio above 70%.

Chart 7. Portfolio Balance by LTV
TIPS issuances Source: TC
Principal balance as of December
31, 2021 (COP million)

LTV range	Balance	%
0%-50%	2,724,032	84.38%
50%-70%	478,399	14.82%
>70%	25,703	0.80%
Portfolio Total	3,228,134	100%



At year-end 2021, the balance of consumer payroll loans originated by Compensar in TIL Peso issues L-2, L-3 and L-4 was COP 89 billion, represented by 12,894 loans, 72.08% of which are based on operating agreements with private companies, 7.44% with public companies, 0.50% with mixed public-private companies, and 19.98% with no operating agreement, which are Ex payroll.

The mechanism of successive purchases established for the TIL Pesos L-4 issue remains in effect until January 2022, as defined in the issuance prospectus and rules.

COMMERCIAL LOANS

At the end of 2021, the TER IPC R-1 issue had a balance of COP 38 billion in commercial loans, represented by re-discounted loans managed by FINDETER.

VEHICLE LOANS

The balance of vehicle loans at December 2021 was COP 102 billion. This balance is represented by 4,815 loans originated by Finanzauto, of which 90.89% are for private vehicles and 9.11% are public service vehicles.

The mechanism of successive purchases for the TIV Pesos V-1 issue remains in effect until October 2022, and the mechanism of successive purchases for the TIV Pesos V-2 issue remains in effect until February 2024, as defined in the prospectus and rules of each issuance.

4.2. LOAN PREPAYMENTS

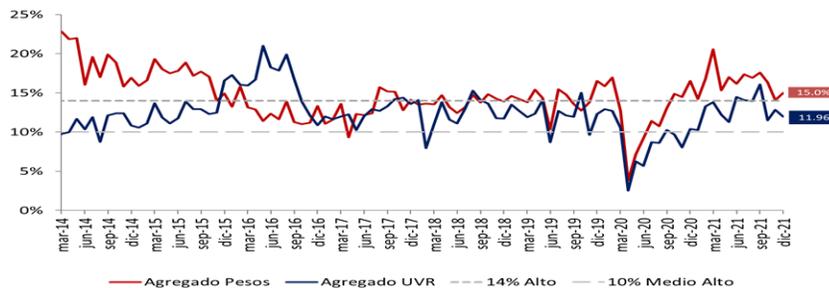
“Prepayment” is defined as a full or partial early repayment of the principal balance of the loans in the issuances, and in the securitized portfolios it is measured by means of an annualized index (amount of prepayments of principal over the principal of the loans at the beginning of the period).

MORTGAGE LOANS

The average prepayment of issuances denominated in pesos over the last twelve months was 16.45%, higher than the 12.2% reported in the previous period, due to the drop in collections produced by the pandemic.

The prepayment index of loans denominated in UVR, as in the case of the loans denominated in pesos, also increased to an annual average of 12.97% in 2021, compared to 8.9% the previous year.

Graph 18. Annualized prepayment index for issuances in PESOS and UVR. Source: TC

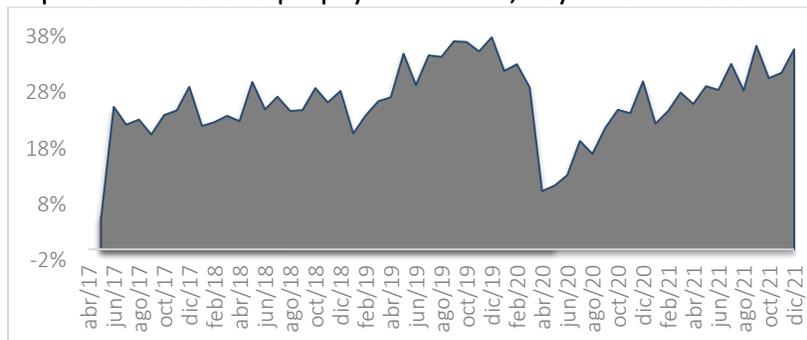


CONSUMER PAYROLL LOANS

The annual prepayment index for payroll loans in the latest 12 months averaged 29.4%, 730 basis points higher than in 2020, primarily through prepayment of the full amount.

A successive purchases mechanism was used for the L4 issue to mitigate the effect of prepayments on the term of the securities. At year-end, COP 29.516 billion in loans had been purchased.

Graph 19. Annualized prepayment index, Payroll Loans Source: TC



COMMERCIAL LOANS

There were no prepayments of commercial loans during 2021, which is in line with the trend observed in 2020.

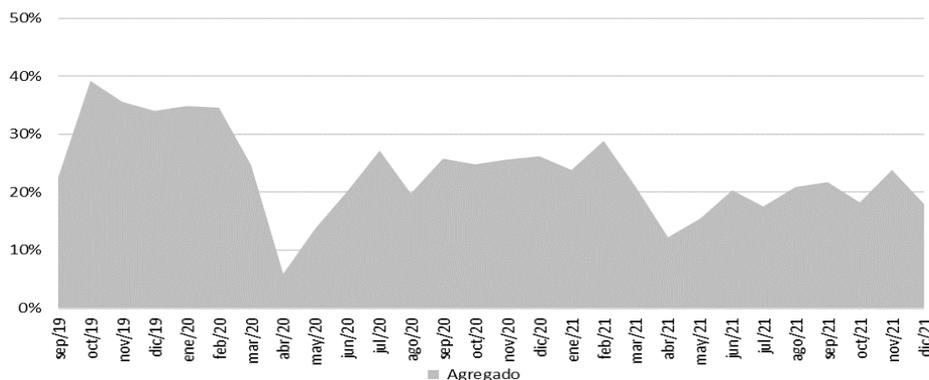
VEHICLE LOANS

The average prepayment index for vehicle loans was 19.25% in 2021, which is lower than the 23.22% index reported in 2020. The reduction in the prepayment index arises because, even though prepayments continue to be made, the overall balance of loans has not decreased due to successive purchases.

To mitigate the effect of prepayments on the term of the securities, loan purchases were made during the year in the amount of COP 60.186 billion for the TIV1 and TIV2 issues.



Graph 20. Annualized prepayment index Vehicle Loans Source: TC



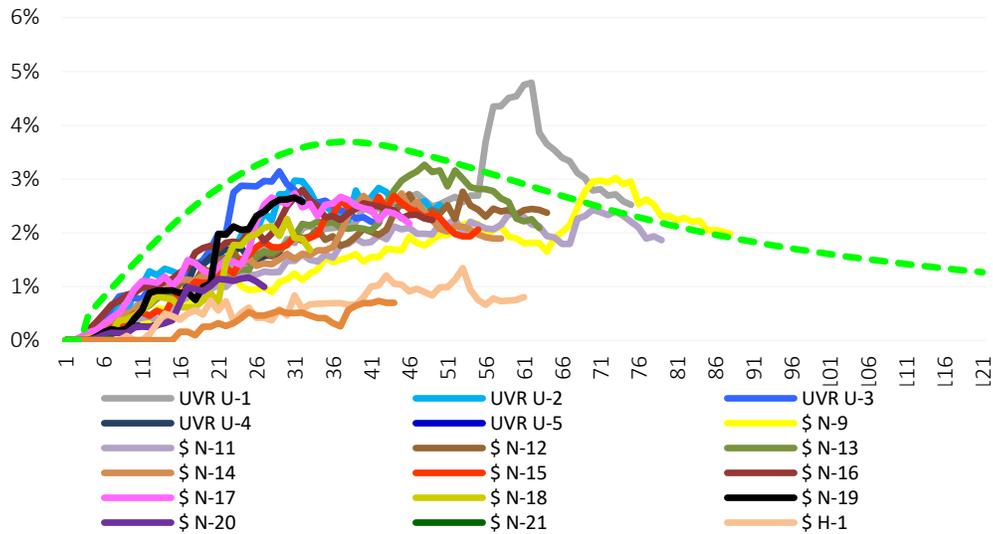
4.3. LOAN PREPAYMENTS

4.3.1. MORTGAGE LOANS

As of December 2021, the level of loans overdue >120 days in the securitized loan portfolio improved by 26.0% compared to the same date the previous year, and is even 10.4% lower than the level of loans overdue >120 days reported at December 2019, prior to the pandemic. The above is the result of the proactive collection work carried out, in a differentiated manner depending on each client’s risk level; the strategic use of multiple channels to interact with the debtors, and especially the responsible use of the normalization instruments provided for in the Debtor Relief Program (PAD, for the Spanish original) of Public Notices 022/2020 and 014/2021 of the SFC; as well as the quality of the loans included during structuring of the securitized portfolio, which has enabled a faster recovery that observed in non-securitized loans held by the sector.

The graph below reflects the reduction of the level of loans overdue by more than 120 days in the securitized portfolio, following the impact of the COVID-19 health emergency, as well as the good performance compared to the forecast maximum impairment scenario for each month of the issues’ term, both in Pesos and UVR, highlighting the excellent performance of the securitized loans during 2021.

