



BANCO DAVIVIENDA S.A. / MANAGEMENT REPORT 2016

Report of the Board of Directors and the President to the General Shareholders' Meeting



MANAGEMENT REPORT 2016

BANCO DAVIVIENDA S.A.



Report of the Board of Directors and the President
to the General Shareholders' Meeting Year 2016

Separate Financial Statements Year 2016

Consolidated Financial Statements Year 2016

Housing and Other Building Projects

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Message from the President

Dear shareholders:

It is a pleasure to write to you on behalf of the entire Davivienda team to inform you of the most important events and the results of our relevant operations in 2016.

Financial Results

In the past year, we achieved a net profit of COP 1.72 trillion¹, which means a growth of 39.5% from the previous year. The return on average equity (ROAE) was 18.6%, much higher than the 15.3% reported in 2015, thanks to the growth in revenue in all our subsidiaries and active management of expenses, which resulted in a 36.5% increase in the operating margin from the previous year.

Once again, we achieved an important improvement in efficiency with a growth of 14.7% in operating income, which offset the increase in operating expenses, allowing us to reduce the efficiency indicator from 46.98% to 45.1%.

During the year, we completed several corporate transactions, which increased the Bank's growth potential and were the source of extraordinary income. We settled the sale of real estate for COP 637 billion and we received Credibanco shares in its process of becoming a joint-stock company, which left us with a 16% share in this company.

COP 1.72 trillion
2016 Net income.
Growth of 39.5% from 2015.

Equity and Solvency

In Davivienda we have great capacity to generate capital, both organically as well as by the efficient use of our assets. We ended the year with an equity of more than COP 10 trillion and a growth of 15.2%. We had a solvency ratio of 11.0% and core assets of 6.5%, 200 basis points above the minimums that the regulator requires of 9% and 4.5%, respectively.

The real estate sales transaction was completed in December, which will allow us to improve the Bank's equity between 40 and 50 solvency basis points².

Innovation

Out of the 159 companies nominated by Colciencias, we were accredited as one of the 89 "Highly Innovative" companies for our progress in liquid assets. This recognition represents an important positioning for our organization and tax benefits for innovation.



Additionally, we signed the Innovation Pact, an initiative led by Colciencias in order to drive economic development in Colombia, improve competitiveness and achieve the target of the 2014-2018 National Development Plan, which includes reaching 1% investment in science, technology and innovation activities as a proportion of the GDP by 2018 and 1.8% of the GDP of Bogotá by 2019.

We also received the Innovation Award from Accenture for the "Cash-Free Municipalities" initiative through DaviPlata, with which we remain committed not only to increasing the levels of incorporation into the banking system in Colombia, but also to combating insecurity, crime, informal economy and money laundering.

More than
**COP
10 trillion** in equity

15.2% growth

1. COP = Colombian pesos for the purposes of this report.

2. Pro forma, subject to the approval of the General Shareholders' Meeting in March 2017.



1 million
downloads
of our digital applications.

Digital Transformation

The year 2016 was one of great progress for the Bank and its subsidiaries. We led our customers to digital channels with the aim to facilitate their interaction with the banking services. In Colombia, we launched the DaviPlata app and Business app, and in Central America, we arrived in Costa Rica, Panama and Honduras with our personal banking app.

Now our customers can manage their credit cards more easily, and with the possibility of transferring quotas between their products and changing the deferral of their transactions using the Bank's digital channels. We also innovated through campaigns to approve advances and redeem points, just by accepting the offer via email.

Additionally, we implemented an online service system in our channels, which allows our customers to self-manage their needs with a database of frequently asked questions and a direct chat with our advisors.

Finally, we had a growth of 47% in the online community from 2015, and we increased the amount of monetary transactions through Davivienda.com by 38% and through the Davivienda mobile app by 362%, ending the year with approximately one million downloads of our applications.

Personal Banking

In 2016, we maintained our leadership in financing mortgage loans in Colombia with disbursements of nearly COP 3.8 trillion and a portfolio balance (proprietary and securitized) of COP 14,4 trillion³. One of the main factors in achieving this excellent result was the Bank's important participation in the Colombian government's housing program "*Mi Casa Ya*", a driving force of the country's economy that offers families from the most vulnerable sectors of the population the possibility of buying a home.

In construction loans, we ended the year with accumulated disbursements of COP 3.1 trillion, achieving a portfolio balance of COP 3.6 trillion, up 21.4% from the end of 2015, and a market share of 26%. This highlights our excellent trade relations and trust with the country's best construction companies, as well as our participation in the projects of the government's *Mi Casa Ya* program.

**Davivienda, leader in loans
for home purchase in Colombia.
COP 14.4 trillion
in portfolio balance.**

3. Balance of the securitized loan portfolio at December 2016: COP 1.8 trillion.
Source: Titularizadora Colombiana.

12%

Growth in the loan portfolio for the business banking segment.

Corporate Banking

We had a growth of 12% in the loan portfolio for the business banking segment, including our subsidiaries. Corporate banking in Colombia (real estate, official and infrastructure sectors) grew 6.1%.

We remain committed to the country's infrastructure programs. In 2016, we supported projects of the thermal electricity sector through our international leasing products, and we have approved funds for more than COP 750 billion for the fourth generation road program.

Additionally, through our subsidiaries, we successfully participated in several financial structuring transactions for nearly COP 1 trillion.

Equity Banking

In 2016, we consolidated the sales force specialized in investments in equity banking, making comprehensive support for our customers a reality. This consolidation contributed to the growth of the balances managed in collective investment funds (27.4%) and the voluntary pension fund (24.6%), achieving historical records and results beyond the target.

Additionally, we implemented new functions and services, facilitating transactions, consultancy and the supply of information for individuals and companies, as well as the incorporation of the funds in Portal Empresarial (the business website), and direct payment of mortgage loans and residential leasing through Dafuturo, respectively.

Thanks to these achievements, it was possible to close market gaps, promote our products and increase our share in the local industry of voluntary pensions from 5.9% to 6.5%, and collective investment funds from 7.9% to 8.9%.

International Banking

Assets amounted to USD 7.5 billion⁴, 4% more than those obtained in 2015. The loan portfolio represents 68.5% of the total assets, closing at USD 5.1 billion with a growth of nearly 8%, portfolio quality levels of 1.56% and a coverage of 128%. The profit recorded by our banks in Central America during 2016 was USD 60.9 million.

In the same year, our insurance companies obtained very good results, achieving profits of USD 10.6 million, up 36% from 2015, and recording a 10% increase in premiums issued, amounting to USD 63 million, with excellent claim and efficiency indicators.

USD 7.5 billion

Total assets in International Banking.

El Salvador

In 2016, we maintained an important position in the market as the second bank in the country's financial system with a share through assets equivalent to 14.1%. It is important to highlight our 9.6% growth in credit cards, up 5.2% from that recorded in the system, based on which we achieved a 9.0% share, up 70 basis points from the previous year.

We would like to emphasize the profit generated by the insurance company, USD 4.5 million with a growth of 16%, and premiums issued for USD 23 million, 85% of which was carried out through the banking channel.

Costa Rica

We achieved a 20% portfolio increase, through which we increased our market share from 5.3% in 2015 to 5.9% at the end of 2016. As part of our growth strategy in the country, in July 2016, we capitalized the Bank by USD 24 million through our subsidiary in Panama.

Additionally, for the first time, we structured a debt issuance through DPR – (*Diversified Payment Rights*) a debt issuance on the international market supported by the securitization of transfers of future flows, with an international credit rating of BBB granted by Fitch Ratings. The transaction was carried out for USD 150 million, and it was completed in January 2017.

The insurance company had a positive result equivalent to USD 578,000, with a 19% increase in premiums, closing at USD 5.5 million.

Panama

Assets closed at USD 1.4 million, while the net portfolio, which represents 67% of the assets, amounted to USD 957 million, slightly lower than the figures recorded in 2015.

Profit closed at USD 8.4 million (including the general and international license), affected by the increase in portfolio allowances of USD 8.1 million, due to the impairment of specific corporate customers.

Honduras

The Bank's profit was USD 13 million, up 5.3% from 2015, due to the stable levels of expenses and the improvement in the net financial margin as a result of lower expenses. The net portfolio closed at USD 738 million, with a notable 29% increase in the credit card portfolio, through which we increased our market share from 4.7% in 2015 to 5.3% in 2016.

The insurance company reported a revenue of USD 5.3 million with a growth of 19%. The premiums issued increased 8%, more than 40% of which was originated by the banking channel.

DaviPlata: 4,7 million dispersed subsidies for COP 1 trillion.

DaviPlata

In 2016, DaviPlata consolidated itself in Colombia as one of the main allies of the Government for distributing subsidies of the "Más Familias en Acción" program, as well as humanitarian aid of the Victims' Unit, distributing 4.7 million subsidies for COP 1 trillion.

In April 2016, we launched our DaviPlata app for smartphones, enhancing our customers' user experience in a simple, friendly and reliable manner. At the end of the year, we had more than 200,000 active customers.

Finally, understanding the need to build a more accessible and inclusive Colombia, in October, we became the first bank to offer channels for the visually impaired with the adaptation of our DaviPlata app, through a partnership with the Ministry of Information Technology and Telecommunication Technologies (MinTic, for the Spanish original).

Other Relevant Aspects

Debt Issuance

In 2016, we carried out two private debt issuances in Colombia. In July, we issued COP 600 billion in straight bonds, achieving a demand 3.2 times higher, for 3, 7 and 12-year terms, at an average effective rate of 10.9%. In September, we issued COP 359 billion in subordinated bonds for a 10-year term at CPI + 4.16% AER.

Regarding debt issuances in our foreign subsidiaries, in February, we issued standardized bonds on the local market in Costa Rica for CRC 12 billion (USD 21.9 million) and through our subsidiary in El Salvador, bonds for USD 30 million.

Mobilization of Fixed Assets

In December, we carried out the sale and subsequent leasing of a portfolio of fixed assets (commercial and administrative offices) in several cities of Colombia for COP 637 billion. This transaction generated an extraordinary profit of COP 200 billion, through which we aim to improve the Bank's equity level by 40 to 50 solvency basis points⁵ through the efficient use of assets and capitalization of the results of the transaction.

COP 959 billion in two private debt issuances in Colombia.

5. *Pro forma*, subject to the approval of the General Shareholders' Meeting in March 2017.

**COP 1,8 trillion
in leasing portfolio,
after the merger with Leasing Bolívar.**

Mergers and Acquisitions

In order to strengthen our value offer for SME customers, on January 4, 2016, we completed the merger with Leasing Bolívar S.A., which provided us with a COP 700 billion increase at the end of the period in the leasing portfolio closing at COP 1.8 trillion. As a result of this merger, we increased our market share by 1.2% in the financial leasing business. Including residential leasing, we consolidated ourselves as the second leasing company in Colombia.

In October 2016, Fiduciaria Davivienda acquired Seguridad Compañía Administradora de Fondos de Inversión S.A. (S.A.I), a Grupo Bolívar subsidiary, for COP 6.2 billion, through which it acquired a managed fund of COP 88.7 billion and more than 4,500 customers. This transaction was carried out in order to strengthen the business of Fiduciaria Davivienda and complement its portfolio with an alternative share fund.

Sustainability

In 2016, we were included for the third consecutive year in the Dow Jones Sustainability Index in the Emerging Markets category. This acknowledgment commits us to continue developing our Sustainability Strategy and to position ourselves as a benchmark for investors worldwide.

This achievement was possible thanks to our efforts regarding environmental issues, strengthening of risk mitigation, funding of sustainable businesses, and the endeavor to consolidate projects focused on reducing the impact of climate change. In the economic dimension, we have positioned ourselves as a strong and financially stable entity in terms of risk management. In the social dimension,

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

the positive results generated by our social programs that have an impact on the community and our ongoing stakeholder relations stand out.

Financial Education

To extend the coverage of our financial education program, *Mis Finanzas en Casa* launched its social network on Facebook, Twitter and LinkedIn, promoted the use of its budget application, *Haga Cuentas*, and created a new website for banking correspondents.



Mis Finanzas en Casa, our financial education website in Colombia, Honduras, El Salvador and Costa Rica.

In Colombia, *Mis Finanzas en Casa* increased the coverage of its program through Financial Education Sessions at the Cultivarte centers, benefiting 38 educational institutions of 35 municipalities, where through games, primary and high school students learned about personal and family finances. Additionally, the children and young people who attended Cultivarte continued to receive financial education in their free time thanks to the celebration of the Global Money Week in March (7,208 beneficiaries) and *Mes Universal del Ahorro* (Universal Savings Month) in October (2,145 beneficiaries).

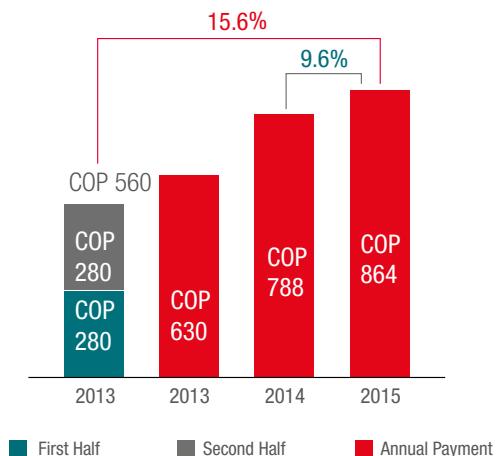
In our foreign subsidiaries, we focused on consolidating the *Mis Finanzas en Casa* website for Honduras, El Salvador and Costa Rica, and we increased the coverage of financial education to include the child population through the adaptation of Monetarium, the section for children. Additionally, we carried out simultaneous, in-person activities as part of the celebration of Global Money Week in March.

Distribution of Dividends

The dividends corresponding to the profit of 2015 were paid in March and September 2016. The value paid per share was COP 864 for a total of COP 390 billion. The dividend payment represented 32.1% of the profit generated during 2015.

Finally, I would like to thank the effort of all the employees of Banco Davivienda and its subsidiaries, and I encourage you to keep working with the same dedication and enthusiasm to keep enhancing the

DISTRIBUTION OF DIVIDENDS



experience of our customers in a simple, reliable and friendly manner. And I would like to thank our shareholders for your trust in our management.

With the support of more than 20,000 shareholders, the Board of Directors and a great team, we are ready to achieve the objectives we have set.

Efrain E. Forero Fonseca
 President



Main Figures

CONSOLIDATED FIGURES (In trillions of COP)

	2015	2016	Variation
ASSETS	83.7	93.5	11.7%
NET PORTFOLIO	62.4	71.3	14.2%
DEPOSITS	52.9	59.6	12.9%
EQUITY	8.7	10.0	15.2%
PROFITS	1.2	1.7	39.5%
SOLVENCY	11.7%	11.0%	N/A

	Banco Davivienda	Subsidiaries	Total
*C	7,714,552	1,120,260	8,834,812
OFFICES	593	160	753
**MUNICIPALITIES	826	50	876
ATMs	1,761	477	2,238
EMPLOYEES	12,629	4,728	17,367
DEBIT CARDS	3,498,873	532,482	4,031,355
CREDIT CARDS	1,452,098	142,298	1,594,396

INTERNATIONAL RATINGS

BBB - Standard & Poor's debt rating
Negative outlook (investment grade)

BBB Fitch Ratings debt rating
Negative outlook (investment grade)

Baa3 Moody's debt rating
Stable outlook (investment grade)

DOMESTIC RATINGS

AAA BRC long-term debt rating
AAA Fitch Ratings long-term debt rating.
Stable outlook

SEPARATE FIGURES (In trillions of COP)

	2015	2016	Variation
ASSETS	63.1	72.7	15.2%
NET PORTFOLIO	46.5	54.3	16.9%
DEPOSITS	38.5	45.6	18.4%
EQUITY	7.7	8.9	14.8%
PROFITS	1.2	1.5	26.7%
SOLVENCY	14.2%	13.9%	N/A

	2015	2016
CUSTOMERS	7,007,253	7,714,552
OFFICES	593	593
MUNICIPALITIES	866	826
ATMs	1,729	1,761
EMPLOYEES	12,010	12,629
DEBIT CARDS	3,164,548	3,498,873
CREDIT CARDS	1,467,606	1,452,098

* Includes 3.2 million DaviPlata customers in 2016 and 2.75 million in 2015.

** Includes presence in Colombian municipalities through DaviPlata.

Macroeconomic Context

GLOBAL MACROECONOMIC CONTEXT

In terms of economy, in many aspects, 2016 represented a continuity of the phenomena observed in 2015. In the international sphere, growth was surprisingly low, especially because of the economic slowdown of the United States and emerging countries, based on which for the second consecutive year, there was a decrease in global growth following the international financial crisis. In Colombia, the GDP also continued its downward trend.

However, some aspects showed a significant improvement, particularly in the second half of the year. These include the recovery of oil prices, the moderation of the U.S. dollar/Colombian peso exchange rate and the turning point in domestic inflation.

From the perspective of global growth, there was less expansion in 2016 than 2015. The U.S. economy slowed down unexpectedly as a result of investment performance, which reported a drop, and the slowdown in household consumption. The growth of this economy was barely 1.6% compared to the previous year's 2.6%. On the other hand, the economy of most of the emerging countries continued to slow down.

In the first weeks of 2016, the downward trend of prices of raw materials worsened, but they hit rock bottom around February, ending the year with higher prices than those observed at the start. Oil continued to be the most affected raw material as a result of the oversupply and stock vs. a weak demand. Brent Crude started the year at USD 37.22 per barrel and dropped to USD 30.06 on February 11, with a subsequent recovery that allowed it to reach USD 56.82 at the end of the year.

As occurred in 2015, the drop in oil prices marked a dichotomy in the economics of emerging countries. On one hand, in producer countries, such as Colombia, the drop in exports put pressure on the exchange rate, which led to higher inflation levels and upward trends in interest rates. On the other hand, in oil importing countries, such as the Central American countries, the drop in oil prices led to the reduction in inflation and interest rates.

In July 2016, domestic inflation reached 8.9%, the highest rate since October 2000. The behavior of the prices was strongly influenced by the rise in food prices as a result of the El Niño phenomenon, and secondly, due to the effects of the exchange-rate pass-through. The stabilization of food prices, particularly perishables as of August, led to a 5.75% reduction in the inflation rate by the end of the year.

As a result of the reduced growth in the United States, the country's monetary authorities postponed the increase in its interest rates for most of the year. The only adjustment was made in December with an increase of 25 basis points as a result of inflation fears and the expectations of greater growth due to the new policies of President-Elect Donald Trump.

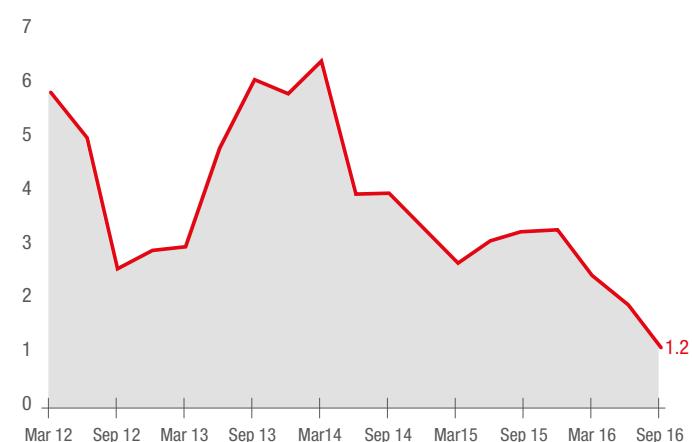
COLOMBIAN MACROECONOMIC CONTEXT⁶

Gross Domestic Product

The information available on the growth of the Colombian economy as provided by the National Administrative Department of Statistics (DANE, for the Spanish original) indicates that the GDP for the third quarter of 2016 grew 1.2% compared to the same quarter of the previous year. The least dynamic sector was construction with a growth of 5.8%, while financial, real estate and insurance services were the sector that recorded the greatest growth, with a 3.9% vari-

GDP GROWTH IN COLOMBIA

(Real variation compared to same quarter of the previous year)



Source: Dane, Quarterly National Accounts

6. Document prepared by the Office
of the Executive Director of Economic Studies
with information available at January 13, 2016.

ation. Other sectors with positive variations were the manufacturing industry (2.0%), social, communal and personal services (1.8%) and the commerce, restaurant and hotel sector (0.1%). On the other hand, the sectors with the lowest performance in the third quarter of the year were mining (-6.1%), electricity, gas and water supply services (-1.8%), agriculture (-1.7%) and the transportation and communications sector (-1.2%).

With this behavior, the economy consolidated an annual growth of 1.9% year-to-date from January to September 2016, compared to the same period in the previous year. In this lapse, two production sectors reported negative variations: mining (-5.9%) and agriculture (-0.3%), a situation that had not occurred in recent years. In turn, the sectors with greatest growth in the first nine months of 2016 were financial, real estate and insurance services (4.3%), construction (4.0%) and the manufacturing industry (3.9%).

This trend is consistent with most countries in the region, which are in a process of economic slowdown. Peru and Paraguay are the only South American countries estimated to have ended 2016 with a marginal acceleration in the growth of their gross domestic product.

The analysis of the components of the aggregated demand indicates that the final domestic demand consolidated an annual growth of 0.4% for the period from January to September 2016. This result was significantly lower than that recorded in the same period in 2015, when the annual variation reached 4.0%.

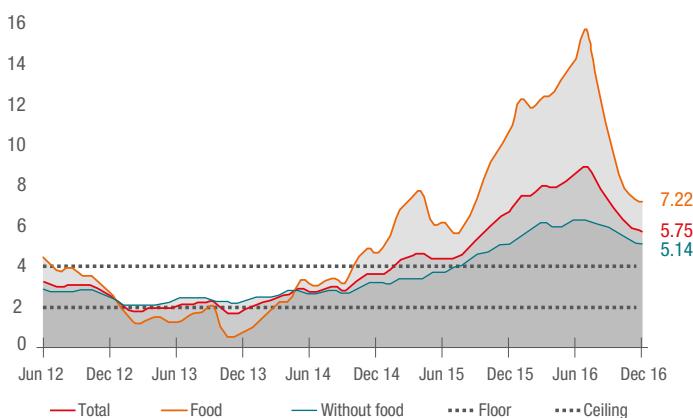
As regards the domestic demand, household consumption grew at a real annual rate of 2.3% in the first three quarters of the year, along with Government spending at 1.5%, while investment dropped -4.6%. During the same period in 2015, the variations of the same

components were 4.4%, 2.5% and 3.4%, respectively.

The variables directly related to the foreign sector in the period from January to September 2016 showed variations in different directions. While imports significantly shrunk, exports grew marginally. Exports grew at a real annual rate of 1.7%, while imports decreased by -4.1%. It is important to mention that exports in the same period of 2014 shrunk at a rate of -1.0%, while imports increased at a rate of 6.3%.

Inflation

ANNUAL INFLATION



Source: DANE. Own calculations.

The year 2016 ended with an inflation of 5.75%, down from the 6.77% reported in 2015. Inflation was above the target range of the Central Bank for the whole year as a result of the continued effects of the El Niño phenomenon and the depreciation of the exchange rate.

5.75%

inflation in Colombia 2016.

COP 737,717
minimum wage declared
in Colombia for 2017,
1.25% higher than inflation.

Generally, prices in 2016 increased until July, when they reached their peak of 8.97% due to the effects of El Niño and depreciation. Subsequently, from August to December, inflation decreased to 5.75%, mainly because of the end of El Niño and the stabilization of the exchange rate. In fact, the food inflation, which reached an annual variation of 15.71% in July, ended the year at 7.22%, while inflation without food went from 6.26% to 5.14% in the same period, driven by adjustments in tradable and regulated goods. Therefore, inflation was dominated by the final stage of price increases and the start of convergence with the target range.

Regarding the legal minimum wage, the Colombian Government declared a 7.0% increase for 2017, 1.25% higher than inflation at the end of 2016. Therefore, in 2017, the minimum monthly salary is COP 737,717.

Monetary Policy and Interest Rates

As a result of inflation and with the additional goal of controlling spending above revenue in the economy, which is expressed as a strong deficit in the checking account, the Central Bank continued to adjust its intervention rate for a large part of the year, which started in September 2015. The indicator, which started the year at 5.75%, increased to 7.75% in August and remained the same until the middle of December, when through a reduction of 25 basis points, the Bank entered a new process of decline.

The correction of the interest rate was possible because of the strong correction of inflation starting in August and fears about the poor growth of the economy, which increased at the end of the year.

Another aspect to highlight regarding the monetary policy in 2016 was the intensive purchase of TES (treasury securities) by the Central Bank with the aim of providing the necessary liquidity in the economy and maintaining the rate at the desired level. The Government's TES balance went from COP 2.1 trillion in January to COP 15 trillion in May. As a result of the maturity of these securities and the reduced need for liquidity in the economy, the balance at the end of the year was COP 8.4 trillion.

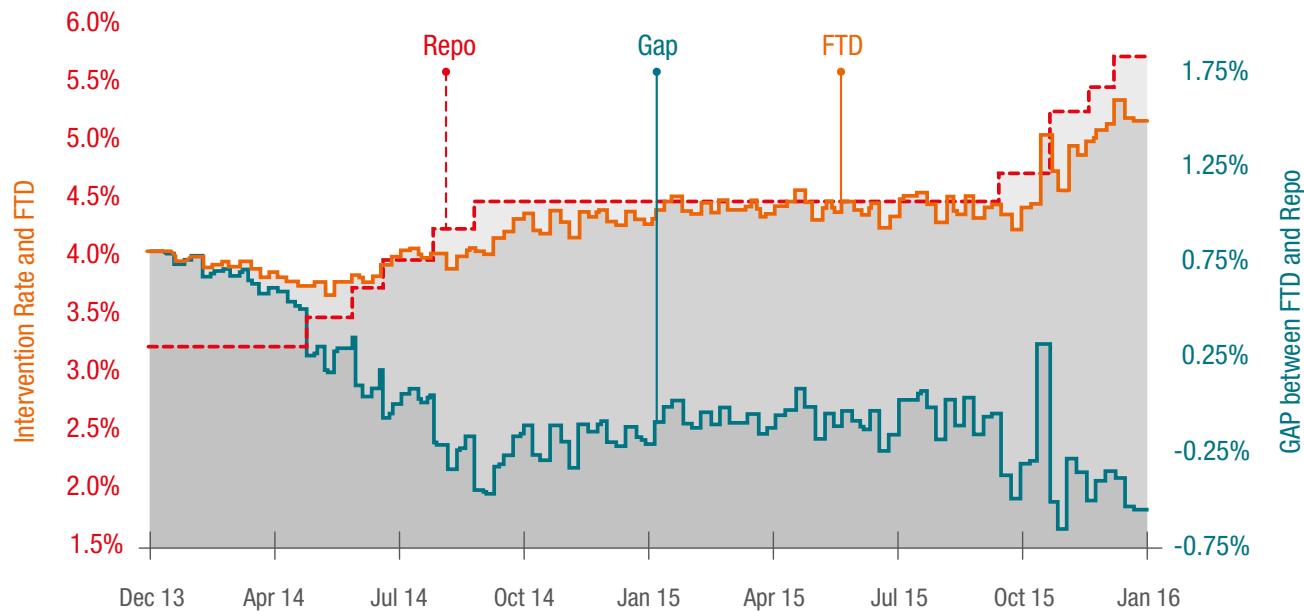
6.86%

FTD at the end of 2016.

In line with the behavior of the intervention rate, the FTD (fixed-term deposit) rate went from 5.21% at the beginning of the year to 6.86% at the end of 2016. It is important to mention that this rate remained below the intervention rate since the middle of May. The average FTD rate for 2016 was 6.72% compared to the intervention rate of 7.02%.

In turn, credit placement rates presented a strong increase throughout the year with the exception of rates for loans for housing construction, which remained relatively constant until the end of August, and only began to increase in the last quarter. In the case of commercial loans, slight stabilization was observed in the last quarter of the year.

DIFFERENCE BETWEEN THE FTD RATE AND THE CENTRAL BANK INTERVENTION RATE



19%

General VAT rate,
according to the new
Tax Reform bill.

Fiscal Policy

With regard to fiscal matters, Colombian public finances continued to decline over the course of 2016: the National Government increased its fiscal deficit from 3.0% of the GDP to 4.0%, as a result of tax collection performance, which grew 0.8% compared to the previous year, but did not reach the COP 120.6 trillion set as the goal in the medium-term fiscal framework for 2016, in addition to higher spending on debt servicing.

In turn, Colombian Congress passed the Tax Reform bill, which considers changes in five main issues:

1. Individual income tax: it eliminated the Minimum Alternate Tax and Simplified Minimum Alternate Tax (IMAN and IMAS, for the Spanish originals) liquidation systems, set the limit for exemptions and deductions at 40% of total income and created the tax on dividends at rates of 5% and 10%.

2. Company income tax: it created a 6% surcharge for companies with profits greater than COP 800 million in 2017, and 4% for 2018; it established the unification of income tax, fair tax (CREE), CREE surcharge and wealth tax at a single rate of 33% and standardized the tax system using the International Financial Reporting Standards (IFRS).

3. Simplified tax: it created an alternate tax for small-scale merchants required to file income tax returns that belong to the simplified VAT category.

4. Non-profit institutions: it created a special category for this type of entities, which can be accessed subject to authorization by the tax administration and is intended to regulate their activities.

5. VAT and consumption tax: it increased the general VAT rate to 19%, established the specific allocation of 1% of the VAT collection for the education and healthcare sectors, unified the consumption tax rate for franchises and restaurants, and established the taxation on mobile data services at a rate of 4% for consumption greater than COP 45,000. In addition, it increased the tobacco tax, created 2 green taxes, one on the carbon dioxide emissions of fossil fuels and another on the use of plastic bags. Finally, it incorporated changes on land taxes, created the national contribution of valuation taxes and established tax incentives for the post-conflict period.

For 2017, the Government ratified the fiscal target of a 3.3% deficit of the GDP. In turn, it estimates financing needs for COP 68.1 trillion, showing a reduction of nearly COP 4.3 trillion compared to 2016, 25.4% of which are disbursements of external funds and 48.9% are funds resulting from the internal debt issuance.

COP 3,051

10,9% Average devaluation of the year.

Average exchange rate
in 2016.

Exchange Rate

In 2016, an average exchange rate of COP 3,051 per USD 1 was recorded, and the exchange rate at the end of the year was COP 3,000. The average devaluation of the year was 10.9%, which was more moderate than that recorded in 2015, which rose to 37.3%.

The behavior of the US dollar was a response to three main factors, namely: its rate compared to all other currencies in the world, the price of oil and the country's risk premium. The evolution of each of the factors explains the moderation observed in the pace of devaluation during the year that ended.

In fact, in 2016 a lower appreciation of the US dollar was recorded vs. all other currencies in the world (0.6%) compared to that observed in 2015 (16.5%). In turn, the price of oil, which started out at USD 37.28 according to the Brent price and dropped to USD 30.06 by February 11, bounced back to close at USD 56.82 in December. The country's risk level, measured by 10-year *Credit Default Swaps* (CDS), increased considerably, reaching 380 points in February, as a result of the marked global risk aversion due to concerns over the flight of capital in China. However, as a result of the response of that country's economic authorities and negative surprises in the growth of the United States, which allowed the postponement of the increase in interest rates by the FED, the global risk aversion subsided. Therefore, the 10-year CDS ended the year at 242.8.

Foreign Trade

In 2016, foreign trade activities continued the declining trend observed in 2015. This behavior was driven by the stagnating prices of oil and the ongoing devaluation of the Colombian peso.

At November 2016 and so far this year, exports amounted to USD 27.7 billion FOB and recorded an annual drop of 16.5%. This figure shows a slight moderation in the rate of decline of Colombia's external sales compared to the previous year. Exported goods, fuels and products of the extraction industry recorded an annual reduction of 25.8% and remain the factors that contribute most to the decline in exports. They are followed by manufacturing and agricultural products, food and beverages, with drops of 10.1% and 5.5%, respectively.

Imports amounted to USD 40.9 billion CIF and showed an annual decrease of 18.1%. This behavior, which shows the effect of devaluation on the prices of imported goods, was driven mainly by the lower foreign purchases of fuels and products of the extraction industry, and manufacturing, which showed annual reductions of 24.8% and 20.4%, respectively. Imports of agricultural products, food and beverages recorded a 3.2% growth as a result of the increased purchases of oils, sugars and other agricultural products.

USD 11.3 billion FOB Trade deficit of the Colombian economy between January and November 2016.

As a result, between January and November 2016, the Colombian economy recorded a trade deficit of USD 11.3 billion FOB, showing a 21.8% decrease compared to the same period in 2015.

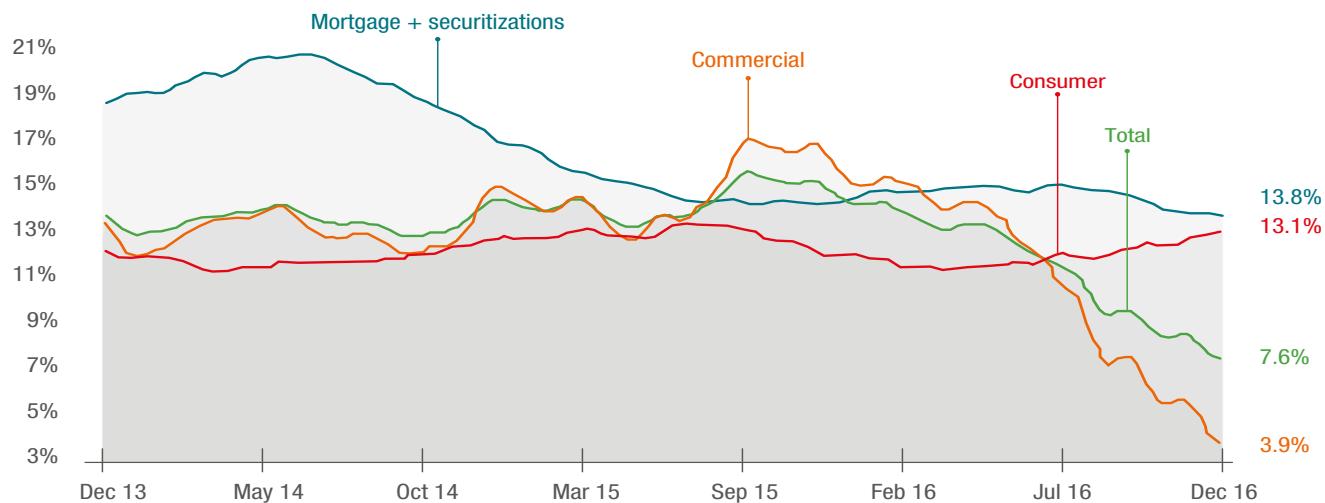
Financial Sector

In 2016, the Colombian financial system's return on assets (ROA⁷) and on equity (ROE⁸) went back to levels similar to those observed in 2014, reaching 1.7% and 12.0%, respectively in November.