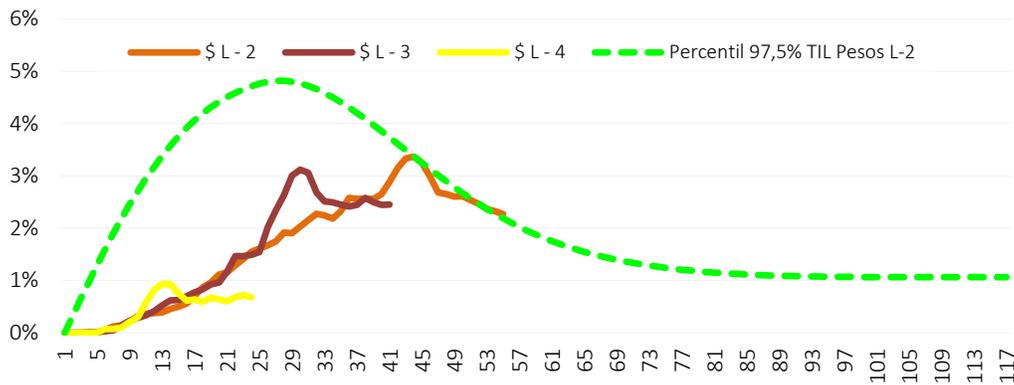
Graph 21. Baseline scenario harvests Overdue>120 days – issues in PESOS and UVR Source: TC



4.3.2. CONSUMER PAYROLL LOANS

At year-end 2021, the securitized portfolio of consumer payroll loans displayed good repayment behavior, taking into consideration the economic situation caused by the COVID -19 health emergency, which enabled reducing the impairment of loans more than 90 days overdue in every issue, with no effect on the repayment of principal on the associated securities.

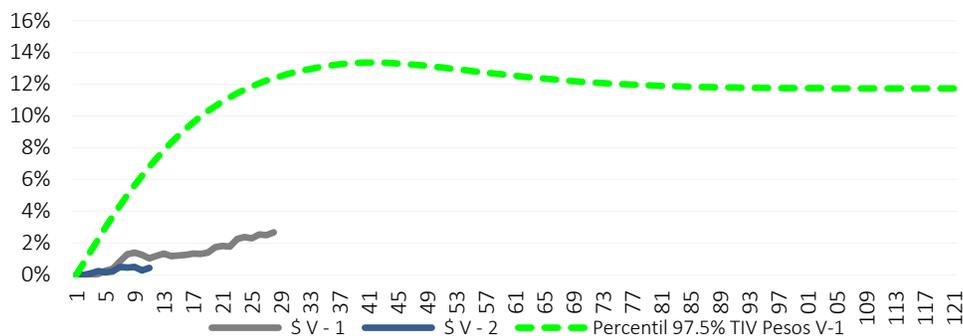
Graph 22. Evolution of Overdue > 90 days TIL Pesos over balance at issue date - with recovery. Source: TC



4.3.3. VEHICLE CONSUMER LOANS

At year-end 2021, the securitized portfolio of vehicle loans displayed good repayment behavior, taking into consideration the economic situation caused by the COVID -19 health emergency, which enabled maintaining impairment levels below the minimum expected overdue levels, with no effect on payments on principal of the associated securities.

Graph 23. Evolution of Overdue > 90 days TIV Pesos over balance at issuance date - with recovery. Source: TC



4.3.4. COMMERCIAL LOANS

At year-end 2021, the securitized portfolio of commercial loans displayed optimal performance behavior in TER R-1.

Chart 8. OVERDUE TER R-1
Source: TC
(COP million)

Overdue rate TER R-1		
Overdue Range	No. of loans	Balance
Current	5	38,132
From 31 to 60	-	-
From 61 to 90	-	-
From 91 to 120	-	-
Over 120	-	-
Total	5	38,132

4.4. ASSETS RECEIVED IN LIEU OF PAYMENT

Assets received in lieu of payment arise from the total or partial repayment of a loan, either at the request of the debtor (payment in kind) or through legal channels (auction, award, or insolvency agreement).

At year-end 2021, Titularizadora had an inventory of sixteen (16) real estate properties with book value of COP 2.431 billion in different issuances.

Chart 9. AIP by issue (COP million). Source: TC

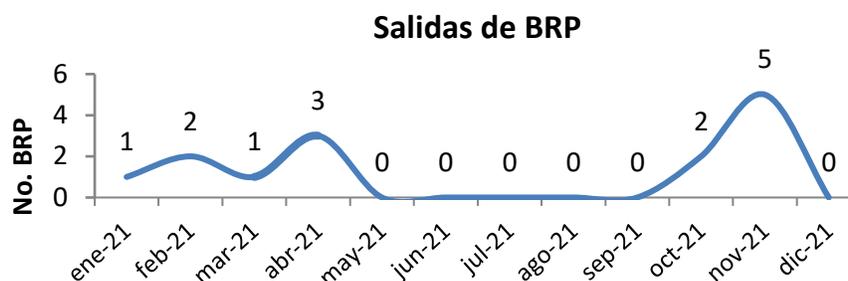
ISSUE	AIP NUMBER	VALUE
PESOS N-2	1	102
PESOS N-3	2	341
PESOS N-4	1	180
PESOS N-6	1	372
PESOS N-7	2	196
PESOS N-9	4	533
PESOS N-5	3	250
PESOS N-10	1	125
PESOS N-16	1	332
Total	16	2431

2021 Management Report



The sales of assets received in lieu of payment performed well during the year, with 14 properties sold.

Graph 24. Performance of AIP Sales - AIP Outflows in 2021 Source: TC



4.5. SECURITIZED LOAN MANAGERS

4.5.1. SECURITIZED MORTGAGE LOAN MANAGERS

The following is the distribution of securitized mortgage loan issuances by Manager at December 2021:

Chart 10. Mortgage loan managers. Source: TC

MANAGER	CAPITAL*	NUMBER OF LOANS	% CAPITAL
BANCO DAVIVIENDA	1,789,620	37,823	55%
BANCO CAJA SOCIAL	589,481	16,786	18%
BANCOLOMBIA	481,533	8,245	15%
FONDO NACIONAL DEL AHORRO	227,829	7,783	7%
BBVA COLOMBIA	67,445	1,558	2%
CONFIAR - Cooperativa Financiera	47,948	1,868	1%
ITAU CORPBANCA COLOMBIA	24,064	246	1%
BANCO COLPATRIA	215	4	0%
Overall Total	3,228,134	74,313	100%

* Amounts in millions of pesos

The performance indicator results during the year and the re-certification process of each entity assures that the assets are managed in accordance with the standards and levels established in the initial certification.

4.5.2. SECURITIZED CONSUMER PAYROLL LOAN MANAGERS

As of December 2021, the following were the loans of the Consumer Payroll Loan issuances:

Chart 11. Securitized consumer payroll loan managers. Source: TC

MANAGER	CAPITAL*	NUMBER OF LOANS	% CAPITAL
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COMPENSAR	89,465	12,894	100%
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* Amounts in millions of pesos

This manager's performance and management is within the established standards and levels, in view of the results of the established indicators on loan management processes and of the re-certification process.

4.5.3. SECURITIZED COMMERCIAL LOAN MANAGERS

The performance and management of the commercial loan manager "FINDETER" is within the standards and levels established at the time it was certified in 2017, in view of the results of the re-certification process and the performance indicators established for the loan management processes.

4.5.4. SECURITIZED VEHICLE LOAN MANAGERS

Management of the securitized loan portfolio by "FINANZAUTO" meets the defined performance standards, in view of the performance indicator results, which are within the levels defined at the time of its initial certification.

As of December 2021, the following were the managers of the vehicle issuances:

Chart 12. Securitized vehicle loan managers. Source: TC

MANAGER	CAPITAL*	NUMBER OF LOANS	% CAPITAL
FINANZAUTO	101,967	4,815	100%

* Amounts in millions of pesos

4.6. INTERNAL MASTER MANAGEMENT PROCESSES

During the year, monitoring and control activities were carried out on the management entities' processes, achieving improvements in certain management standards that do not materially affect the operation. Measurements were made of the internal and external indicators, and in this regard we can report that the master management of issues was strengthened in general and that Titularizadora exercises control.

4.6.1. SUPPORT FOR THE MORTGAGE SECTOR

During 2021, Titularizadora Colombiana maintained its strategy of adding value to the mortgage loan sector in matters related to the standardization of processes and the identification of best practices in the following topics:

- 
Administrative and Legal Collections: A recognition event for collection management, which grants recognition to the securitized loan managers who through their efforts obtained outstanding results during the previous year. During the event, experiences and best practices were shared on recoveries through administrative and legal



collections that led to outstanding results in collections management for securitized loans.



5. REAL ESTATE SECURITIZATION

5.1. PORTFOLIO BREAKDOWN AND DIVERSIFICATION

The current asset portfolio consists of 99 real estate properties distributed in 21 Colombian cities and municipalities, valued at COP 446.528 billion.