As of the second half of the year, the gap narrowed between portfolio growth and that of deposits⁹. By the end of December, the portfolio grew at an annual rate of 7.6%, while deposits recorded an annual variation of 3.9%.

GROSS PORTFOLIO OF THE FINANCIAL SYSTEM

Nominal annual variation (4-week rolling average)



7. Annual profits on the average assets during a 12-month period.

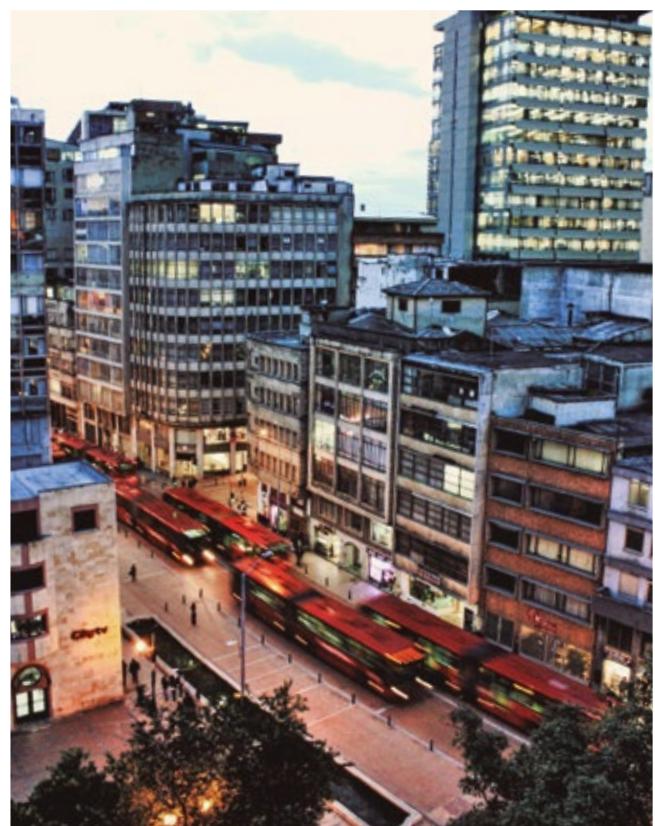
8. Annual profits on the average equity during a 12-month period.

9. The information on the portfolio and M3 comes from the 4-week rolling average of the figures provided by the Central Bank.

In Colombia, the commercial loan portfolio took a sharp downturn in growth in 2016.

The commercial loan portfolio, which has the largest share of the total portfolio, took a sharp downturn in growth in 2016, reaching a nominal annual variation of 3.9% at the end of the year. At the same date, mortgage loans also showed a slight downswing in the second half of the year, recording a variation of 13.8%. The consumer loan portfolio, in turn, showed a mild recovery, with an annual growth of 13.1%

The growth of deposits also showed a slight downswing, going from a growth of 11.3% at the end of 2015, to 7.7% by the end of 2016. This behavior was affected mainly by the reduced growth in savings accounts, which are the main component of deposits. At the end of December a negative nominal annual variation of 1.1% was observed for this type of deposits. Checking accounts also showed a sharp drop, reaching a nominal annual variation of -5.4% at the end of the year. This was counteracted by a strong acceleration in the balance of CDs, with a nominal annual increase of 24.5% in the last week of 2016.



MACROECONOMIC CONTEXT IN CENTRAL AMERICA

Economic Activity

Economic activity measured based on the gross domestic product recorded slowdowns year-to-date up to the third quarter of 2016 in Panama and Costa Rica, compared to their behavior in 2015. On the other hand, El Salvador and Honduras showed upswings.

The main sectors that drove growth in the region were manufacturing and service activities, such as financial brokerage and professional activities. In addition, the construction sector made an important contribution to the economic growth of Panama.

The main sectors that drove growth in Central America were manufacturing, financial brokerage and professional activities.

ANNUAL GDP GROWTH (%)

	2015	2016 - Q1	2016 - Q2	2016 - Q3	2016 (Q1 to Q3)	Projection 2016
Panama	5.8	4.6	5.2	4.8	4.9	5.4
Costa Rica	4.7	4.9	4.6	4	4.5	4.3
El Salvador	2.5	2.3	2.5	2.5	2.4	2.4
Honduras	3.6	3.9	4.3	3.4	3.9	3.6

Inflation

In 2016, inflation in the region recorded a change of direction: from a decline associated with the price of oil to a rise in the second half of the year, also explained by increases in this price. However, El Salvador showed mixed performance.



Costa Rica

Inflation remained below the target range set by the Central Bank (between 2.0% and 4.0%) and ended the year with an annual variation of 0.76%. In the first half, there were negative annual inflations and, with the turnaround in the price of oil in the second half of the year, inflation returned to positive territory.

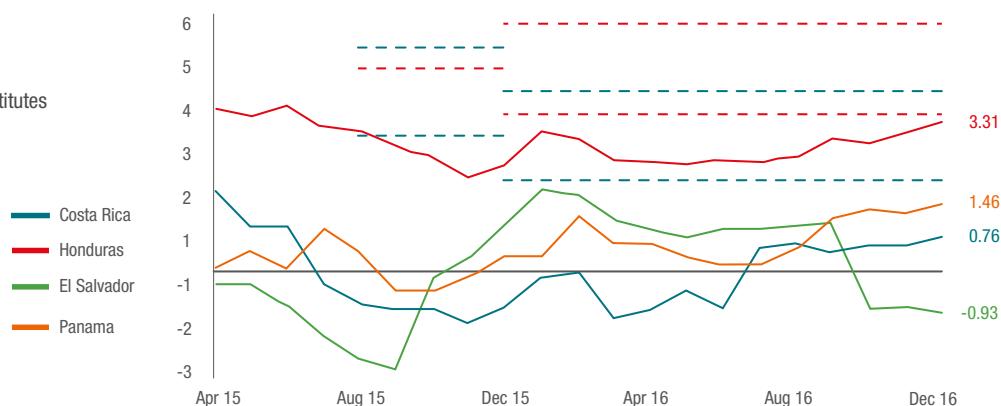


Honduras

Inflation ended the year at 3.31%, below the range set by the Central Bank of Honduras (between 3.5% and 5.5%). Its behavior was also tied to the behavior of oil prices.

ANNUAL INFLATION

Source: Central Banks and Statistics Institutes of each country.



El Salvador

The behavior of inflation in El Salvador was different to that of the other countries in the region. In January, annual inflation was 1.82% and remained on positive ground until the last quarter of the year, when there were negative annual inflations, and it ended the year at -0.93%. The reason for this behavior was the upward adjustment of the water rate list in the last quarter of 2015, which generated higher positive inflations during the first three quarters of the year due to the base effect.



Panama

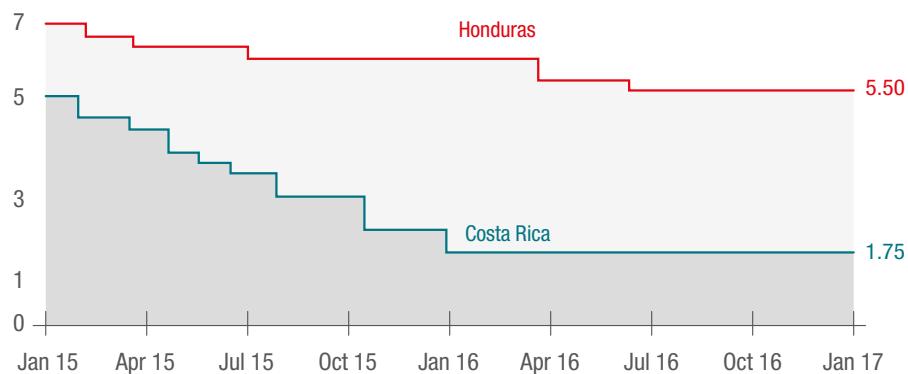
Inflation ended the year at 1.46%, which was the highest in 2016, while the lowest figures were in the months of June and July.



Monetary, Financial and Fiscal Policies

MONETARY POLICY RATE

Source: Central Banks of each country.



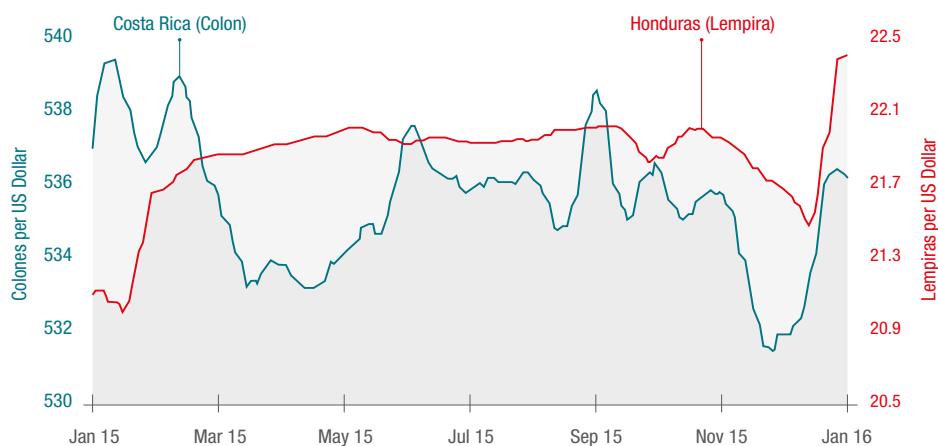
Costa Rica

The expansionist monetary policy carried out by the Central Bank of Costa Rica in 2015 continued during the first part of 2016, with an additional reduction in the monetary policy rate in January, going from 2.25% to 1.75%, the latter of which was the level at the end of the year.

As for exchange matters, the year's devaluation was 3.4% on the Monex market, closing at 556.16. The average exchange rate in the year was 546.26, mainly driven by the reduced availability of US dollars due to the absence of external bond placements.

NOMINAL EXCHANGE RATE IN COSTA RICA AND HONDURAS

Source: Central Banks of each country.



The fiscal deficit reported at November was 4.4%, compared to 5% for the same period in 2015 (January - November). This decline was due to the reduced growth of Central Government spending vs. tax revenues. The increase in tax revenue was 8.5% in the period from January to November in 2016, compared to a 5.7% increase in current expenditure. The debt as a proportion of the GDP rose to 45.5% compared to that recorded at the end of 2015 (42.4%).

Honduras

The expansionist monetary policy was also possible in this country: the Central Bank of Honduras reduced the monetary policy rate from its initial level in 2016 from 6.25% to 5.50%, which took place in March and in June.

The currency recorded a 5.08% devaluation, ending the year at HNL 23.50 per USD; the year's average exchange rate was 22.83. This devaluation was in line with the expectations of the Central Bank of Honduras for the year (5%).

With regard to fiscal matters, Honduras continued making improvements and met the requirements of the International Monetary Fund as part of the standby agreement. Tax revenue from January to October recorded a growth of 14.7% compared to the same period of 2015, while the current expenditure grew at a rate of 12.8%. The fiscal deficit at October was 1.2% of the GDP, up from the 0.7% recorded in the same period of 2015. The public debt as a percentage of the GDP at September was 46%, which is very close to the level at the end of 2015 recorded as 46.2%.



El Salvador

Tax revenue from January to November 2016 recorded a growth of 6.2% compared to the same period of the previous year, while the current expenditure dropped by 0.9%. The fiscal deficit at November was 1.4%, down from the 2.4% recorded in the same month in 2015. The debt as a percentage of the GDP at November was 60.4%, slightly higher than the 60% observed twelve months back.

The difficulties regarding the public debt issuances for terms greater than one year persisted in 2016; the lack of a political consensus for the approval of this debt, as well as to make fiscal reforms, weakened the risk perception of the country.

However, in the second half of 2016, advances were made when the Responsibility Law was passed, along with a stage of the foreign debt program needed to manage the debt maturity profile.



Panama

During the period from January to September 2016, tax revenue recorded a 9.1% increase, above the 4.8% growth in the current expenditure. The fiscal deficit at September was 3.9% of the GDP, very close to the figure recorded in 2015 (4%). The debt as a percentage of the GDP at June 2016 reached 40.2%, compared to 38.8% at the end of 2015.

Tax Revenue and Current Expenditures

	Tax Revenue (Accumulated Variation up to October)		Current Expenditures (Accumulated Variation up to October)		Deficit (GDP %)*		Debt (% of GDP)**	
	2015	2016	2015	2016	2015	2016	2015	2016
Costa Rica	9.0	8.5	8.5	5.7	-5.0	-4.4	42.4***	45.5
El Salvador	4.0	6.2	2.0	-0.9	-2.4	-1.4	60.0	60.4
Honduras	16.4	14.7	5.8	12.8	-0.7	-1.2	46.2***	46.0**
*Panama	0.2	9.1	8.4	4.8	-4.0	-3.9	38.8***	40.2****

* Data at October 2016

** Data at September
2016/2015

*** Data at December 2015

**** Data at June 2016

Ratings

Quality	Moody's	S&P	Fitch
Average investment grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Low investment grade	Baa1	BBB+	BBB+
	Baa2 Panama (stable)	BBB Panama (stable)	BBB Panama (stable)
	Baa2 Colombia (stable)	BBB Colombia (negative)	BBB Colombia (negative)
	Baa3	BBB-	BBB-
Non-investment grade	Ba1 Costa Rica (stable)	BB+	BB+ Costa Rica (negative)
	Ba2	BB Costa Rica	BB
	Ba3 El Salvador	BB- Costa Rica (negative) ↗	BB- ↗
Highly speculative	B1	B+ Honduras (positive)	B+ El Salvador
	B2 Honduras (positive)	B+ El Salvador	B
	B3 El Salvador (negative)	B	B-
	B3 Honduras	B- El Salvador (negative) ↗	↗

Costa Rica

The risk rating assigned by both Moody's and Fitch Ratings showed no changes in 2016. However, Standard & Poor's reduced the rating from BB to BB-, driven, according to the rating agency, by the fiscal risks faced by the economy, along with the absence of a political consensus making it difficult to pass the tax reforms. The outlooks on the rating remain in negative territory.



Honduras

Moody's assigned Honduras a better risk rating, going from B3 to B2 with a positive outlook, mainly due to progress in fiscal matters and compliance with the IMF's requirements in the current standby agreement. The risk rating assigned by Standard & Poor's remained stable at a level higher than that of Moody's in 2016, with a positive outlook.



El Salvador

There was a major decline in the risk rating in the region: Moody's downgraded from Ba3 to B3 and Standard & Poor's lowered its rating from B+ to B-. Fitch's, on the other hand, went unchanged. The reductions were assigned due to the difficulty to issue long-term foreign debt, the absence of a political consensus, the tax situation and the little leeway to maneuver the Government till.



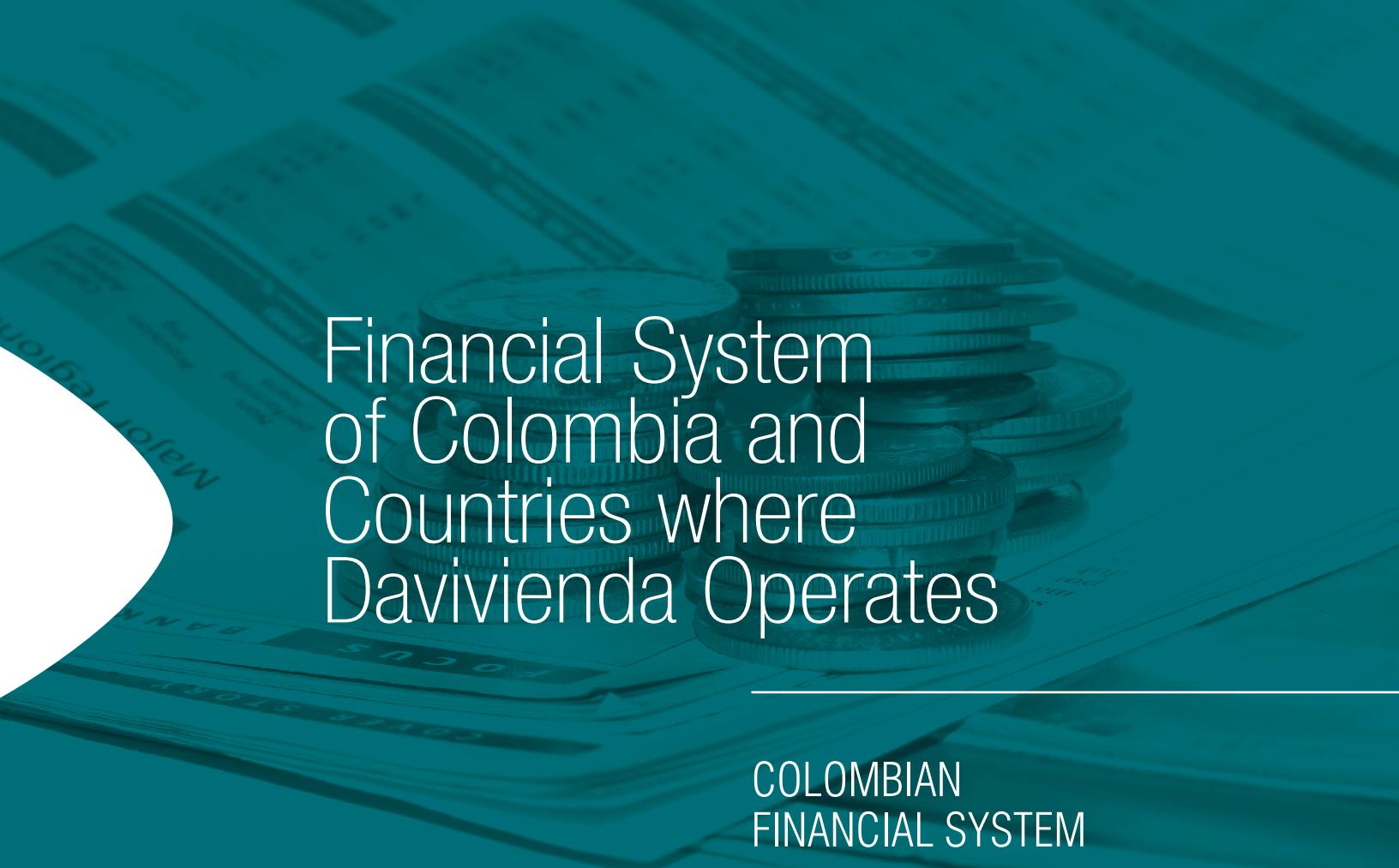
Panama

At the end of 2016, its risk ratings by Moody's, Standard & Poor's and Fitch stood at BBB with a stable outlook.