The prospectus establishes concentration thresholds by industry, geographic location, number of lessees, type of property and minimum investment amount, aimed at mitigating specific contingencies of the industry during adverse economic periods.

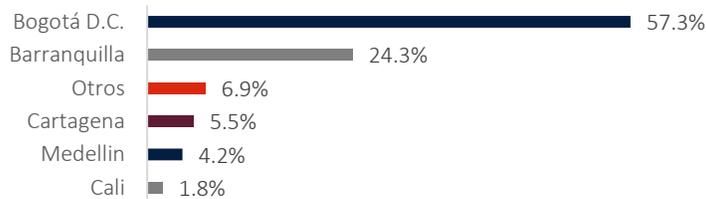
The current real estate portfolio complies with the established geographic and type of property limits. The program has a term of 5 years (the term was amended from 3 to 5 years by the general meeting held in 2020) to comply with the concentration and lessor limits, which will be achieved through the acquisitions being made under tranche 2 and the acquisition to be made under tranche 3.

The following acquisitions were made in 2021:

Chart 13. Acquisitions. Source: TC

Portfolio	Property	Location	City	Type	Appraisal
Jamar	Cendis Lote San José 1 - B3	Banda sur de la Cordialidad a 2 kms de la circunvalar	Barranquilla	Warehouse	COP 72,126,718,000
Zona Franca Bogotá	Bodegas 1-5 Mz 9	Cra. 106 # 15a - 25	Bogotá D.C.	Warehouse	COP 33,068,320,000
	Bodegas 6-7. 25-26 Mz 9				
	Bodega 2 Mz 4				
Zona Franca La Candelaria	Bodegas 1 & 2 Mz P	Km 9 vía Mamonal	Cartagena	Warehouse	COP 8,933,068,131
Spring Step	CC Portal 80 Lc 40-44	Trans. 100 A # 80 A - 20	Bogotá D.C.	Retail space	COP 2,493,000,000
	CC Unicentro de Occidente Lc 104. 106-107 Dp 46-47	Cra. 111C # 86 - 05			COP 3,403,000,000
	CC Hayuelos Lc 166a. 166B	Calle 20 # 82 - 52			COP 3,333,000,000
	CC Centro Mayor Lc 1132	Calle 38 A Sur # 34D- 51			COP 5,469,000,000
Ventura Terreros II	Local 1-35	Cra. 1 # 38 - 53	Soacha	Retail space	COP 808,328,726
	Local 2-66				COP 539,829,906
	Local 2-67				COP 664,701,368

Graph 25. Geographic distribution (% Value of Assets). Source: TC

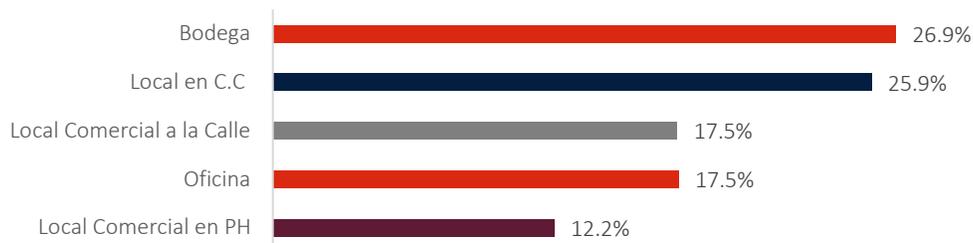


Other: Bucaramanga, Cúcuta, Envigado, Ibagué, Manizales, Santa Marta.

CONCENTRATION LIMITS ACCORDING TO THE PROSPECTUS AND INVESTMENT POLICY:

- No limits were set for Bogotá due to its economic and geographic importance.
- Cities or metropolitan areas with more than 1,000,000 inhabitants: must not exceed 50% of the value of the real estate assets and the trust rights.
- Cities with more than 500,000 and less than 1,000,000 inhabitants: must not exceed 30% of the value of the real estate assets and the trust rights.
- Cities with more than 300,000 and less than 500,000 inhabitants: must not exceed 20% of the value of the real estate assets and the trust rights.
- Other cities with population of less than 300,000 inhabitants: must not exceed 15% of the value of the real estate assets and the trust rights.

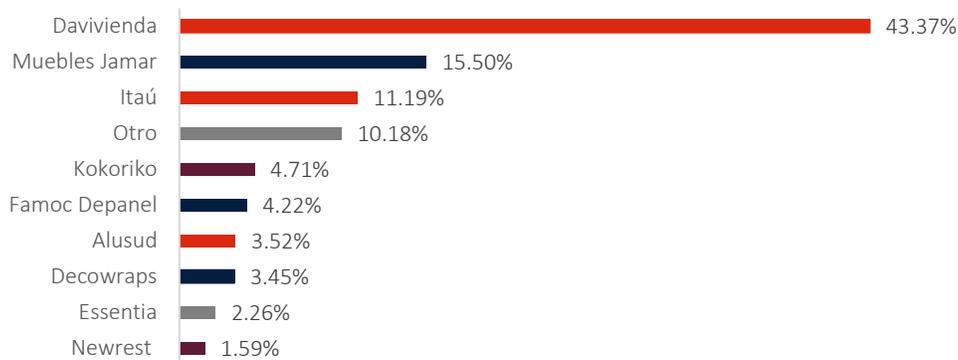
Graph 26. Distribution by property type (% value of Assets). Source: TC



CONCENTRATION LIMITS ACCORDING TO THE PROSPECTUS AND INVESTMENT POLICY:

Regarding the concentration of the portfolio in a certain type of real estate assets and trust rights, i.e., commercial, industrial and offices, their value must not exceed 70% of the total value of the real estate assets and trust rights.

Graph 27. Distribution by Lessee (% revenues). Source: TC

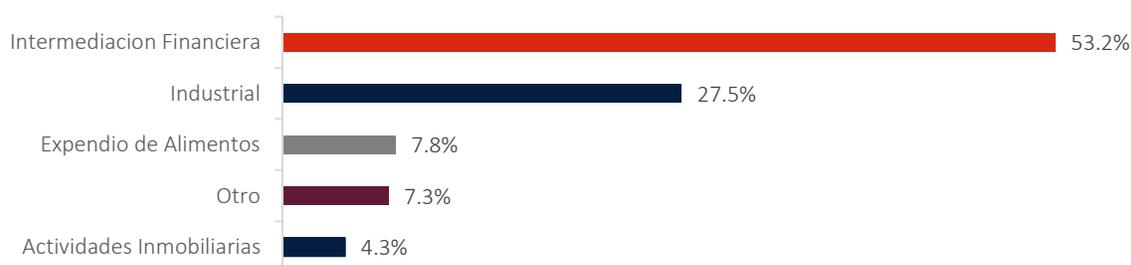


Other: Riss Tong, Archis, Tostado, Colsubsidio, Crepes&Waffles, KFC, Shikoko, Newrest, Decowraps, SaviaSalud, AV Villas, Miniso, Open English.

CONCENTRATION LIMITS ACCORDING TO THE PROSPECTUS AND INVESTMENT POLICY:

A single lessee and its related companies must not account for more than 30% of the aggregate revenues during a calendar year.

Graph 28. Distribution by economic sector (% value of Assets). Source: TC



Other: Large retailers, health, and real estate activities.

CONCENTRATION LIMITS ACCORDING TO THE PROSPECTUS AND INVESTMENT POLICY:

The value of the real estate assets and underlying properties of the trust rights belonging to the same economic sector of the lessees must not exceed 50% of the total value of the real estate assets and trust rights.

5.1.1. QUALITY AND CHARACTERISTICS OF THE THIRD TRANCHE ASSETS

The assets acquired in 2021, which will form part of the third tranche, comply with the vehicle's investment policies both in terms of their use (commercial and industrial) and of the profile of the lessors that make up the portfolio.

The current economic occupancy rate of the portfolio is 98.55%, with weighted average contract duration of 5.8 years.



5.2. DEAL MANAGEMENT

During 2021, the Real Estate Department and the Real Estate Manager assessed 72 real estate deal opportunities. Of this total, 37 deal opportunities were submitted to the Internal Committee, in which the CEO of Titularizadora participates. Said Committee selected 30 assets to submit to the Advisory Committee, which in turn recommended 9 deals to the Board of Directors for acquisition.

The Board of Directors approved initiation of the due diligence and negotiation of terms for 5 deals, of which 3 were acquired in 2021. The 2 remaining deals are currently in the due diligence stage and are expected to be closed during the first half of 2022.

Thanks to the economic reactivation, the number of deals assessed increased by 71% compared to 2020. However, some acquisitions have not been pursued due to the vehicle's current indebtedness level (33%), which leaves only 7% available for future acquisitions. Once the third issuance is completed, the aggregate total will increase indebtedness capacity, which will enable closing the deals in progress.

Chart 14. Source: TC

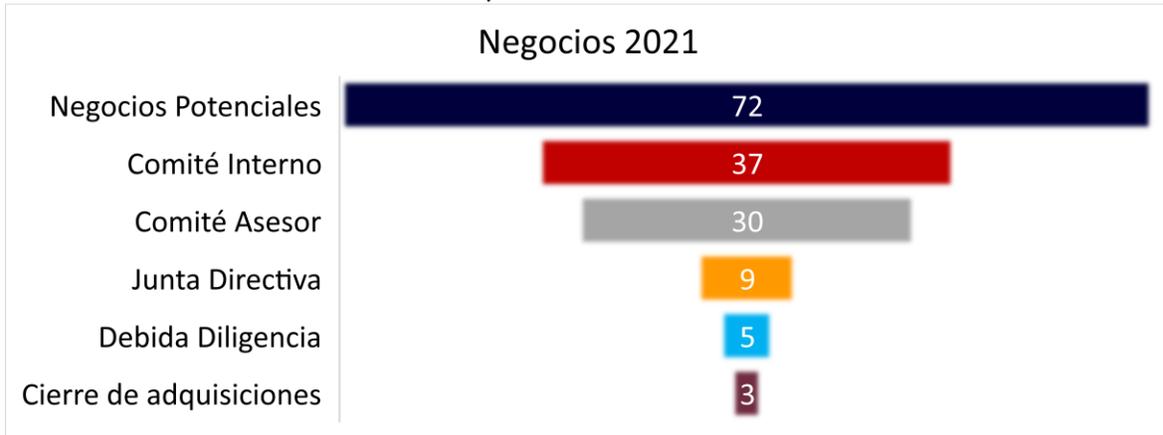
Chart 14 Source: TC

	Total 2021				
	Total	Commercial	Offices	Warehouses	Mixed*
Potential Deals	72	19	12	37	4
Internal Committee	37	10	3	21	3
Advisory Committee	30	9	2	16	3
Board of Directors	9	3	0	5	1
Due Diligence	5	2	0	3	0
Closing of Acquisitions	3	1	0	2	0

Mixed: Real estate deals, comprised of an asset portfolio with more than one type of property.



Graph 29. Deals. Source: TC



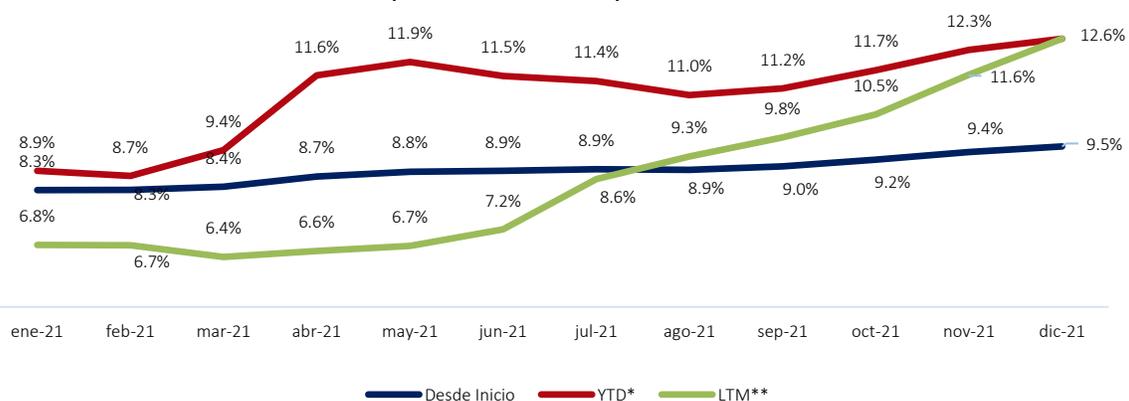
5.3. PROFITABILITY

5.3.1. PROFITABILITY OF THE SECURITY

The value of the securities for the investors at December 31, 2021, was COP 5,559,585, compared to COP 5,257,332 at the start of the year, equivalent to an increase of 5.75%. During 2021, the aggregate profitability, including distributed profits, was 12.6% EAR, 41% of which arises from valuation and 59% from cash flow. It should be noted that profitability from the start of the aggregate portfolio up to December 31, 2021, was 9.5% EAR, of which 29.3% is from valuation and 70.7% from cash flow.

The graphs below display the behavior of profitability during 2021 and its breakdown:

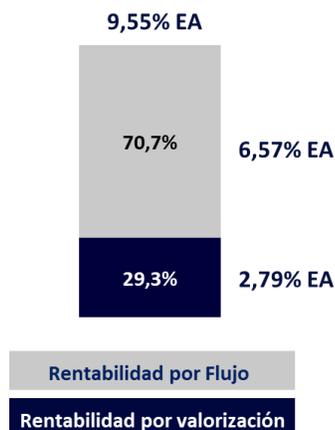
Graph 30. Profitability. Source: TC



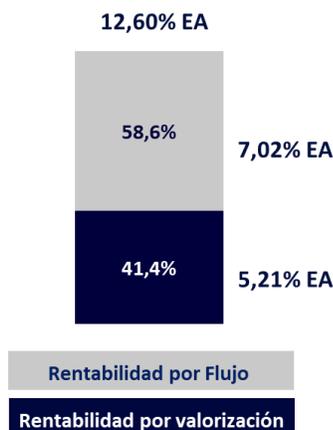
Graph 31. Breakdown of profitability. Source: TC



Composición Rentabilidad Acumulada* 25/10/2018 – 31/12/2021



Composición Rentabilidad YTD, LTM 01/01/2021 – 31/12/2021



5.4. BEHAVIOR OF THE SECONDARY MARKET

During 2021, trades through the Colombian Securities Exchange totaled COP 10.549 billion in 110 transactions. The average monthly amount was COP 879 million with an average of 9.2 transactions per month. The daily average was COP 43 million. The security was traded on 23% of the total trading days.

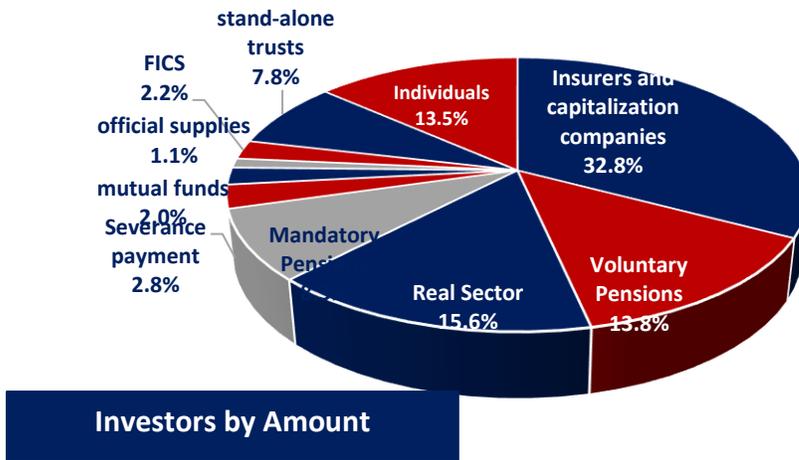
The average weighted price of the securities in 2021 was 94.5%, and the transactions were carried out at a discount compared to the security's equity value, as was the case of other equity securities, due to market conditions.

According to Public Notice 006 issued by the SFC (Financial Superintendence of Colombia), entities that are required to mark to market must use the valuation price published by price vendors starting on June 1, 2021, using methodologies that are not objectionable to the Superintendence. These methodologies take into consideration transactions in amounts above a certain threshold, defined based on the instrument's trades, in accordance with the parameters established by each vendor. If no transactions are made, it gradually reverts to the security's equity value, in accordance with the parameters established by each vendor.

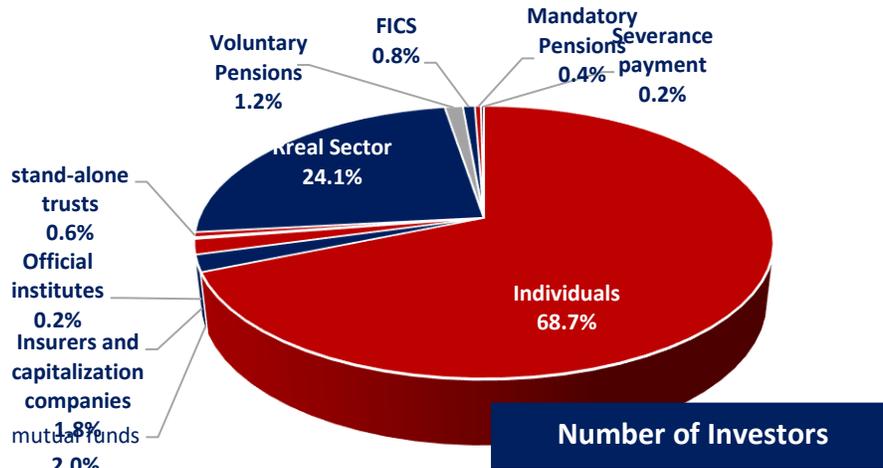
As of December 31 the vehicle was held by 502 investors, of which the most important segments in terms of amount were insurers and investment companies with 32.8%, pension fund management companies with 22.1%, real sector with 15.6% and individuals with 13.5%. The three most important sectors in terms of number of investors were: Individuals (68.7%), real sector (24.1%) and mutual funds (2%).