Financial Center, Panama City





Financial System of Colombia and Countries where Davivienda Operates

COLOMBIAN FINANCIAL SYSTEM

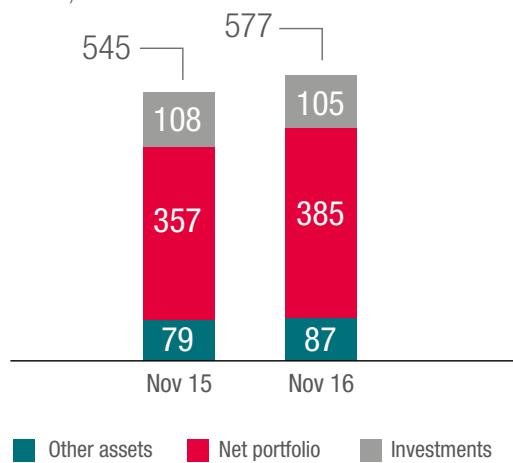
In 2016, the system portfolio showed a slowdown in growth, while portfolio quality levels declined, particularly in the commercial and consumer loan portfolios. It is important to highlight that the levels of liquidity and return remain strong, although the challenge persists to strengthen solvency levels to prepare capital for the future requirements of Basel III.

Assets

The 6% growth of assets was driven by the 8% annual increase in the net portfolio, which represents 67% of the total assets. The investment portfolio remained at similar levels and reduced its share on the balance sheet from 20% to 18%.

BREAKDOWN OF ASSETS

(In trillions of COP)

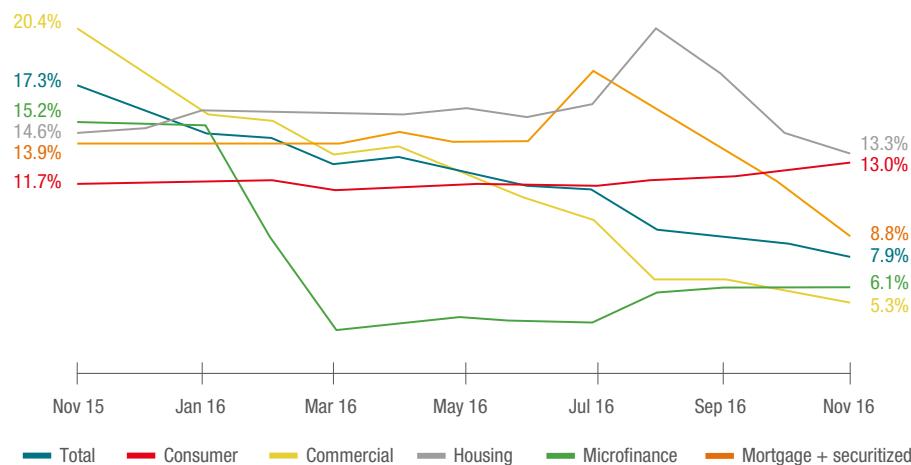


Source: Colombian Financial Superintendence.

	Nov. 15	Nov. 16	Annual Var.	Share
Total Assets	545	577	6%	100% 100%
Investments	108	105	-3.0%	20%
Net Portfolio	357	385	8%	66% 67%
Other assets	79	87	9%	15% 15%

ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO

Source: Colombian Financial Superintendence
 Figures from January 2015 to November 2016 according to IFRS; 2014 figures adjusted to make them comparable to the balances in IFRS (recognition of employee loan portfolio in the gross loan portfolio and reclassification of residential leasing from the commercial loan portfolio to the mortgage portfolio).



In 2016, the **system portfolio** showed a slowdown in growth, while **liquidity** and **profitability** levels remained strong.

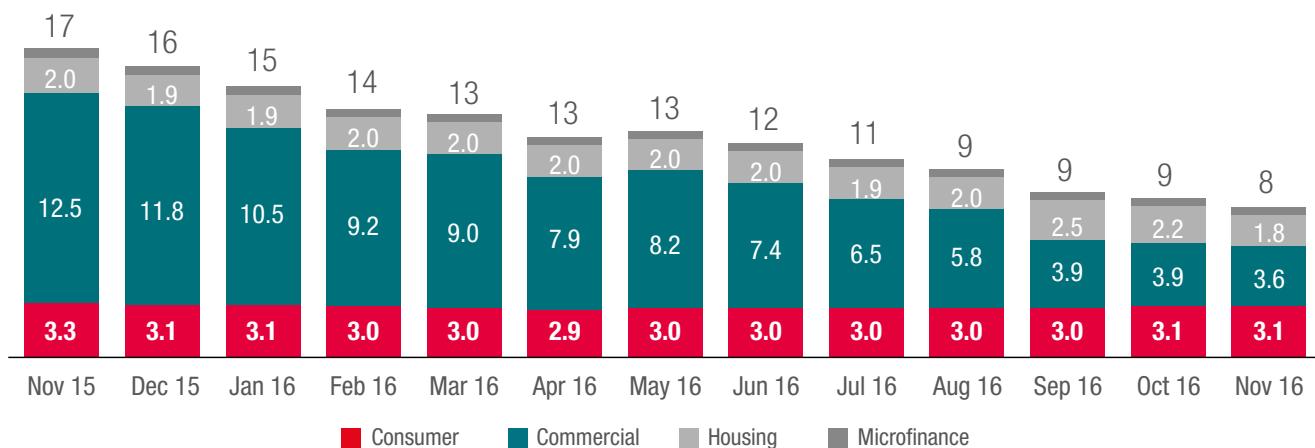
Loan Portfolio

The loan portfolio of credit establishments showed a significant decline in its growth rate, going from a 17% growth in November 2015 to 8% in November 2016. The commercial loan portfolio recorded the greatest decline during the period, unlike the consumer loan portfolio, whose growth accelerated.

The micro-loan portfolio went from a growth of 15% in November 2015 to 6% in November 2016, due to a base effect on the portfolio balance, considering that Banco Mundo Mujer became part of the system in February 2015, sustaining the high levels of growth observed throughout that year.

SHARE BY SEGMENT TO GROWTH OF THE GROSS LOAN PORTFOLIO

(Percentage values)



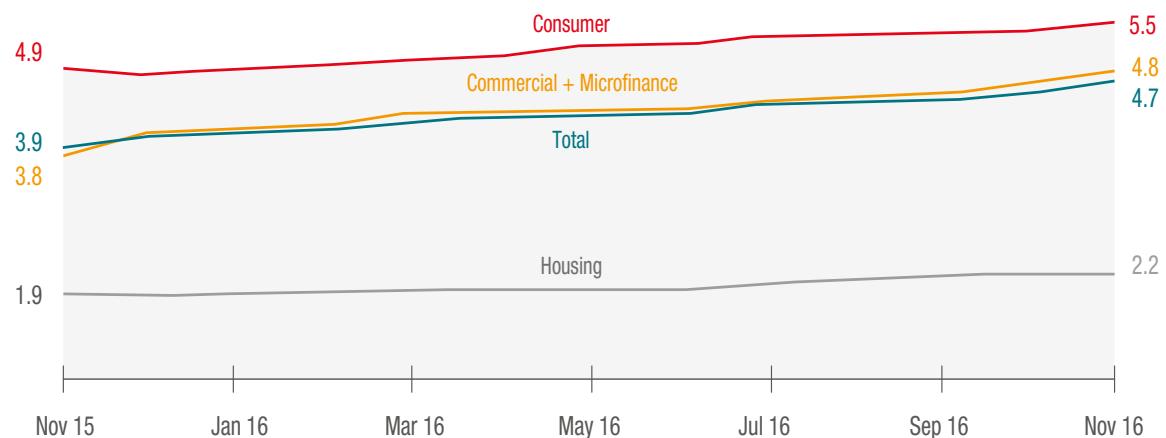
Source: Colombian Financial Superintendence.

Portfolio Quality

The sector's portfolio quality indicator stood at 4.7% compared to 3.9% from a year ago. The loan categories showed decline, particularly the commercial loan portfolio, which increased 100 basis points due to contractions of sectors of the economy, such as oil and mining, which have caused certain debtors trouble paying their loans on time. Similarly, the consumer loan portfolios showed a decline of 60 basis points.

In 2016, all loan categories in Colombia showed decline, particularly the commercial loan portfolio.

PORTFOLIO QUALITY BY RATING



32% share:
 savings accounts are still
 the main source of funding
 of loan establishments in Colombia.

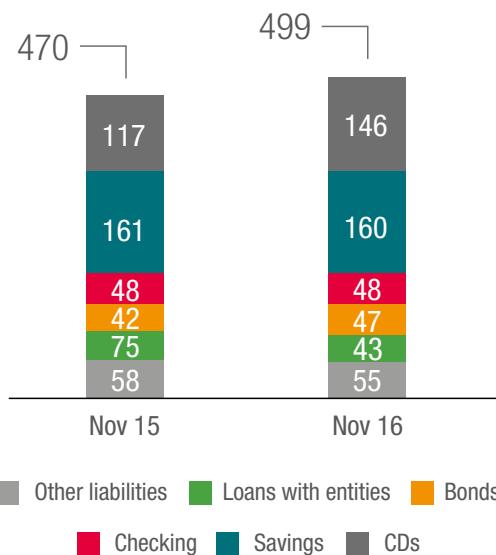
Funding Sources

Despite the slowdown of savings accounts in the system liabilities, they are still the main source of funding of loan establishments in Colombia, with a share of 32%. This funding source is known for being low cost and stable over time.

The capital market has become an important source to obtain funds for banks, which enables them to achieve the right balance between the duration of assets and liabilities. Bonds represented 9% of the total liabilities with a recorded growth of 12%. Over the last year, CDs showed a significant growth of 29%, while demand resources, such as savings and checking accounts, remained at the same levels. This shows credit establishments' preference for stable and longer-term funding sources.

LIABILITY STRUCTURE

(In trillions of COP)



	Annual Var.	Share	
	2015 - 2016	2015	2016
Liabilities	6.2%	100%	100%
CDs	25%	25%	29%
Savings	0%	34%	32%
Checking	0.3%	10%	10%
Bonds	12%	9%	9%
Credits with entities	-5%	10%	9%
Other liabilities	-5%	-12%	11%

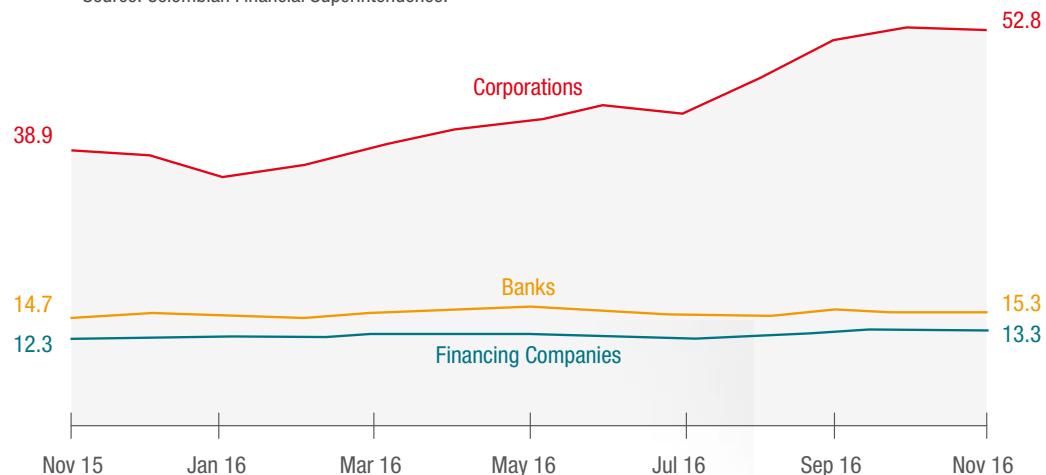
Equity and Solvency

Due to the effort made by entities to maintain comfortable levels of capital to cover their liquidity needs, the individual solvency ratio remained well above the 9% required by regulations.

SOLVENCY

(As a percentage)

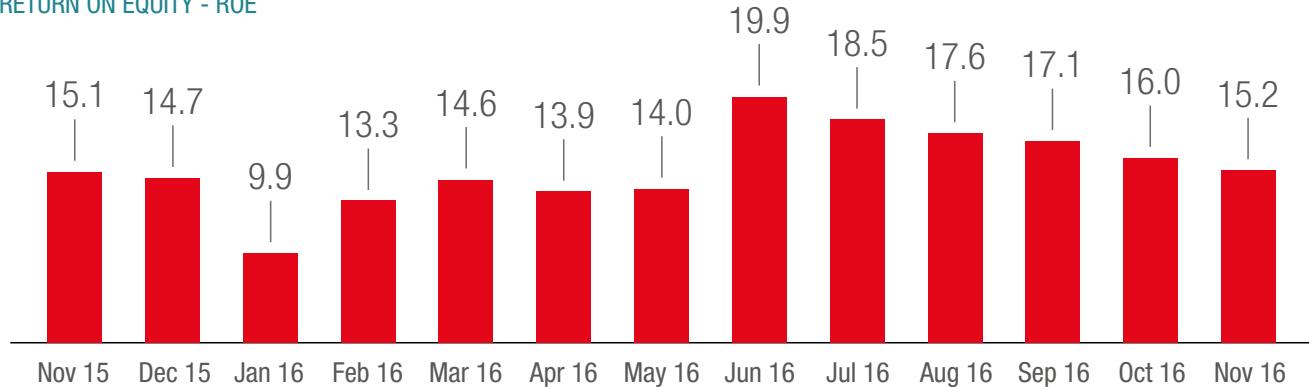
Source: Colombian Financial Superintendence.



Profitability

In 2016, the system's profitability showed a considerable increase due to the posting of gains originated by the operation of a banking entity that generated an extraordinary profit of COP 2 trillion in June. However, the ROE and ROA indicators remained at similar levels, when comparing November 2015 and November 2016.

RETURN ON EQUITY - ROE



Source: Colombian Financial Superintendence.

RETURN ON ASSETS - ROA



Source: Colombian Financial Superintendence.

EL SALVADOR FINANCIAL SYSTEM

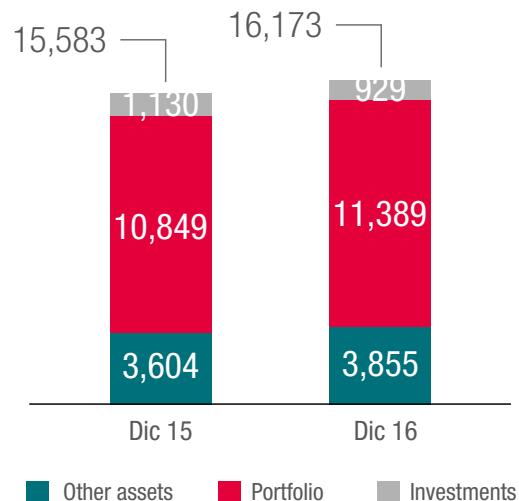


Assets

Assets grew 4%. The portfolio that represented 70% of the total assets grew 5%. In turn, the investment portfolio decreased by 18% compared to 2015.

BREAKDOWN OF ASSETS

(in millions of USD)

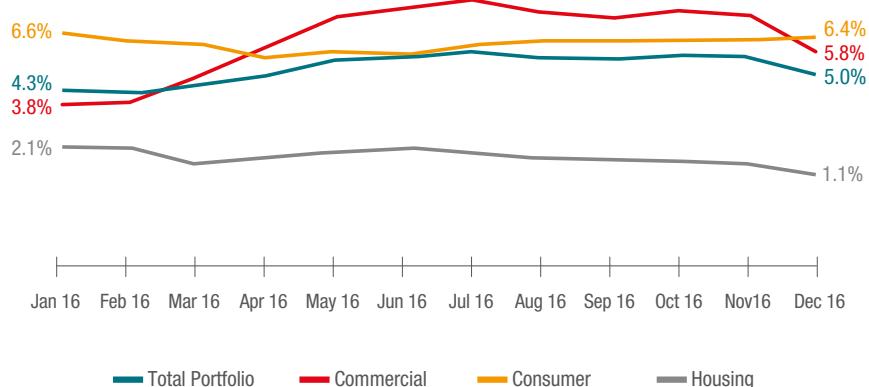


Source: SSF

	Annual Var.	Share	
	2015 - 2016	2015	2016
Total Assets	4%		
Investments	-18%	7%	6%
Portfolio	5%	70%	70%
Other assets	7%	23%	24%

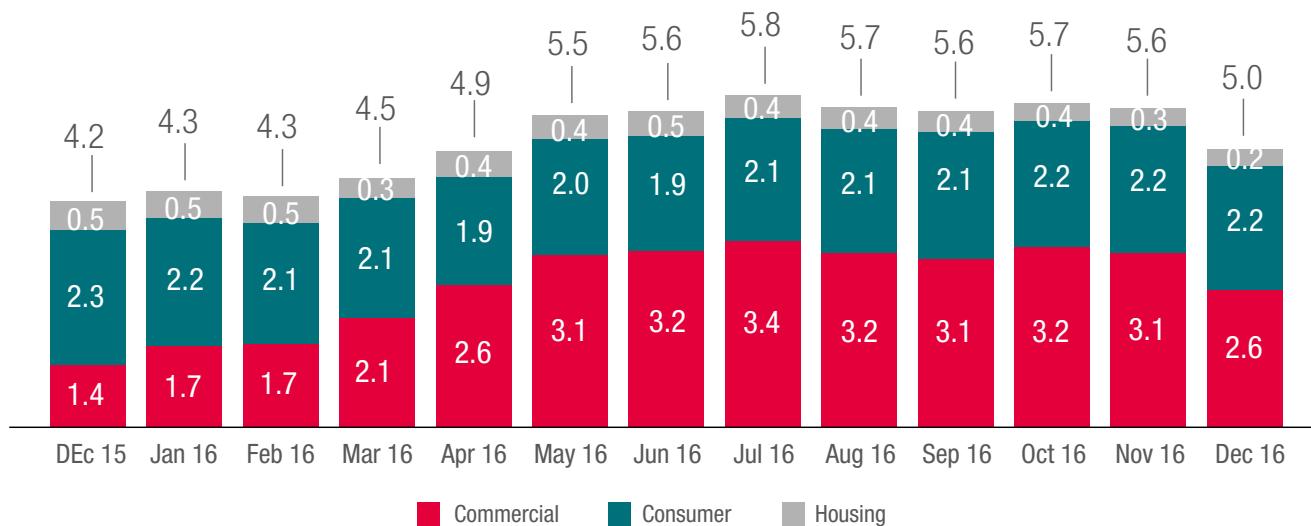
Loan Portfolio

ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO BY SEGMENT



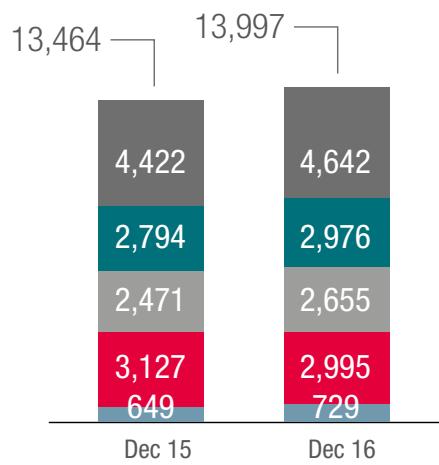
SHARE BY SEGMENT TO ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO

(Percentage values)



Funding Sources

Liabilities grew 4%, of which CDs represented 33%, with a 5% increase; savings accounts represented 21%, with a growth of 7%; while checking accounts, which represented 21%, decreased by 4%.



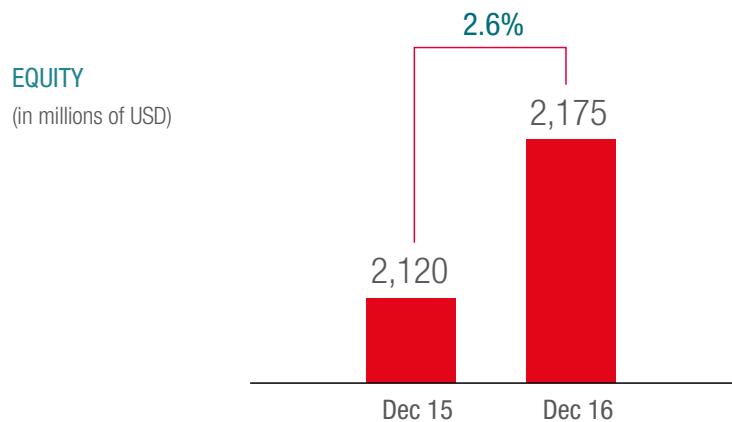
LIABILITY STRUCTURE

(in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Liabilities	4%		
CDs	5%	33%	33%
Savings	7%	21%	21%
Checking	- 4%	23%	21%
Securities	12%	5%	5%
Other liabilities	7%	18%	19%

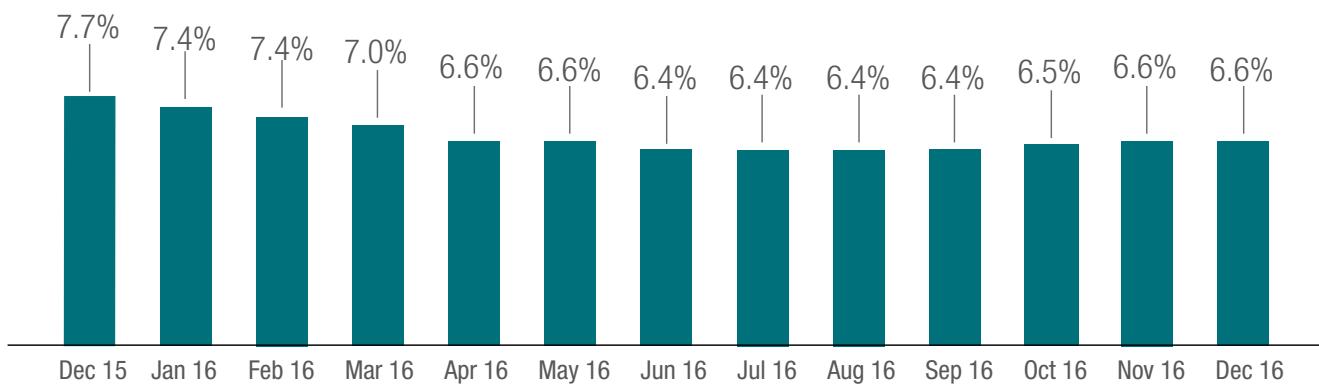
■ Securities ■ Savings ■ Other liabilities ■ Checking ■ CDs

Equity

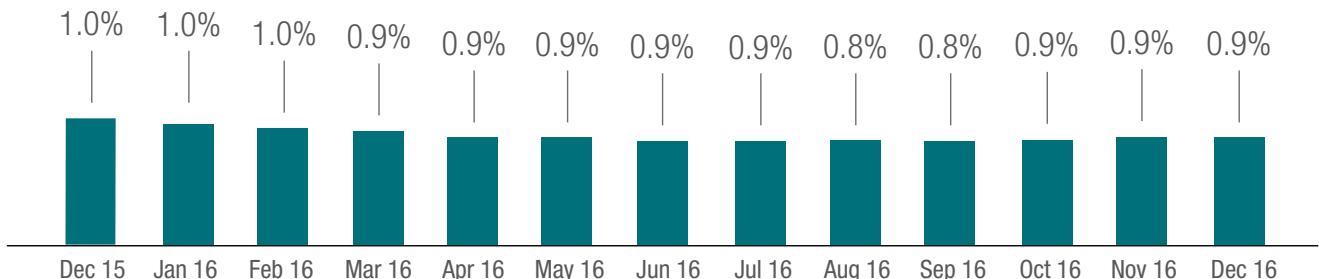


Profitability

ROE 12 MONTHS



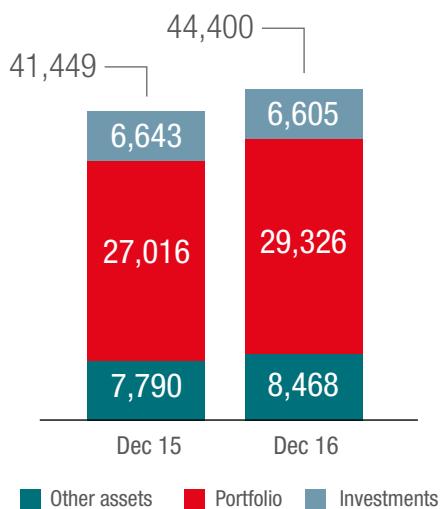
ROA 12 MONTHS



COSTA RICA FINANCIAL SYSTEM

Assets

Assets grew 7%; the loan portfolio represented 66% of the total assets, and it was the item that most impacted the annual growth of total assets. The loan portfolio grew 9% and investments decreased by 1%, while other assets increased by 9%.



BREAKDOWN OF ASSETS

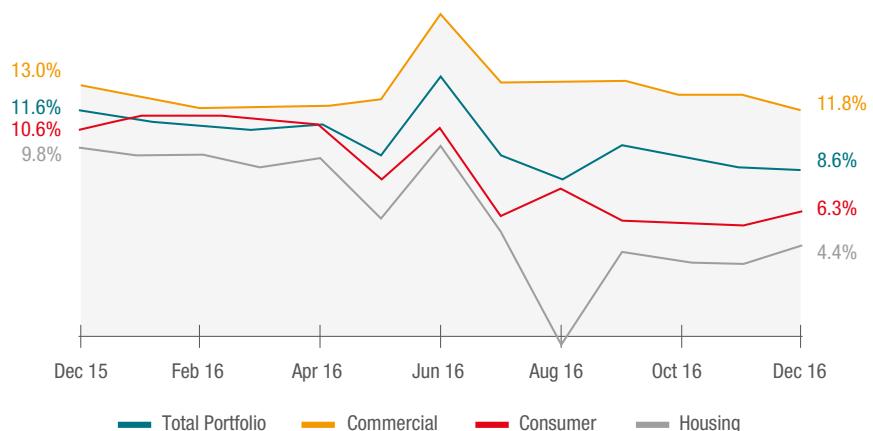
(in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Total Assets	7%		
Investments	-1%	16%	15%
Portfolio	9%	65%	66%
Other assets	9%	19%	19%

Source: SUGEF

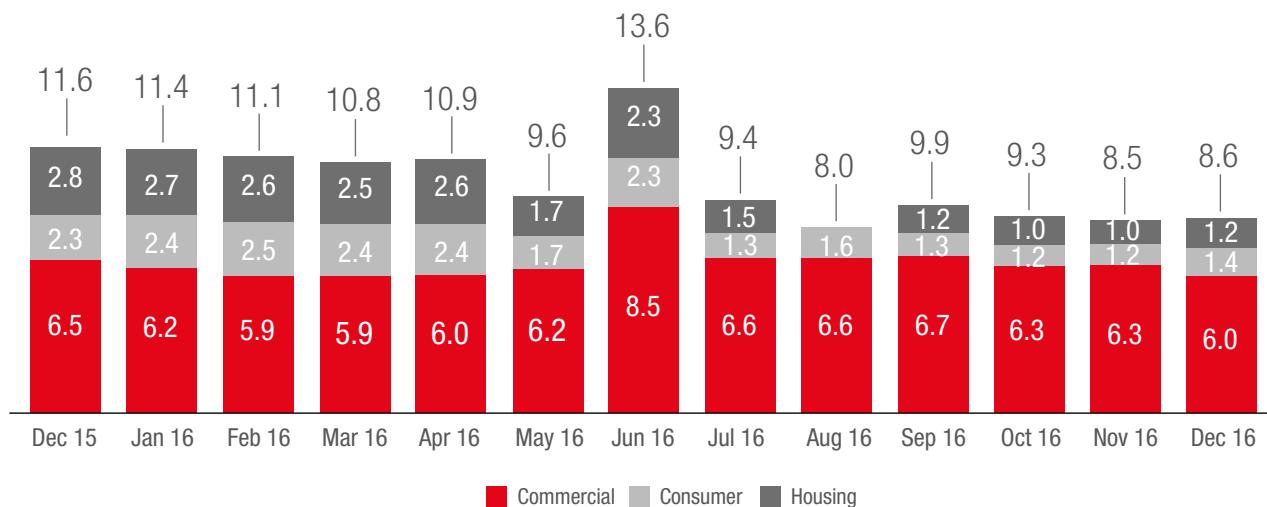
Loan Portfolio

ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO BY SEGMENT



SHARE BY SEGMENT TO ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO

(Percentage values)

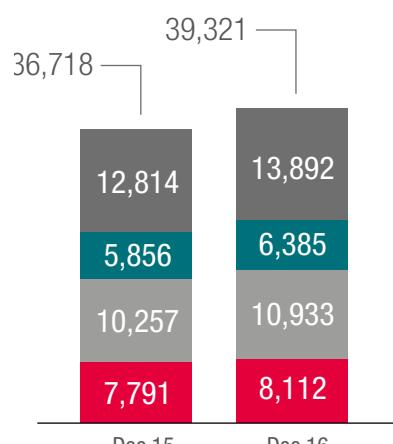


Funding Sources

Liabilities grew 7%; CDs represented 35% of the liabilities and grew 8%; savings accounts, which represented 16%, grew 9%; checking accounts represented 21% and grew 4%; while other liabilities, which represented 28%, increased by 7%.

LIABILITY STRUCTURE

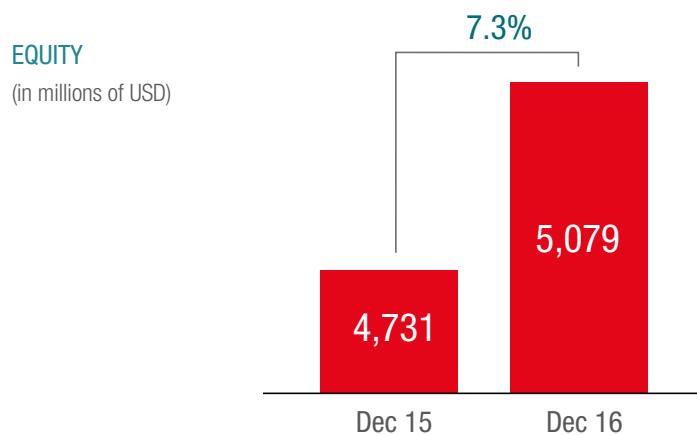
(in millions of USD)



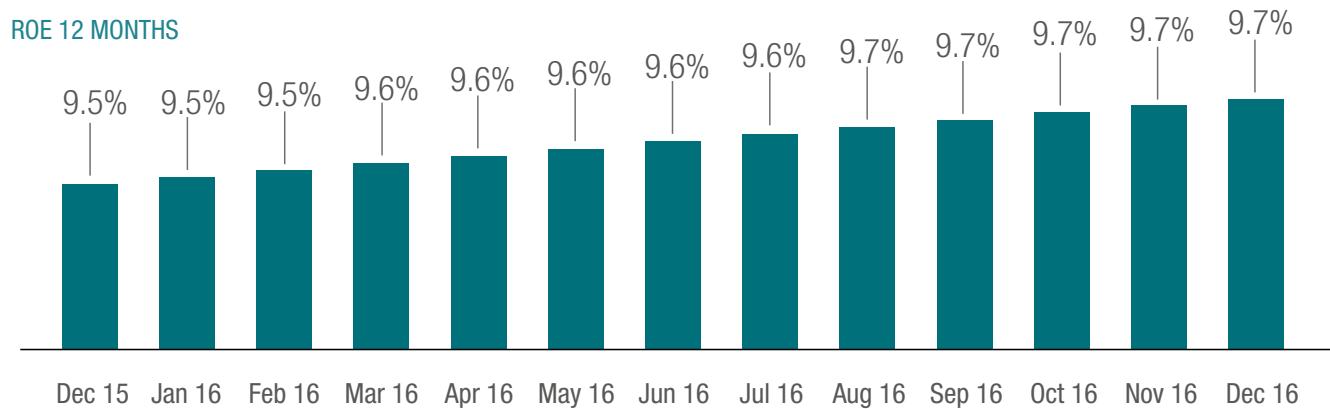
	Annual Var.		Share	
	2015 - 2016	2015	2016	
Liabilities	7%			
CDs	8%	35%	35%	
Savings	9%	16%	16%	
Checking	4%	21%	21%	
Other liabilities	7%	28%	28%	

■ CDs ■ Other liabilities ■ Savings ■ Checking

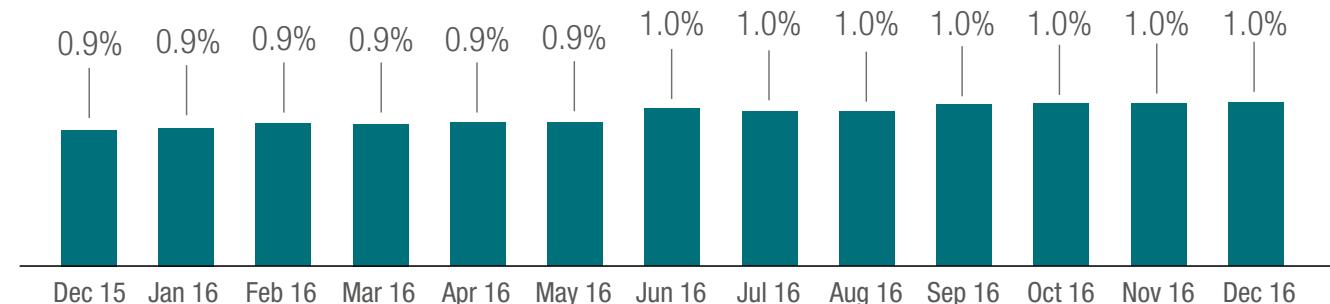
Equity



Profitability



ROA 12 MONTHS

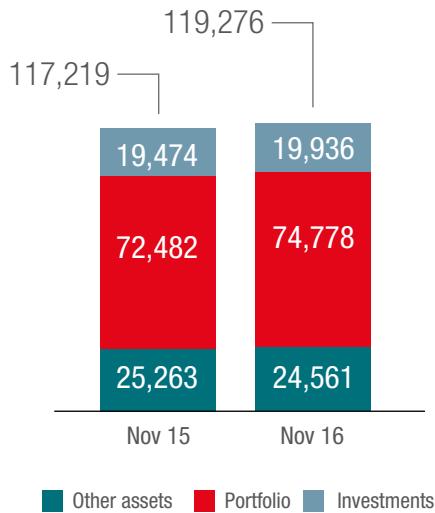




PANAMA FINANCIAL SYSTEM

Assets

Assets grew 2%; the loan portfolio represented 63% of the total assets, and it was the item that most impacted the annual growth of total assets. The loan portfolio grew 3% and investments increased by 2%, while other assets decreased by 3%.