Graph 32. Breakdown of investors by amount. Source: TC



Graph 33. Breakdown of the number of investors. Source: TC





6. OTHER PROJECTS

6.1. NEW ORIGINATORS

6.1.1. RESIDENTIAL LEASING BANK ORIGINATORS

During 2021, development of the product was completed, establishing the bases to execute its financial, legal, and operating structure. Currently, the portfolio of residential leasing contracts of a major player in the market are being assessed, and contacts have been made with two other entities interested in participating in the securitization process. It is highly probable that a residential leasing issuance will be made in 2022, following completion of the product's design, based on the interest displayed by the originator banks in the process.

6.1.2. MORTGAGE LOAN NON-BANK ORIGINATORS

We made substantial progress in performing the financial analysis and certification as originators / managers of three mortgage loan originator entities, one of which is fully prepared to engage in a securitization process, while the other two are testing the information generation and transmission systems for the master management process, which are expected to be completed in the first quarter of 2022.

The timing of the issuance will depend on market conditions; however, in the last quarter of 2021 Titularizadora approved the tool for the early acquisition of loans for securitization, which was presented to originators, with two purposes: i. to reach a critical mass for a securitization process, and ii. to have a loan portfolio that is fully in place to launch an issue whenever market conditions are suitable.

6.1.3. BANK AND NON-BANK VEHICLE LOAN ORIGINATORS

The second issuance of TIV V-2 securities was carried out in the first two months of 2021, in the amount of COP 50.095 billion, whose underlying assets are vehicle loans originated by Finanzauto.

During the year, discussions were held with different first-tier originators on securitizing these loans with financial entities. At the end of 2021, one of the most important entities of this market segment indicated its interest, and initiated the assessment process to structure an issuance during 2022.

6.1.4. NON-BANK VEHICLE LOAN ORIGINATORS



During 2021, progress was made in developing the financial, legal, and operating structure for the securitization of payroll loans granted by bank originators. One of the banks with greatest market share in this market segment was certified, and issuance of payroll loan securities is expected to be performed in 2022. This year we will continue to register new first-tier originators to strengthen the product's development, which at year-end 2021 has 4 issuances made.

6.1.5. INFRASTRUCTURE LOANS

During 2021, Titularizadora continued to work on efforts initiated in previous years with a focus on exploring new alternatives and market participants. As a result of this process, we engaged a new strategic partner to begin the assessments to structure a new securitization process. During 2022, we will continue the engage in activities to arrange an issuance backed by infrastructure loans for 4G projects.

6.2. TITULARIZADORA DOMINICANA

During 2021, feasibility studies were carried out on performing a second mortgage loan issuance in Dominican Republic for an amount of approximately USD 20 million. This issuance was structured based on the first experience with the TDH1 issuance, which involved the sale of mortgage loans by Banco Hipotecario Dominicano – BHD Leon and Asociación Nacional de Ahorros y Préstamos (ALNAP), both of which were certified as originators and managers of securitized loans and which carried out adequate master management with the company Titularizadora Dominicana S.A during 2021, using the HITOS software. Even though they were ready, it was necessary to plan it for the first quarter of 2022, pending a joint review by the participants and the regulator on the treatment of the relief granted in 2020 for the acquired loans. At the end of 2021, Titularizadora Colombiana S.A remains a shareholder of this company in Dominican Republic.



7. ADMINISTRATION AND HUMAN RESOURCES

7.1. HUMAN RESOURCES

Starting on March 16, 2020, because of the health emergency declared due to the COVID 19 pandemic, remote work from home was implemented for all employees. Our efforts focused on assisting our employees and their families to ensure the adoption of good health practices: COVID 19 prevention, self-care, exercising for health and ergonomics for working at home, psychological assistance and weekly and ongoing monitoring of the work, home, and health environment. Jointly with the occupation risk insurer (ARL), the programs were conducted successfully, covering 100% of employees. Additionally, the office facilities were adapted to implement all the biosafety measures to ensure optimal health conditions for working on site. The gradual return to work at the office began in October 2021, under the principles of employee self-care and distancing of seating, ensuring business continuity and permanent monitoring of the evolution of the pandemic and the good practices implemented in the financial sector.

We continued to work on corporate sustainability based on the digital transformation, updating, and strengthening of productivity, life-work balance, project-based management, and innovation in response to current trends. During 2021, with the aim of strengthening organizational culture, we focused on training and the implementation of digital processes and the formulation of the HITOS + project, which is the core application of the business. Participation of personnel in on-line training programs was promoted, with greater involvement of supervisors in the performance management system, and we developed on-line programs for employees and their families.

In terms of environmental sustainability, the focus was on strengthening the program *“Piensa Verde: Comprometidos con la sostenibilidad”* (Think Green: Committed to Sustainability), with an emphasis on practices for recycling and saving water and electricity at home. In general, they were encouraged to *“leave a footprint for the planet”* with favorable results.

7.2. QUALITY MANAGEMENT

7.2.1. QUALITY MANAGEMENT SYSTEM - MASTER ISSUANCE MANAGEMENT

The Company’s Quality Management System (QMS) is a management tool that enables focusing efforts on the search for excellence through the continuous improvement of the organization, supported by the standardization and optimization of processes and procedures and a focus on our stakeholders.



Following the external audit performed by ICONTEC on September 21, 2021, the Master Issuance Management process was re-certified under the ISO 9001 standard, highlighting the following strengths:

- ◆ The diversification of services, because it aims to offer the financial sector innovative solutions arising from ongoing market research.
- ◆ The strategic planning phase, because it is based on an analysis of the context and market surveys at the international level, with the aim of identifying opportunities to change the organization's strategy.
- ◆ The focus on improvement, which helps optimize processes and innovation.

During 2022, our central objectives are to focus on continuous improvement; to train all personnel on the importance of incorporating quality standards in all the processes, and of course on achieving re-certification, scheduled for September.



8. TECHNOLOGY

8.1. INFORMATION SECURITY AND CYBERSECURITY

Information security and cybersecurity management during 2021 focused on the continuation of the controls adopted taking into consideration the arrangement of alternating between home and office work, as well as on strengthening security with a focus on the availability, integrity, and confidentiality of the information, with the following highlights:

8.1.1. SECURITY REVIEWS

DURING THE YEAR WE PERFORMED THE FOLLOWING ACTIVITIES:

- ◆ Ethical hacking: Testing was performed in November - December 2021 on all the Company's servers, the backup cloud backup center, the core communications equipment at the offices of Titularizadora and on the website, based on which a mitigation plan was put in place to be developed during the first half of 2022.
- ◆ A simulated cyber-attack was performed on the Company's website, which enabled assessing its impact and recovery procedures and times. The results enabled the identification of opportunities to improve the process.
- ◆ The process owners reviewed the processes and defined them in the BIA.
- ◆ Service contracts were reviewed, and contracts were signed with critical providers that contain clauses aimed at the protection of information security and cybersecurity.
- ◆ During the year, ongoing analyses were performed on the requirements and incidents that took place, which were managed and submitted to review by the semi-annual Information Security and Cybersecurity Committee meetings. No incidents related to Information Security and Cybersecurity materialized.

8.1.2. EMPLOYEE TRAINING ON INFORMATION SECURITY AND CYBERSECURITY

The Company periodically deploys communications campaigns for employees to educate and raise awareness on the importance of cybersecurity, best cybersecurity practices, and on the identification of cyberattacks.

8.1.3. IMPLEMENTATION, UPDATING AND STRENGTHENING OF CONTROLS



We continue to move forward based on the standard ISO 27001 and we implemented new controls to assure the confidentiality, availability, and integrity of the information assets. We additionally strengthened the perimeter protection and traffic control between the different segments of our firewall.

8.1.4. PERIMETER PROTECTION

The policies configured in the firewall and traffic control between the different network segments were strengthened.

8.1.5. REGULATORY COMPLIANCE

We continue to strengthen the controls issued by the Financial Superintendence in Public Notices 007 and 008/2018 on Cybersecurity, and security standards were implemented related to the security incidents included in Public Notice 033 of November 17, 2020.

8.2. TECHNOLOGICAL DEVELOPMENT AND EVOLUTION

The projects and initiatives we managed in connection with assurance of the technological services and our innovation and digital transformation include the following:

- ◆ Adaptations to the new data center and electrical room at our new offices, strengthening electricity backup conditions in the event of interruption of electricity supply.
- ◆ Maintenance and upgrades of the fire detection and extension systems and back-up air conditioning for the data center.
- ◆ The migration of the data center infrastructure that hosts the main technology services.
- ◆ The migration of the intranet to the on-line SharePoint platform to encourage the use of collaborative tools in the organization's culture.
- ◆ The automation and digitalization of human resources and supplier registration processes using the collaborative platform.