BREAKDOWN OF ASSETS

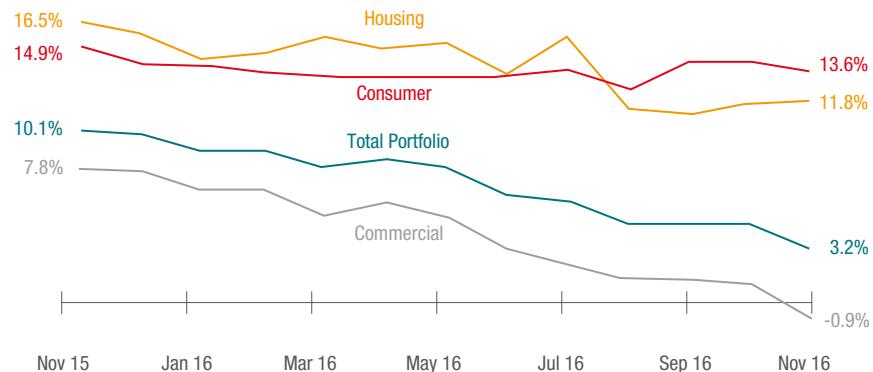
(in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Total Assets	2%		
Investments	2%	17%	17%
Portfolio	3%	62%	63%
Other assets	-3%	22%	21%

Source: SBN

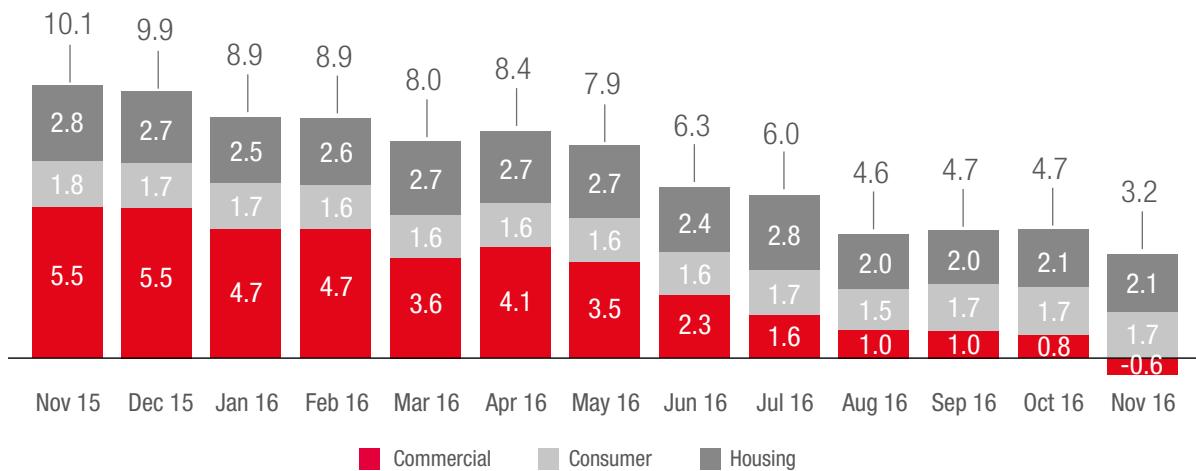
Loan Portfolio

ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO BY SEGMENT



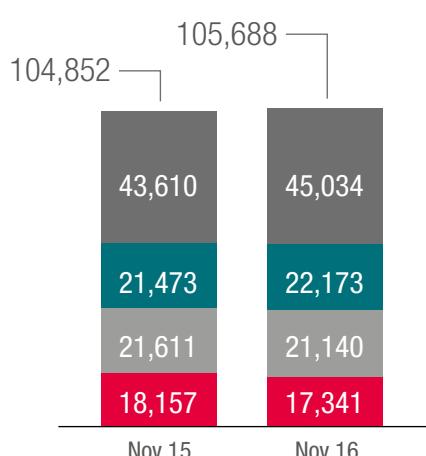
SHARE BY SEGMENT TO ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO

(Percentage values)



Funding Sources

Liabilities grew 1%, of which CDs represented 43%, with a 3% increase; savings accounts represented 21%, with a growth of 3%; while checking accounts, which represented 21%, decreased by 4%.



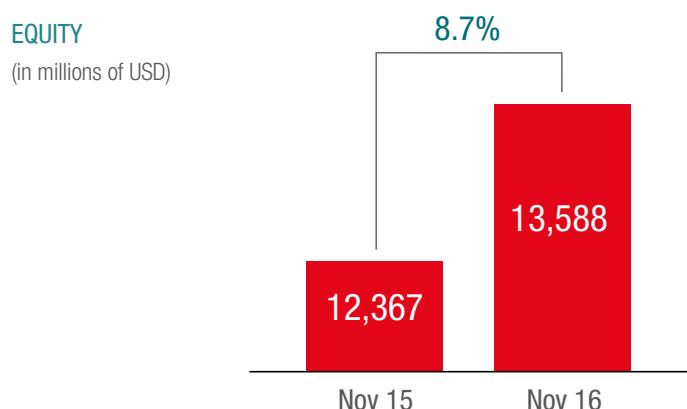
LIABILITY STRUCTURE

(in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Liabilities	1%		
CDs	3%	42%	43%
Savings	3%	20%	21%
Checking	-4%	17%	16%
Other liabilities	-2%	21%	20%

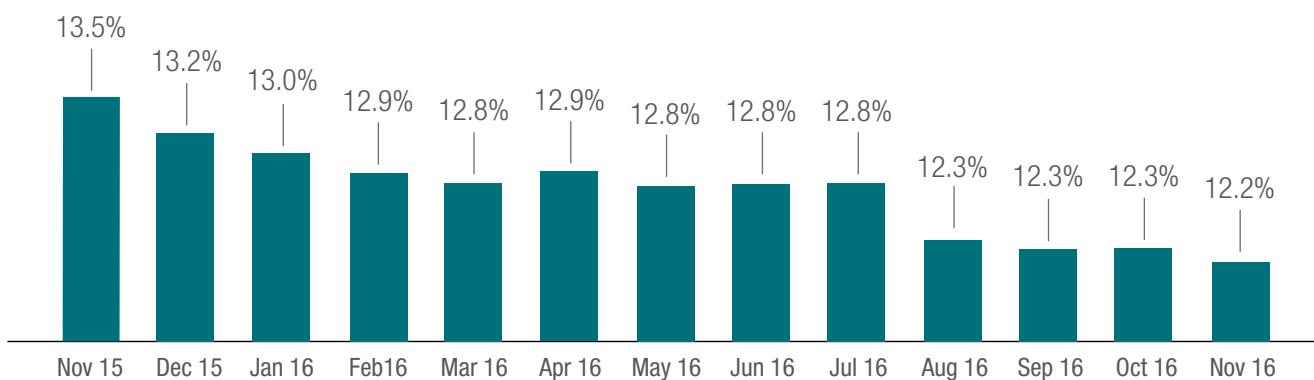
■ Checking ■ Other liabilities ■ Savings ■ CDs

Equity

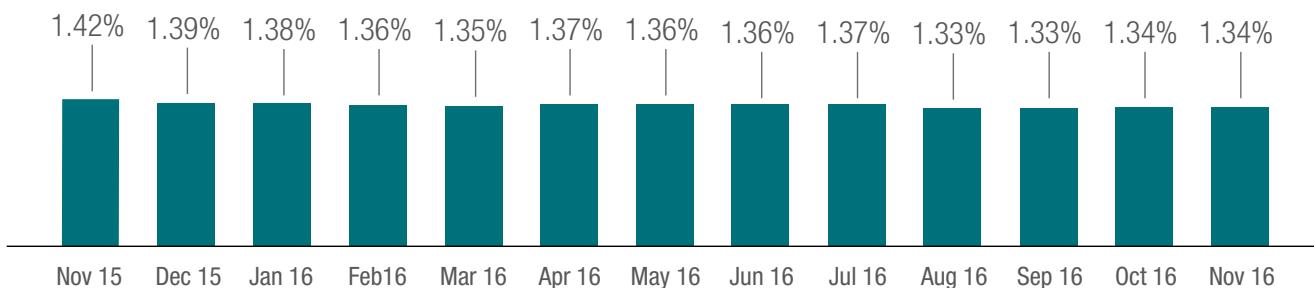


Profitability

ROE 12 MONTHS



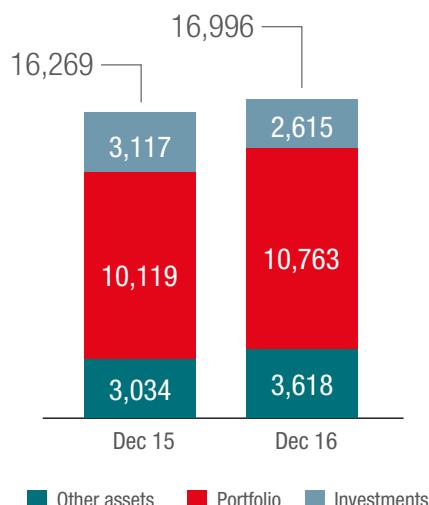
ROA 12 MONTHS



HONDURAS FINANCIAL SYSTEM

Assets

Assets grew 4%; the loan portfolio represented 63% of the total assets, and it was the item that most impacted the annual growth of total assets. The loan portfolio grew 6%, investments decreased by 16% and other assets increased by 19%.



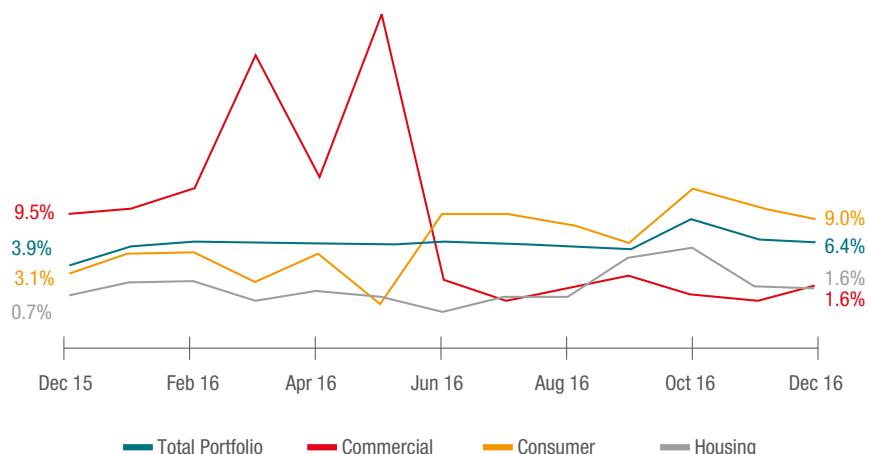
ASSET DETAIL (in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Total Assets	4%		
Investments	-16%	19%	15%
Portfolio	6%	62%	63%
Other assets	19%	19%	21%

Source: CNBS

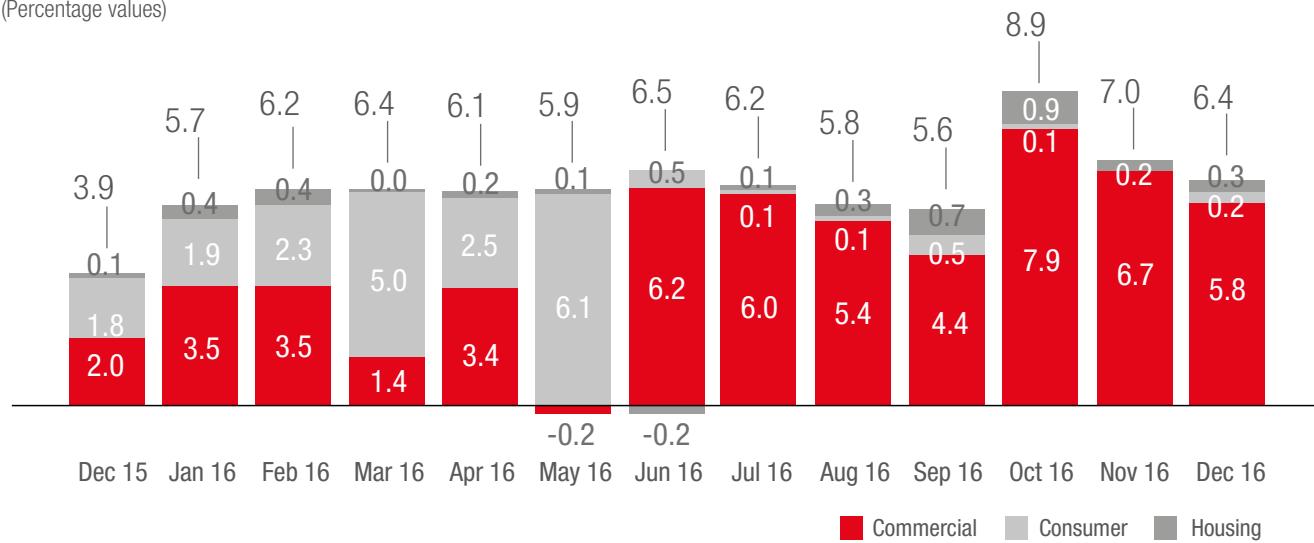
Loan Portfolio

ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO BY SEGMENT



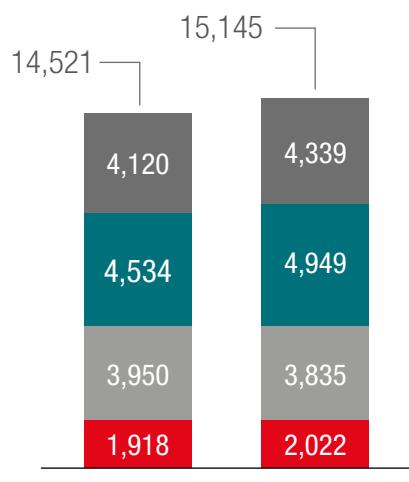
SHARE BY SEGMENT TO ANNUAL GROWTH OF THE GROSS LOAN PORTFOLIO

(Percentage values)



Funding Sources

Liabilities grew 4%; CDs represented 29% of the liabilities; savings accounts, which represented 33%, grew 9%; checking accounts represented 13% and grew 5%; and other liabilities represented 28% and decreased by 3%.

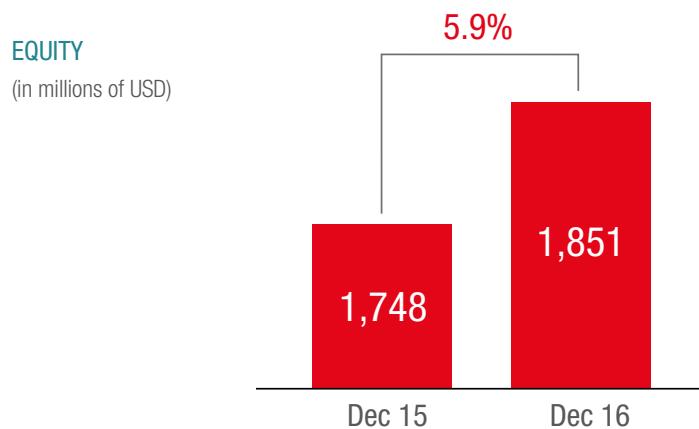


LIABILITY STRUCTURE

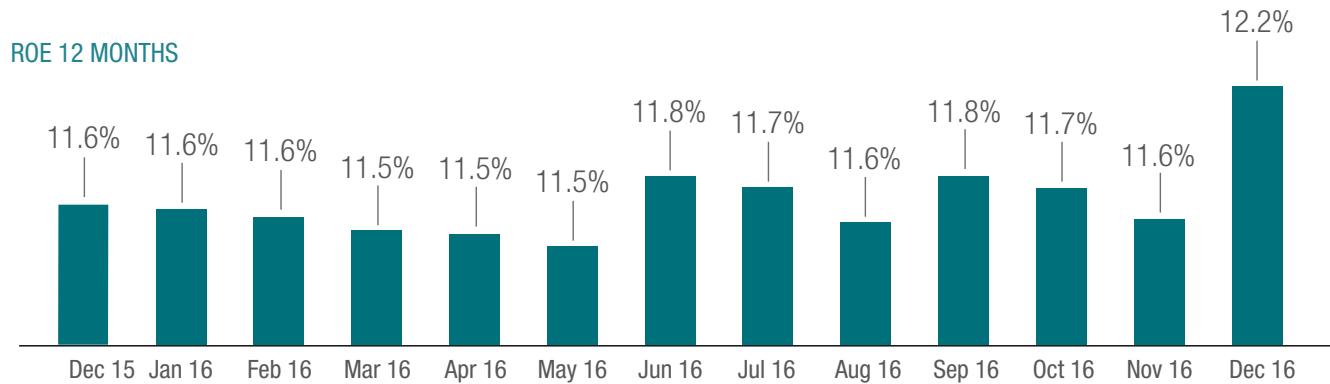
(in millions of USD)

	Annual Var.	Share	
	2015 - 2016	2015	2016
Liabilities	4%		
CDs	5%	28%	29%
Savings	9%	31%	33%
Checking	5%	13%	13%
Other liabilities	-3%	27%	25%