During the year, the indicators of the technology area were satisfactory and within the agreed service levels, and there were no incidents involving loss or unauthorized changes to the information,



9. LEGAL AND REGULATORY ASPECTS

9.1. REGULATORY ASPECTS

◆ Extension of the declaration of the health, economic, social, and environmental emergency

The national government, through the Ministry of Health and Social Protection, by means of Resolutions 222, 738, 1315 and 1913/2021, extended the Health Emergency declared by means of Resolution 385/2020. Even though it was extended until February 28, 2022, it has been clarified that it may end earlier if the causes that gave rise to declaring the health emergency no longer persist.

◆ Debtor Relief Program (PAD, for the Spanish original)

In connection with the above measures, the Financial Superintendence of Colombia (SFC, for the Spanish original) implemented a Debtor Relief Program (PAD) by means of Public Notice 022/20, which redefined the terms of the securitized loans for debtors affected by the current crisis, and supplements Public Notices 007 and 014 of March 2020, through which credit establishments were allowed to grant grace periods for the repayment of debt to affected debtors. The effects of the PAD were extended until June 30, 2021, by means of Public Notice 039/2020, and afterwards until August 31, 2021, by means of Public Notice 012/2021, at which time it expired.

In this regard, it should be noted that the Company acted in accordance with the above Public Notices, and that the performance of the securitized loans was positive in terms of indicators such as collections, compliance, and overdue levels. The satisfactory performance of the loans demonstrated the structural strength of the aggregate issuances and the quality of the loans included in the securitization processes carried out by the Company.

◆ Information Disclosure Regime for Securities Issuers

Separately, in February 2021, Decree 151/2021 was issued, which amends Decree 2555/2010 in connection with the information disclosure regime for securities issuers. The rationale of the Decree is the need for the securities market to receive timely, complete, accurate and exact information. In addition to changes in the securities clearing and settlement systems, this Decree amends the information disclosure regime for securities issuers in terms of periodic information (Chapter 2) and relevant information (Chapter 3). The latter provision includes a list of events that are considered relevant information, and which must therefore be published on an ongoing basis, and establishes the minimum contents of the information to be disclosed. The Decree also defines the events in which stand-alone trusts, collective investment funds and securitization arrangements must disclose information to the



securities market. Lastly, even though the Decree becomes effective as of its publication date, it establishes a transition regime of up to two years for compliance. The Financial Superintendence also has a deadline for issuing instructions in this regard, which expires in February 2022.

Tax Reform

Separately, on February 14, 2021, the Social Investment Law was enacted, Law 2155/2021, in which the national government introduced substantial changes related to taxes in the country. The most relevant aspects of the tax reform include a change in the general income tax rate for legal entities, which starting in 2022 will be 35%. Additionally, the financial sector will be subject to a surcharge on the income tax rate of three percentage points, for a total rate of 38%, until 2025. These additional percentage points only apply to legal entities whose taxable income is equal to or greater than 120,000 tax value units (UVT, for the Spanish original). The reform also cuts public spending, authorizes several subsidies for the population and establishes measures for economic reactivation, including the temporary extension of the term of the program to support formal employment (PAEF, for the Spanish original) until December 2021, the incentive for new job creation and a government contribution to companies affected by the national protests to pay for payroll obligations of the months of May and June, 2021.

Corporate Aspects

In terms of corporate aspects, the Company has continued to apply the provisions of Decrees 398 and 434/2020, which established regulations on non-face-to-face meetings of shareholders, boards of directors and other governance bodies, to mitigate the spread of COVID-19. These regulations were followed in performance of the meetings of the different governance bodies during 2021. Afterwards, Decree 176/2021 was issued, which establishes rules that apply to general meetings of shareholders, or of partners, or of the highest governance bodies of legal entities, which pursuant to the transitory paragraph of Article 6 of Law 2069/2020 hold meetings during 2021. The Decree allows such companies to decide whether the ordinary meetings of the highest governance bodies will be held face-to-face, non-face-to-face or a combination of both.

Renewal of the valid term of the authorization for public offerings of securities included in Real Estate Securities (TIN, for the Spanish original) Issuance and Placement Programs

In September 2020, the Financial Regulation Unit (URF, for the Spanish original) published Decree 1235, which amends Decree 2555/2010 in connection with the rules for issuances in the securities market. Article 20 extended the terms of issuance and placement programs from three (3) to five (5) years. Consequently, in the framework



of the above provision, by means of Memorandum No. 2021161203-012-000 dated September nine (9), 2021, the Financial Superintendence authorized the renewal of the valid term of the authorization for the public offering of the securities included in the Real Estate Securities (TIN) Issuance and Placement Program for a term of five (5) years from the date of the memorandum issued by the Financial Superintendence of Colombia.

◆ Valuation of the equity securities issued in the Real Estate Securities (TIN) Issuance and Placement Program

By means of Public Notice 006 of March 29, 2021, the Financial Superintendence of Colombia issued instructions related to the issuance and valuation of equity securities issued by closed-end collective investment funds, private capital funds, stand-alone trusts, or in securitization processes, registered in the National Registry of Securities and Issuers. In this regard, as of the effective date of this provision, the equity securities issued under the Real Estate Securities (TIN) Issuance and Placement Program, are now measured at market prices, rather than at equity value, as they had been measured under the previous rules.

◆ Regulatory Outlook

Lastly, it is important to mention that in October 2020, the Ministry of Public Finance and Credit shared the public policy for the greater development of the financial sector, which formulates the national government's objectives for the development of the financial system for the 2020-2025 period. In this context, it should be noted that a proposed bill has been submitted to the Congress of the Republic as Law 413/2021, "Whereby regulations are issued related to the payments system, the capital markets, and other provisions are enacted," which proposes, among other matters, for the national government to change the existing licensing activities and to authorize performance of new or existing activities in the market, as well as regulations aimed at standardizing the rules of the activities and transactions in the capital market with similar functions, independently from the license under which they are performed. In this regard, the rules of securities issuance and offering activities will be reviewed, to determine the different segments of the securities market and the types of issuers and investors that can participate in each. This law has not completed the legislative procedure, but in the event it is approved, it would have effects on the securities market and its different participants.

It is also important to mention the following Public Notices of the Financial Superintendence of Colombia related to the Company's activities:

- Public Notice 019/2021, through which the Financial Superintendence issued instructions related to performance of advisory activities in the securities market, criteria for the classification of products as simple or complex and for



their distribution, and requirements for the implementation of technological tools to provide professional advice.

- In Public Notice 022/2021, the Financial Superintendence issued instructions related to the liquidity provision activity. In this regard, it issued the instruction to amend subsection 3.6 of Chapter IV of Title III of Part III of the Basic Legal Public Notice, regarding applicable prohibitions to securities exchange broker companies that function as liquidity providers.
- In Public Notice 031/2021, the Financial Superintendence issued instructions related to the disclosure of information on social and environmental matters, including climate matters, from a perspective of financial materiality. In this regard, it adopts two international standards: Task Force for Climate Related Financial Disclosure (TCFD) and the SASB standards of the Value Reporting Foundation (VRF). It also defines rules that apply to issuers related to the disclosure of information in end-of period reports and quarterly periodic reports. It establishes a transition regime until 2024 for compliance, and issuers must submit an implementation plan to the Financial Superintendence by February 10, 2023, at the latest.

9.2. LEGAL CONTINGENCIES

The Company had no legal contingencies during 2021.

9.3. LEGAL ASPECTS

9.3.1. COUNTRY CODE SURVEY

Titularizadora issued its report on the implementation of best corporate governance practices for the 2021 period, during which it implemented all applicable governance standards in line with the recommendations of the new Country Code, and the provisions of the Company's Bylaws and Good Governance Code.

9.3.2. KNOWN AND RECURRENT ISSUER

In September 2015, the Financial Superintendence of Colombia granted Titularizadora the status of known and recurrent issuer, for having fulfilled the requirements established in Section 6 of Chapter II of Title I of Part II of Public Notice 029/2014 and other applicable provisions. This status was maintained during 2021, for having fulfilled the requirements established in sections 6.1.1 to 6.1.6 of said regulation within the term established to such



effect, according to memorandum number 2021017092-004-000 dated February 19, 2021 of the Financial Superintendence of Colombia.

9.3.3. INVESTOR RELATIONS

In view of its adoption of best practices on information disclosure and investor relations, Titularizadora has been certified with the Issuers Recognition (IR) by the Colombian Securities Exchange. This recognition was maintained during 2021, for having fulfilled the requirements established in the Single Notice of the Colombian Securities Exchange.



10. RISK MANAGEMENT

10.1. OPERATING RISK MANAGEMENT

In line with the goals and work plan set out for 2021, a detailed assessment was made of the main risks identified in the Company's processes and the operating risks identified in real estate securitization, along with the validation of performance of the control measures.

In view of the health emergency declared by the national government in 2020 to address the effects of COVID-19, monitoring has been performed of the emerging risks derived from the operating adjustments related to remote work, as well as the main control measures applied to the most critical and important processes and activities for Titularizadora, and the respective operating adjustments were made. The above enabled maintaining the processes in line with the regulatory frameworks and internal policies, complying with the preparation and publication of reports for the control bodies, investors, and the public in general.

Special care was also maintained on the risk of fraud, and mitigation measures and residual risk levels were reviewed.

Risk events were reported in accordance with applicable regulations, which were reviewed by the SARO Committee, and action was taken to prevent them from occurring in the future. During 2021, no losses related to operating risks were reported.

Regarding the Business Continuity Plan, the back-up processing center was migrated to the Oracle Cloud infrastructure, under an Infrastructure as a Service arrangement (IaaS), transferring the hardware-related risks to the service provider. The scheduled contingency tests were performed on the applications that support management of the securitized securities and investment portfolio. The tests included the plan for the activation of recovery in the event of failure of any of the providers of the Internet channels up to the successful restoration of backups, including the simulation of cybernetic attack scenarios and even damages to servers.

High-availability testing was also performed on the infrastructure of physical servers, core switches and the virtual platform with satisfactory results.

Based on the above, action plans were established to strengthen the new Oracle cloud environment, and to address opportunities for improvement that were found, which has enabled obtaining better test results and strengthening the business continuity plan.

10.2. MANAGEMENT REPORT ON ACTIVITIES RELATED TO THE PREVENTION AND CONTROL OF MONEY LAUNDERING AND TERRORISM FINANCING (SARLAFT, FOR THE SPANISH ORIGINAL)

During 2021, the risk management system operated in accordance with applicable regulations and the methodological framework established by the Company. The policies and



procedures defined in the SARLAFT were duly implemented, and prevented the company from being used directly or through its operations as an instrument for money laundering and/or to funnel resources towards terrorist activities.

Each semester, the risks were assessed and reviewed jointly with the leaders of processes that are most exposed to ML/FT risks, which enabled verification of the adequate rating of the risks. Control measures applied to mitigate these risks were profiled and residual risk levels were validated, to ensure that they remain within acceptable levels for the Company.

The key activities for the prevention of the risk of money laundering performed in securitization processes include the previous verification of SARLAFT requirements in the assets to be securitized, annual confirmation and validation of regulatory compliance by the issue placement agents, and annual review of compliance by the loan origination and management entities, based on the established agreements on SARLAFT.

During 2021, Titularizadora devoted substantial efforts in reviewing the ML/FT/PWMP system in response to Public Notice 027/2020 of the Financial Superintendence, which enabled reassessing the concepts and how each component is addressed in accordance with the Company's needs. Additionally, the on-line registration process of third parties was renewed in line with the new technological developments brought about by COVID -19.

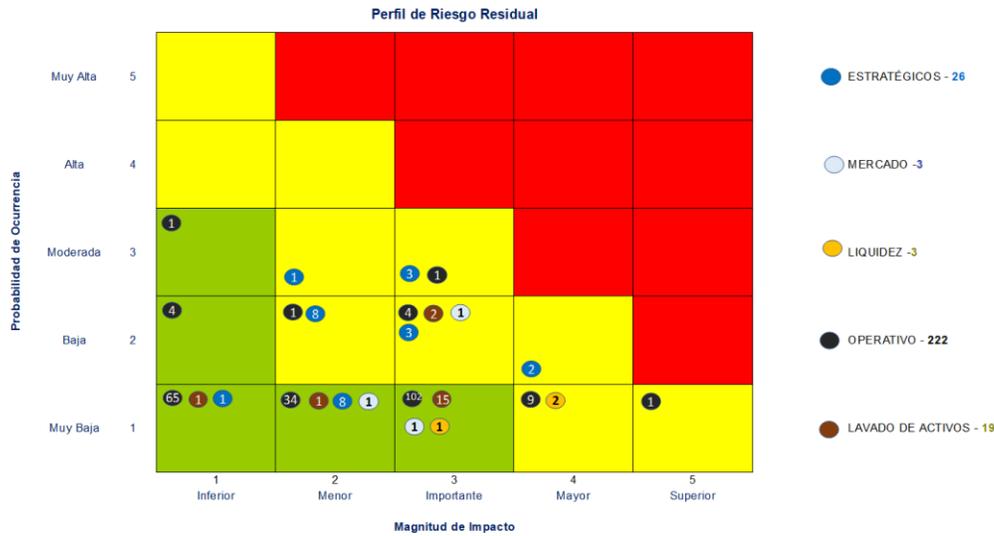
Lastly, the Company complied with its duty of submitting the reports required by applicable regulations and of addressing the inquiries of control bodies in a timely manner.

10.3. LIQUIDITY RISK MANAGEMENT

At year-end 2021, based on the risk management systems currently implemented by Titularizadora, 273 risks were reported and assessed under the Strategic, Market, Liquidity, Operating and Money Laundering categories.

Graph 32. Consolidated risk profile. Source: TC

2021 Management Report



The necessary control measures are applied to each identified risk to maintain them within the acceptable levels defined by the Company.

The criteria, policies and procedures used to assess, manage, measure, and control the risks associated with the business of Titularizadora Colombia are disclosed in the Financial Statements under the Note on Risk Management.



11. OTHER ASPECTS

11.1. INTERNAL CONTROL SYSTEM

All the elements of the Internal Control System (ICS) established by Titularizadora remain updated and formalized. Its overall and continued application contribute to the achievement of the corporate objectives and goals, facilitate the development of the Company's operations, and provide a framework of action for the employees of Titularizadora. The ICS is consistent in all aspects with the legal and regulatory requirements established by the Financial Superintendence in this regard.

The ICS is a continuous improvement process that is strictly applied in each of the Company's areas and processes, and which receives ongoing feedback on its performance from internal and external sources, which enables the design and implementation of new strategies and optimization plans to develop its activities.

Each component of the Titularizadora ICS carries out specific activities, which are duly documented and reported within the entity. The following were some of the main activities performed in 2021:

- (I) **Control Environment:** The Board of Directors performed periodic monitoring on fulfillment of the goals and plans set out by the Company, ensured that the commercial initiatives of new deals and proposals made by Management were performed with transparency and in accordance with ethical principles, and that they were subject to prior assessment and analysis by the Company's internal bodies and Committees established by the Board itself to support its management.

The Board also remained informed on application of the investment management policies; assessed parameters for the remuneration of the Board and Senior Management; verified the evaluation process of Board members; supervised compliance with the general standards on good corporate governance; risk management and administration; timely and adequate responses to requirements by control entities, and was informed of the performance of the internal control system and the actions taken to improve it.

The general governance policies, including the Code of Ethics and Conduct, have been duly updated and communicated to all Company employees.

In 2021, the Anti-corruption Policy and its respective program were approved, and training was provided to all employees on the elements and principles established in this policy.

Regarding the risk of fraud, and with the aim of strengthening the Transparency Channel, in 2021 management of the Channel was outsourced to a provider that



specializes in managing such reports. This change incorporated three reporting channels: by website form, hotline, and e-mail. Training was also provided to all employees on fraud risks and use of the Channel.

The periodic review of processes enabled updating the respective manuals, strengthening the documentation of activities and key controls, as well as complying with the requirements established in the Quality Management System adopted by the Company.

The organizational structure, and the duties and responsibilities of each position, have been defined, formalized, and updated. Personnel education and training processes are carried out in accordance with defined annual plans. Also, all Company employees are covered by the performance management system.

- (II) **Risk Management:** The Company has policies, procedures and functions manuals that regulate and define the procedures for managing strategic, liquidity, market, credit, operating, money laundering and terrorism financing risks. Each of these systems enables the prevention, avoidance, or reduction of the possibility of occurrence and the possible impacts derived from the materialization of events related to the Company's business and processes.

An adequate organizational structure is in place to manage the risks involved in the securitization process, and one of its key features is an array of specialized committees that support the Board of Directors in evaluating and monitoring such risks.

Under the Company's methodological framework, the risk management systems enable the identification, evaluation and timely assessment of current risks and the application of the necessary mitigation measures to maintain risk levels within the tolerance thresholds determined by the Board of Directors.

During 2021, the Company reviewed and updated its risk management systems, through an ongoing process that includes permanent monitoring of the activities carried out to manage market risk, the stabilization and profiling of the alerts and limits defined to control liquidity risks, and the implementation of the provisions of External Notices 025 and 027/2020 of the SFC related to operating risk and the risk of money laundering, respectively. The technological tools that supports the SARO application were also updated.

Additionally, the operating risks identified in the Company's processes were assessed and updated, which enabled adjusting the new fields and criteria defined in Public Notice 025/2020.