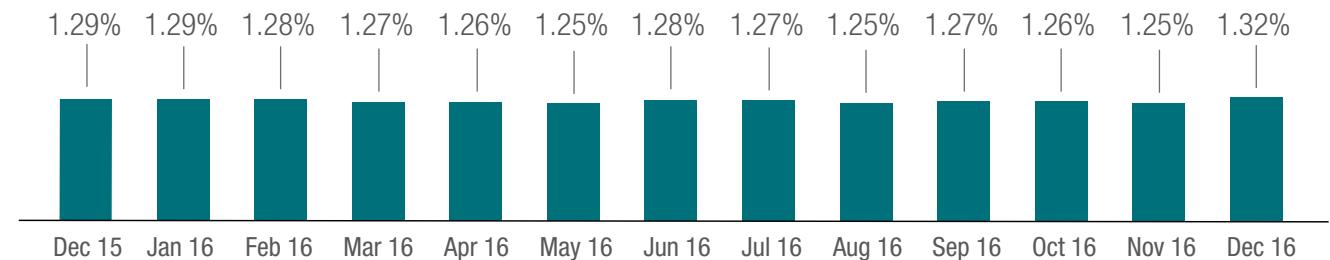
Equity



Profitability



ROA 12 MONTHS

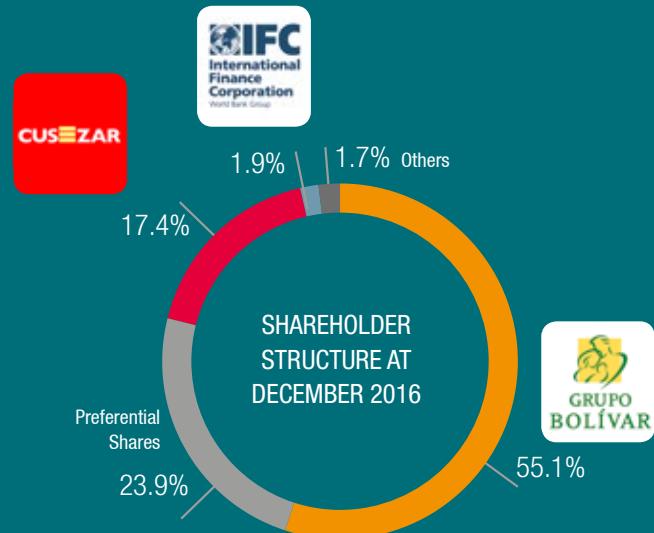


Governance and Structure

CORPORATE GOVERNANCE

The activities carried out in 2016 on this matter are discussed in the Corporate Governance Report presented at the ordinary General Shareholders' Meeting and published at www.davvienda.com.

Ownership Structure



2016	
Ordinary Shares	343,676,929
Preferential Shares	107,993,484
Total Outstanding Shares	451,670,413

BOARD OF DIRECTORS

The Board of Directors elected for the 2015 - 2017 period is composed of the following members:

BOARD OF DIRECTORS' COMPOSITION

FIRST LEVEL	 Carlos Guillermo Arango Uribe Principal Member Chairman of the Board of Directors	 Roberto Holguín Fety Alternate Member
SECOND LEVEL	 Javier José Suárez Esparragoza Principal Member	 Olga Lucía Martínez Lema Alternate Member
THIRD LEVEL	 Álvaro Peláez Arango Principal Member (Independent)	 Enrique Flórez Camacho Alternate Member
FOURTH LEVEL	 Gabriel Humberto Zárate Sánchez (†) Principal Member	 Federico Salazar Mejía Alternate Member (Independent)
FIFTH LEVEL	 Bernard Pasquier Principal Member (Independent) (†) Deceased.	 Mark Alloway Alternate Member (Independent)

Statutory Auditor

KPMG S.A.S.

Financial Consumer Advocate

Principal: Carlos Mario Serna Jaramillo

ORGANIZATIONAL STRUCTURE OF THE BANK

	Colombia	Costa Rica	El Salvador	Panama	Honduras	Miami
Banks	 DAVIVIENDA	 DAVIVIENDA Costa Rica 100%	 DAVIVIENDA El Salvador 98.2%	 DAVIVIENDA Panama 100%	 DAVIVIENDA Honduras 94.2%	 DAVIVIENDA 100%
Insurance		 DAVIVIENDA Seguros S.A. 51%  DAVIVIENDA 100%	 DAVIVIENDA El Salvador 100%		 DAVIVIENDA Honduras 88.6%	
Trusts	 DAVIVIENDA Fiduciaria 94.7%					
Brokers	 DAVIVIENDA Corredores 95.7%	 DAVIVIENDA 100%	 DAVIVIENDA 100%	 DAVIVIENDA Corredores 100%		
Leasing		 DAVIVIENDA 100%				

Information at December 2016.

Changes in the Organizational Structure

- » On January 4, 2016, the merger by absorption between Banco Davivienda and Leasing Bolívar was completed.
- » On October 28, 2016, Fiduciaria Davivienda acquired Seguridad Compañía Administradora de Fondos de Inversión S.A. (S.A.I.), a Grupo Bolívar affiliate.
- » The trade name of Seguros Bolívar Aseguradora Mixta S.A. was changed to Davivienda Seguros (Costa Rica) S.A.

GENERAL SHAREHOLDERS' MEETING

Date	Type of meeting	Minutes No.	QUORUM	No. SHARES REPRESENTED
March 10	Ordinary	123	99,806%	343,010,200

In 2016, the General Shareholders' Meeting was held on March:

The meeting was carried out in compliance with the applicable regulations and shareholders were provided with the required information to make decisions.

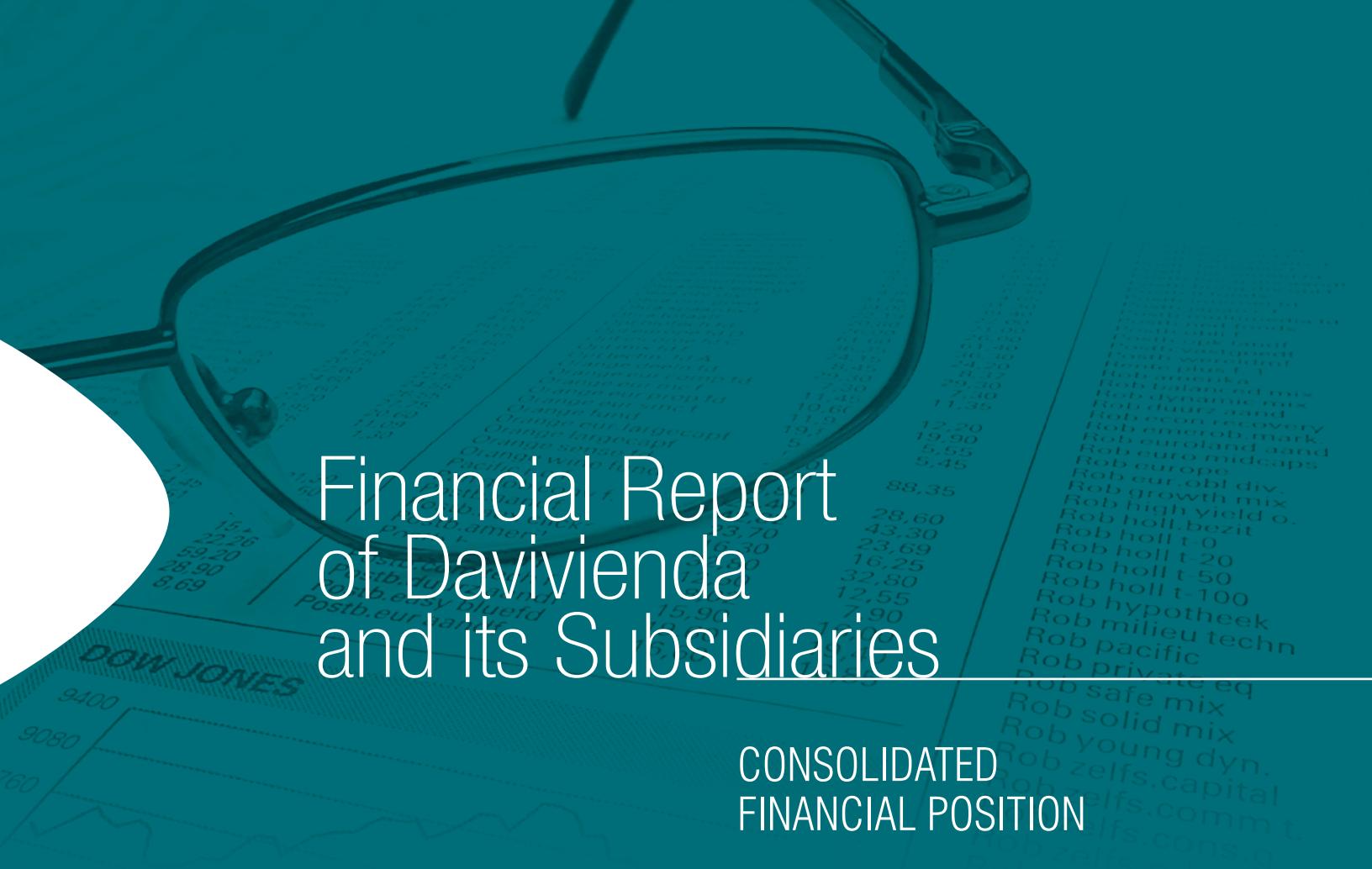
The announcement, shareholder rights and obligations, characteristics of the shares and the rules of procedure of the Meeting were divulged to the shareholders and the market in general through the website www.davivienda.com.

In addition, the Shareholders' Meeting was broadcast online to the Bank's shareholders, in compliance with the recommendations of the Code of Best Corporate Practices, Código País, which states that electronic media are a great help in revealing information.

It is important to highlight that the Bank's shareholders and investors have an exclusive service channel, the Shareholder and Investor Service Office, located at Avenida el Dorado No. 68C-61, Edificio Torre Central Davivienda, Office 901, Bogotá. They also have contact lines ((571) 220-3495, (571) 338-3838, 01-8000 123-838) and a link on the corporate website to which they can send comments, as well as an e-mail atencionainversionistas@davivienda.com

In addition, in compliance with the current regulations the Bank's relevant information was posted on the website of the Colombian Financial Superintendence.

The Shareholder and Investor Service Office, an exclusive service channel for these stakeholders.



Financial Report of Davivienda and its Subsidiaries

CONSOLIDATED FINANCIAL POSITION

The figures listed below are the consolidated results for 2016, and they are compared to the results of 2015, both according to the *full IFRS*.

COP 38.3 trillion
Corporate Banking Portfolio
12.4% growth.
76.2% Net loan portfolio
share of the total assets.

The growth of the corporate banking portfolio is highlighted, which ended at COP 38.3 trillion, up 12.4% from the previous year, mainly due to the behavior of corporate loans in Colombia; and the commercial loan portfolio in international subsidiaries, achieving a 6.0% increase after converting local figures to US dollars. We also had a 15.6% increase in the consumer loan portfolio, where the growth of credit cards and free investment loans particularly stood out in Colombia. Lastly, the mortgage portfolio closed at COP 15.8 trillion, up 15.1% from the result in 2015.

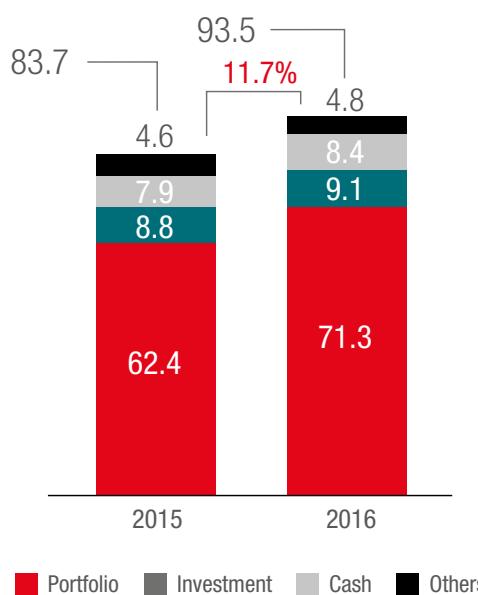
Asset Structure and Analysis

At the end of December 2016, assets totaled COP 93.5 trillion, up 11.7% from 2015. This result is explained mainly by the performance of the net loan portfolio, which increased by COP 8.9 trillion, up 14.2% compared to the end of 2015, reaching a 76.2% share of the total assets.

Net investments increased 3.8%, closing at COP 9.1 trillion, achieving a 9.7% share of the total assets; cash and interbank closed at COP 8.4 trillion, up 5.7% from the end of 2015.

DAVIVIENDA CONSOLIDATED ASSET PERFORMANCE

(In trillions of COP)



■ Portfolio ■ Investment ■ Cash ■ Others

Loan Portfolio

The performance of the consolidated loan portfolio balance in 2016 is explained mainly by the performance of corporate banking, which closed at COP 38.3 trillion, up COP 4.2 trillion from the end of 2015, particularly due to corporate loans in Colombia and the results of this portfolio in foreign subsidiaries.

The consumer loan portfolio closed at COP 18.9 trillion, up 15.6% from the same period of the previous year, mainly driven by the increase in the credit card balance in Colombia and the foreign subsidiaries, in addition to the free investment loans. The mortgage portfolio increased 15.1% compared to 2015, closing at COP 15.8 trillion, both in low-income housing and traditional housing.

DAVIVIENDA CONSOLIDATED / GROSS PORTFOLIO

(In trillions of COP)

	2015	2016	Variation	
			Value	Percentage
Commercial	34.1	38.3	4.2	12.4%
Consumer	16.3	18.9	2.5	15.6%
Mortgage	13.7	15.8	2.1	15.1%
Gross Loan Portfolio	64.1	72.9	8.8	13.8%

71.9% of the consolidated loan portfolio accounts for Colombian pesos and 28.1% is in foreign currency. The official exchange rate reached COP 3,000.71, giving rise to a 4.7% revaluation, which is equivalent to COP 148.76, compared to the COP 3,149.47 rate in December 2015.

The quality indicators of loans more than 90 days past due closed at 1.99%, up 38 basis points from 2015, mainly due to the impairment of the commercial loan portfolio caused by individual customs as a result of the economic slowdown, and the mortgage portfolio, mainly in Colombia, due to the securitization carried out during the year (COP 390 billion), the increase in the Real Value Unit (UVR, for the Spanish original) and the impairment of mortgage loans disbursed to self-employed individuals and residential leasing disbursements.

The consumer loan portfolio indicator closed the year at 2.58%, up 19 basis points compared to 2015, mainly due to the impairment of free investment loans, payment methods and payroll loans in Colombia.

We ended 2016 with a level of coverage¹⁰ for nonperforming loans of 115.5%. The difference compared to the previous year is mainly due to the higher level of impairment of the commercial and mortgage loan portfolios.

Consolidated Portfolio:

**71,9% in COP
28,1% in foreign currency.**

DAVIVIENDA - CONSOLIDATED NONPERFORMING LOANS AND COVERAGE INDICATORS

	2015	2016
Consumer Loan Portfolio Quality	2.39%	2.58%
Commercial Loan Portfolio Quality	1.09%	1.36%
Mortgage Portfolio Quality	2.00%	2.82%
Total Quality	1.62%	1.99%
Total Coverage	167.0%	115.5%

Quality: Quality of nonperforming loans more than 90 days past due / Total.

Coverage: Provisions / Nonperforming loans more than 90 days past due.

65.3%

of funding sources was
for deposits in savings
accounts and CDs.

10. Coverage:
 Provisions / Nonperforming loan portfolio
 based on delinquency.

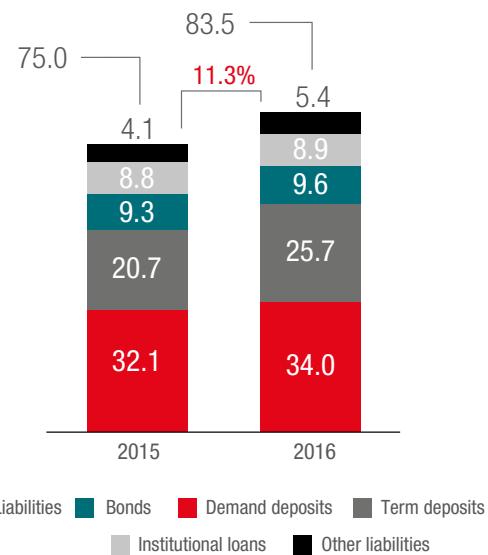
Liability Structure and Analysis

The total liabilities grew 11.3% compared to the previous year, closing at COP 83.5 trillion, mainly due to the 23.9% increase in term deposits, while demand deposits only increased 5.8%.

The net portfolio to funding sources ratio¹¹ closed at 91.2%, up 3.17% from 2015. Savings deposits represented 32.5% of the funding sources, checking accounts represented 10.0%, CDs, 32.8%, bonds, 12.3%, credits with other entities and other deposits, 11.4% and 1.0% each.