Regarding management of the risks derived from COVID-19, and the control measures adopted by the Company the previous year to address them, they continue



to be monitored specifically in each of the areas, processes and activities that are most exposed to the risks associated with COVID-19, which has enabled consolidating the current controls, assuring timely attention to emerging risks derived from the pandemic, and complying with periodic reports on COVID-19 management.

- (III) **Control Activities:** In 2021, in line with the ongoing process of reviewing and adjusting manuals, and as part of the campaign to update the documentation led by the Processes area, control activities were incorporated and formalized applied to management of financial resources, structuring of issuances, real estate property management, and securities settlement and payment.

The work plans set out for technological management, cybersecurity and information security were fulfilled and enabled including new controls on the operations carried out by the Company.

As part of the update of the operating risk matrices, the current controls were reviewed and adjusted, and action was taken on the improvement plans arising from the recommendations of internal and external quality audits, the Company's Statutory Auditor, the External Audits of the aggregate issuances and the internal control area. These actions enabled maintaining the processes in line with the regulatory frameworks and internal policies, while facilitating timely monitoring of performance of the controls.

- (IV) **Information and Communication:** Titularizadora Colombiana acknowledges the importance of identifying and protecting the information it receives, produces, stores, transmits, and shares. To this end, it has developed an Information Security and Cybersecurity Manual, which is structured on the pillars of confidentiality, integrity, and availability of the information.

Security in the Internet and cyberspace is a front that requires special handling by Titularizadora, which has an established presence in cyberspace through its website, in order to avail itself of the virtual world. Consequently, all employees, suppliers, shareholders, and stakeholders must manage, know, and comply with the provisions on the adequate use and security of the information and resources.

The Company has policies on handling and managing information that are known and applied by all its employees in performance of their duties and responsibilities.

During 2021, assurance activities were performed on the information published by the Company and the Aggregate Issuances it manages, based on acknowledging the importance of publishing through formally defined channels in compliance with the criteria of timeliness and integrity.

The Company's website is also being updated to ensure an enhanced navigation experience, and to facilitate viewing and accessing the information that our investors



and stakeholders require.

Lastly, stakeholders were periodically informed through the established communication channels about the activities and measures implemented to manage COVID-19. Information was also published in the National Registry of Securities and Issuers, including the regulatory reports that apply to the Company and the publication of information classified as relevant.

(V) **Monitoring:**

The ongoing supervision by the process owners, and the periodic monitoring performed by the office of the CEO, enabled the verification of the quality and performance of internal controls and validating the fulfillment of the control objectives.

The monitoring results reported by the process leaders include indicators on continuous improvement and on fulfillment of the action plans arising from the quality management system, with adequate performance reported at year-end.

The independent monitoring and assessment of the internal control system was performed taking into consideration the approaches arising from the review by the statutory auditor, the external auditors, and the internal control area. These control bodies fulfilled their 2021 work plans, with specific monitoring of performance of the ICS and periodic reports shared with Management.

The results of the reviews performed by the internal control area, internal auditing and the statutory auditor were periodically reported to the Audit Committee, which reviewed the actions plans defined by Management and remained informed of the progress made in closing the recommendations.

11.2. ASSESSMENT OF THE DISCLOSURE AND CONTROL SYSTEMS

During the year, the defined disclosure and control procedures for the preparation and publication of the Company's financial statements were followed, which in addition to the validations performed by the financial control area and the office of the CEO, included those performed by the statutory auditor and the internal control area, which in combination confirm that the preparation, presentation and disclosure of the financial information at the end of the period are according to law and reasonably present the Company's financial position.

Based on the results of the periodic reviews performed of the control measures established in the accounting, financial and operating procedures, it was concluded they were applied as designed and that they provide reasonable assurance that Titularizadora has adequately recognized, processed and presented the financial information and that the financial statements and other published reports are free from any faults, misstatements or errors



that would prevent knowing the true financial position and the state of the transactions carried out during 2021.

11.3. REPORT ON TRANSACTIONS WITH SHAREHOLDERS AND MANAGERS

Pursuant to the provisions of article 1, section 3 of Law 603/2000, Note No. 26 to the Financial Statements lists the transactions carried out by Titularizadora with its shareholders and managers.

11.4. TRANSFERS AS GIFTS

During the year, assets were transferred as gifts in the amount of COP 34.5 million. This transaction was a donation to Fundación Catalina Muñoz, which is devoted to improving the infrastructure and aesthetics of public schools in Colombia, in partnership with companies and individuals.

11.5. ASSETS ABROAD

At year-end 2020, the Company held investments abroad for COP 383.2 million, represented in the equity interest it holds in Titularizadora Dominicana.

In 2021, Titularizadora valued said investment using the equity method. Also, in December 2020, Titularizadora Dominicana made its first issuance.

11.6. PAYMENTS TO DIRECTORS, ADVISORS, ADVERTISING AND PUBLIC RELATIONS

The breakdown of the outlays for salaries, professional fees, travel expenses and all other types of remuneration received by the Company's managers and advisors, as well as the advertising and public relations expenses made by Titularizadora Colombiana, is included as an attachment to the Financial Statements.

11.7. STATUS OF COMPLIANCE WITH INTELLECTUAL PROPERTY REGULATIONS

For the effects of compliance with the provisions of article 1 of Law 603/2000, an express statement is made that the Company has complied with the regulations on intellectual property and copyrights established by Colombian law during 2020 and 2021.

11.8. IMPLEMENTATION OF INTERNATIONAL STANDARDS

In 2021, the Board of Directors approved the accounting policy of International Accounting Standard 24- Related Party Disclosures. This accounting policy addresses the presentation of



information about related parties and its objective is to ensure that the financial statements contain and disclose the required information on such transactions. The definitions of associates and related parties are those included in the Good Governance Code.

11.9. FREE CIRCULATION OF INVOICES

For the effects of compliance with the provisions of paragraph 2 of article 788 of the Code of Commerce (supplemented by article 87 of Law 1676/2013), an express statement is made that no restrictions were placed on the free circulation of invoices issued by vendors or suppliers.

11.10. FORESEEABLE EVOLUTION

Pursuant to section 2 of Law 603/2000, during the upcoming year Titularizadora will continue to consolidate the objectives and goals set out by the Board of Directors, which will enable its ongoing and growing commitment to the process of mobilizing assets for the country's growth, and to remain a solid and efficient leading entity in the financial system.



12. FINANCIAL STATEMENTS

The Company's Financial Statements as of December 31, 2021, are presented in accordance with the accounting and financial reporting standards accepted in Colombia (NCIF, for the Spanish original). These Financial Statements reflect the following information:

12.1. MAIN BALANCE SHEET FIGURES

ASSETS

133,1	2021
138,8	2020
-4,0	Variación

As of December 2021, the assets of Titularizadora Colombiana totaled COP 133.108 billion, down 4% compared to year-end 2020. The assets are comprised of financial investment assets, 51%; trade accounts receivable, 10%; investment properties, 14%; cash in savings and checking accounts, 17%, and assets held for sale, 3%.

The main changes in asset items compared to the previous year are in cash and investments, because of the realization of portfolio positions, and in trade accounts receivable, which increased due to initial costs and fees related to issuances performed during the year.

LIABILITIES

9,3	2021
9,7	2020
-5,0	Variación

The main changes in liabilities are related to the payment of the lease liability for the Calle 100 office, and the increase in deferred tax liabilities calculated on temporary balance sheet differences in accordance with IAS 12.

EQUITY

123,8	2021
129,1	2020
-4,0	Variación

The equity of Titularizadora Colombiana decreased by 4% compared to the previous year, due to the lower profits reported this year compared to 2020. At year-end 2021, the Company's equity totaled COP 123.842 billion.

12.2. INCOME STATEMENT



Operating revenues represent 89% of total revenues, and are derived from fees for structuring, managing, guaranteeing and placement of issuances in the amount of COP 18,872 million. Financial revenues are derived from returns on investments and loans in the amount of COP 1.839 billion.

Other revenues for COP 2.557 billion are revenues from leases and recoveries.

The Company's expenses totaled COP 16.974 billion. Of these, financial expenses totaled COP 3.6 million, other taxes COP 588.9 million and administrative expenses COP 16,381.4 million, equivalent to 97% of total expenses.

Net profit in 2021 totaled COP 4.164 billion.

12.3. FINANCIAL AND OPERATING RATIOS

ROE stood at 3.8% at December 2021, compared to 5.6% at year-end 2020. Meanwhile, net income changed from COP 6.763 billion in 2020 to COP 4.164 billion at year-end 2021.

The efficiency ratio changed from 97% in 2020 to 90% in 2021.

12.4. CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31, 2021

In compliance with article 46 of Law 964/2005, in preparing the financial statements and other reports for the public, Titarizadora Colombiana has established, implemented, and assessed disclosure and control procedures that assure that the financial information is adequately presented. The financial statements are free from faults, inaccuracies or errors that would prevent knowing the Company's true financial position and the operations it performs.