DAVIVIENDA CONSOLIDATED PERFORMANCE OF LIABILITIES¹²

(In trillions of COP)



DAVIVIENDA - CONSOLIDATED / FUNDING SOURCES

(In trillions of COP)

	2015		2016		Variation	
	Value	Share	Value	Share	Value	Percentage
Saving accounts	23.1	32.6%	25.4	32.5%	2.3	9.7%
Checking Accounts	8.2	11.6%	7.8	10.0%	(0.4)	(4.7%)
CDs	20.7	29.2%	25.7	32.8%	4.9	23.9%
Other deposits	0.8	1.2%	0.8	1.0%	(0.0)	(2.2%)
Bonds	9.3	13.1%	9.6	12.3%	0.3	3.6%
Loans with entities	8.8	12.4%	8.9	11.4%	0.1	1.7%
Funding sources	70.9	100.0%	78.1	100.0%	7.3	10.3%

11. Funding sources:
 Deposits + bonds + institutional loans.

12. Includes repos and interbank loans

Equity Structure and Analysis

Equity closed at COP 10.0 trillion, up 1.3 trillion from December 2015, mainly due to the internal generation of earnings.

In addition, the consolidated technical equity amounted to COP 9.4 trillion, assets weighted by risk level totaled COP 82.7 trillion and market risk closed at COP 193 billion, based on which the solvency ratio¹³ stood at 11.0%, achieving core assets of 6.5%, compared to the regulatory 9% for the total indicator and 4.5% for the core assets.

Consolidated Statement of Income

Profit at December 2016 totaled COP 1.7 trillion, up 39.5% from the cumulative income of December 2015.

At the end of 2016, the net financial margin showed an annual growth of 19.8%, thanks to the performance of the financial income, which increased 32.8%, mainly due to the results of the commercial loan portfolio and the strategy implemented in the investment portfolio.

**DAVIVIENDA CONSOLIDATED /
RESULT AS OF DECEMBER 2016** (In billions of COP)

	December 2015	December 2016	Growth	
			Value	Percentage
Financial income	6,531	8,675	2,144	32.8%
Portfolio Income	6,066	7,870	1,803	29.7%
Portfolio Income	432	752	321	74.3%
International & Overnight Funds	33	53	20	61.6%
Financial expenses	2,259	3,705	1,446	64.0%
Gross financial margin	4,272	4,970	698	16.3%
Provisions	1,155	1,235	80	6.9%
Net financial margin	3,117	3,735	618	19.8%
Operating income	988	1,133	145	14.7%
Operating expenses	2,524	2,935	410	16.3%
Net exchange and derivatives	144	178	35	24.1%
Other net income and expenses	(8)	232	240	2,939%
Operating margin	1,717	2,344	627	36.5%
Taxes	480	619	139	29.0%
Net Income	1,237	1,725	488	39.5%

13. Technical equity / (Assets weighted by risk level +((100/9)*Market Risk))

39.5%

Profit growth in 2016
compared to the previous year.

The 29.7% growth in portfolio income was mainly due to the 45.8% increase in the commercial loan portfolio income, explained by the increase in the balance of this portfolio (12.4%) particularly corporate loans in Colombia and in foreign subsidiaries. As regards personal banking, the fastest growing income was that corresponding to the consumer loan portfolio, closing at COP 2.6 trillion, up 20.2% from 2015. Finally, the income in the mortgage portfolio grew 19.1% compared to 2015, closing at COP 1.7 trillion.

The income from the investment portfolio increased by 74.3%, closing at COP 752 billion, mainly due to the strategy in debt securities and fiduciary assignments.

Financial expenses grew 64% as a result of the larger share of term deposits within the funding sources, the debt issuances made in Colombia and foreign subsidiaries, and the greater use of rediscount loans and banking correspondents.

The NIM¹⁴ remained at levels similar to those recorded in 2015, closing at 6.4%.

The net provision expense increased by COP 79.8 billion, closing at COP 1.2 trillion, up 6.9% from the previous year due to the increase in the provision expense of the commercial loan portfolio, the performance of particular corporate clients and the increase in provisions of the consumer loan portfolio; however, the accumulated cost of risk¹⁵ at the end of the year was 9 basis points below that of 2015, going from 1.8% to 1.7%.

The operating margin closed at COP 2.3 trillion, up 36.5% from 2015, due to the COP 240 billion increase in other net income and expenses, explained by the profit generated by the movement of some fixed assets and the income received on the Credibanco shares.

Operating expenses closed at COP 2.9 trillion, up 16.3% from 2015, mainly due to the increase in personnel expenses as a result of the recognition of the actuarial calculation of the seniority bonus, the increase in expenses for professional fees, insurance and contributions, the increase in expenses for current taxes and higher expenses for renovations and construction. In addition, the merger with Leasing Bolívar contributed 1.6% to consolidated growth. However, the efficiency indicator¹⁶ improved by 173 basis points, going from 46.8% in December 2015 to 45.1% in December 2016.

COP 2.3 trillion
Operating margin,
up 36.5% from 2015.

14. NIM: accumulated gross margin (12 months) / average earning assets.

15. Cost of risk: net provision expense (accumulated 12 months) / gross portfolio.

16. Efficiency (12 months) = Operating expenses / (gross financial margin + net operating income - dividends + net exchange and derivatives + other net income and expenses).

As a result of the variation in the exchange rate, income from exchange and derivatives closed at COP 178.2 billion. Tax expenses amounted to COP 619 billion, up 29.0% from those recorded in 2015. As a result, net profit closed at COP 1.7 trillion, up 39.5% from the end of 2015, based on which the return on average equity stood at 18.6%, way above the 15.3% recorded at December 2015.

FINANCIAL POSITION BANCO DAVIVIENDA

In 2016, we had excellent results, as our net portfolio grew 16.9%, we supported important sectors of the economy, such as the business, construction and housing sectors, and we continued to consolidate our DaviPlata operation as a major ally of the National Government in the dispersion of subsidies granted to the country's most vulnerable population.

It is important to point out the growth of the corporate banking, which closed at COP 28.8 trillion, up 15.8% from the previous year, with annual disbursements for COP 20 trillion, mainly due to the corporate segment, representing 64.1% of the commercial loan portfolio, which grew 6.2%. In addition, there was a 51.5% increase in the SME segment. Finally, in the Construction segment, we closed at COP 3.6 trillion, which represents a growth of 21.2% compared to

17. Frech: General Reserve Fund for Mortgage Portfolio Stabilization is a benefit offered by the Government and administered by the Central Bank that facilitates the financing of new low-income homes in urban areas by covering a percentage of the interest rate on the loan.

18. LIH: Low-income housing.

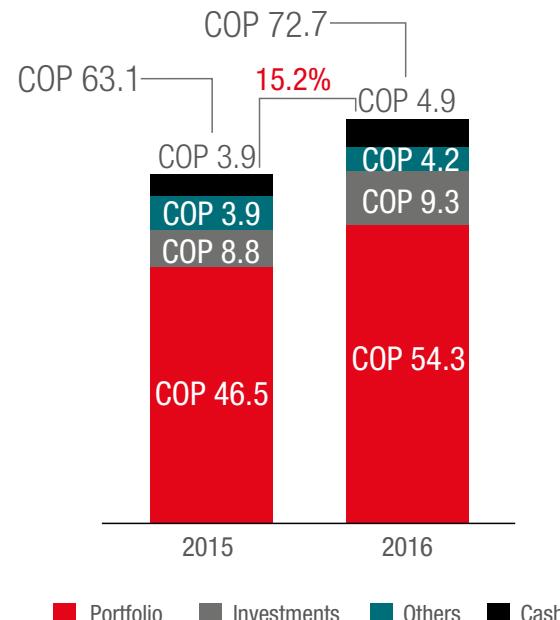
19. PIPE: Plan to Boost Productivity and Employment.

the previous year; this is the result of our participation in Government programs aimed to promote housing purchases among Colombian families.

In relation to personal banking, there was a 17.9% increase by the end of 2016, mainly due to the growth strategy in the payroll and free investment loans (8.2% and 35.9%, respectively), the use of credit cards (30%) in the consumer loan portfolio and the 16.7% increase in our mortgage portfolio. It is also important to highlight our leading position in disbursements in FRECH¹⁷ II (40%), Casa Ahorro (52%), Cuota Inicial VIS (38%) and PIPE 2.0 Mayor a VIS (30%) programs. Finally, we have continued to consolidate as a financial inclusion bank: in 2016, more than 56 million monetary transactions were carried out through DaviPlata for COP 3.5 trillion, up 7.4% compared to the end of 2015.

BANCO DAVIVIENDA / ASSET PERFORMANCE

(In trillions of COP)



Asset Structure and Analysis

At the end of 2016, we were still the third largest bank based on assets in Colombia at COP 72.7 trillion, with a growth of 15.2% over the last 12 months. This result is explained by the COP 7.8 trillion net portfolio growth. Investments, interbank deposits and cash increased by more than COP 1.4 trillion, which is an increase of 10.7% compared to the previous year. The portfolio represents 74.7% of the total assets, while investments represent 12.8%.

**COP
72.7 trillion**
 Third largest bank
 based on assets in Colombia.

BANCO DAVIVIENDA / GROSS PORTFOLIO

(in billions of COP)

	2015	2016	Variation	
			Value	Percentage
Corporate Banking	24,895	28,836	3,941	15.8%
Corporate	16,950	18,002	1,051	6.2%
Construction	2,972	3,600	629	21.2%
Corporate	1,126	1,405	279	24.8%
SME	3,848	5,830	1,982	51.5%
Personal Banking	23,593	27,814	4,221	17.9%
Consumer	12,778	15,198	2,420	18.9%
Mortgage	10,815	12,616	1,801	16.7%
Total Bank	48,488	56,651	8,162	16.8%

Loan Portfolio

At December 2016, we recorded a 16.9% increase in the loan portfolio, mainly due to the performance of the corporate banking portfolio with a balance increase of COP 3.9 trillion, and the personal banking portfolio with an increase of COP 4.2 trillion.

The delinquent portfolio quality indicator²⁰ closed at 1.97%, showing an impairment of 38 basis points compared to the 2015 indicator, as a result of the slowdown in the Colombian economy.

20. Delinquent portfolio quality.

Consumer loans > 60 days; Commercial, Micro-loans, Residential Leasing > 90 days; Mortgage and Residential Leasing > 120 days)

The indicator with the highest level of impairment was the mortgage portfolio, which closed at 1.64%, up 44 basis points from that reported, particularly in Colombia, due to the securitization for COP 390 billion carried out during the year, the increase in the Real Value Unit (UVR, for the Spanish original) and the impairment of mortgage loans for self-employed individuals and residential leasing disbursements.

The commercial loan portfolio closed at 1.28%, up 35 basis points mainly due to impairments of clients in the oil and infrastructure sectors.

BANCO DAVIVIENDA / NONPERFORMING LOANS AND COVERAGE INDICATORS (%)

	2015	2016
Consumer Loan Portfolio Quality	3.21%	3.54%
Commercial Loan Portfolio Quality	0.93%	1.28%
Mortgage Portfolio Quality	1.20%	1.64%
Total Quality	1.59%	1.97%
Total Coverage	263.9%	211.3%

Quality: Non-performing loan portfolio quality based on delinquency (Consumer loans > 60 days; Commercial, Microfinance Loans, Residential Leasing > 90 days; Mortgage and Residential Leasing > 120 days) / Total.

Coverage: Provisions / Nonperforming loan portfolio based on delinquency.

21. Coverage: Provisions / Nonperforming loan portfolio based on delinquency.

22. Funding sources: Deposits + bonds + institutional loans.

23. Other liabilities include repos and interbank deposits, accounts payable, financial instruments at fair value, other non-financial liabilities, and estimated and impaired liabilities.

The consumer loan portfolio indicator increased to 3.54% in December 2016, mainly due to the impairment of free investment and payroll loans.

Regarding the portfolio coverage indicator and as part of our risk management efforts, we have maintained levels of coverage²¹ for nonperforming loans, ending 2016 at 211%; the difference compared to the previous year is mainly due to the higher level of impairment of the commercial and mortgage loan portfolios.

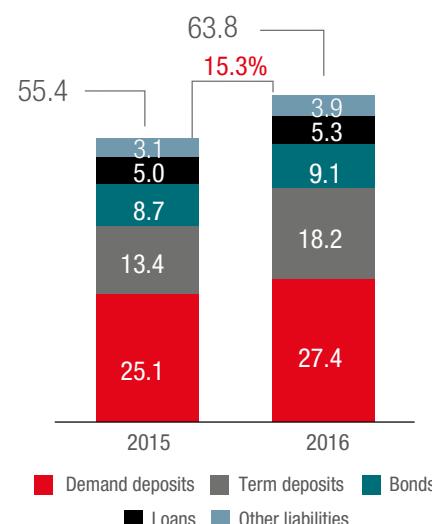
Liability Structure and Analysis

The total liabilities grew 15.3% compared to the previous year, closing at COP 63.8 trillion, mainly due to the 36.1% increase in term deposits, while demand deposits only increased 9.0%.

The net portfolio to funding sources ratio²² closed at 90.5%, up 1.64% from 2015. Deposits and current liabilities grew COP 7.1 trillion, up 18.4% from 2015, achieving a share of 71.4% of the total

DAVIVIENDA / PERFORMANCE OF LIABILITIES²³

(In trillions of COP)



BANCO DAVIVIENDA / FUNDING SOURCES

(In thousands of COP)

	2015		2016		Annual Variation	
	Value	Share	Value	Share	Value	Percentage
Saving accounts	19,367	37.1%	21,991	36.7%	2,624	13.5%
Checking Accounts	5,048	9.7%	4,681	7.8%	-367	-7.3%
CDs	13,382	25.6%	18,210	30.4%	4,828	36.1%
Other deposits	717	1.4%	719	1.2%	2	0.3%
Bonds	8,727	16.7%	9,063	15.1%	336	3.8%
Credits	5,000	9.6%	5,293	8.8%	293	5.9%
Funding sources	52,242	100.0%	59,957	100.0%	7,716	14.8%

liabilities; total liabilities grew 15.3% closing at COP 63.8 trillion. This growth was driven primarily by the increase in term deposits, which rose 36.1% compared to 2015, while demand deposits grew 9.0% compared to 2015, closing at COP 27.4 trillion.

Savings deposits represented 36.7% of the funding sources , checking accounts represented 7.8%, CDs were 30.4%, bonds were 15.1% and credits, 8.8%.

The net portfolio to funding sources ratio²⁴ increased to 90.6%, compared to 88.9% recorded in 2015.

COP 63.8 trillion

Total liabilities. Growth of 15.3% compared to the previous year.

Equity Structure and Analysis

At December 2016, the Bank's equity closed at COP 8.9 trillion, up COP 1.1 trillion from December 2015, due to the profits generated.

In addition, at December of 2016, technical equity amounted to COP 9.1 trillion, while assets weighted by risk level totaled COP 63.7 trillion. Considering a market risk equal to COP 148 billion, these figures indicate a Bank solvency ratio²⁵ of 13.9% for the total indicator and 7.67% for core assets. This is compared to a regulatory 9% for the total indicator and a minimum level of core assets of 4.5%.

24. Calculated as net loan portfolio / (deposits and payables + bonds + loans with other institutions)

25. Technical equity / (Assets weighted by risk level +((100/9)*Market Risk))

Financial Statements Banco Davivienda

Cumulative income at December 2016 amounted to COP 1.5 trillion, which represents a 26.7% increase compared to cumulative income at December 2015, which reached COP 1.2 trillion.

The net financial margin at the end of 2016 grew 13.9% compared to the aggregate of the previous year, due to the performance of the loan portfolio, with a 30.9% increase in portfolio interest income.

Loan portfolio income growth was primarily due to the 52.4% increase in income from the corporate loan portfolio, totaling COP 2.7 trillion.

BANCO DAVIVIENDA / RESULTS AT DECEMBER 2016

(in billions of COP)

**COP
1.5 trillion**

Accumulated Results to
December 2016. Increase of
26,7% compared to 2015.

	December 2015	December 2016	Growth	
			Value	Percentage
Financial income	5,278	7,070	1,793	34.0%
Portfolio Income	4,934	6,460	1,527	30.9%
Investment Income	317	566	249	78.4%
International & Overnight Funds	27	44	18	66.2%
Financial expenses	1,834	3,147	1,313	71.6%
Gross financial margin	3,444	3,923	480	13.9%
Provisions	1,005	1,471	466	46.3%
Net financial margin	2,439	2,452	14	0.6%
Operating income	928	1,093	165	17.7%
Operating expenses	1,871	2,117	247	13.2%
Net exchange and derivatives	107	133	25	23.5%
Other net income and expenses	5	274	269	5,062.7%
Operating margin	1,609	1,834	226	14.0%
Taxes	394	296	-99	-25.1%
Net Income	1,214	1,539	324	26.7%

In terms of personal banking, the fastest growing income was that of the consumer loan portfolio, which increased 19.4% compared to 2015, mainly due to the increase in the balances of the free investment portfolio (35.9%) and the credit card portfolio (30.0%) compared to the previous year.

The mortgage portfolio income closed at COP 1.4 trillion, up 18.4% from 2015, for both the LIH and the non-LIH segments.

Income from investments increased by 78.4% compared to the previous year, particularly due to the performance of the debt portfolio, which recorded an 58.5% increase in income.

Financial expenses grew 71.6% as a result of the larger share of term products that have comparatively higher rates within the funding sources, such as CDs and debt issuances for COP 1 trillion during the year.

The NIM²⁶ remained at levels similar to those recorded in 2015, closing at 5.9%.

The net provision expense grew COP 466 billion, closing at COP 1.5 trillion, mainly due to the increase in the provision expense of the commercial and consumer loan portfolios.

COP 1.8 trillion
Operating margin, up 14%
compared to 2015.

The operating margin closed at COP 1.8 trillion, up 14.0% compared to 2015, mainly due to the increase in operating income (17.7%), closing at COP 1.1 trillion, including the revenue generated by the income of subsidiaries (COP 271 billion), valued using the equity method as of 2015.

Operating expenses for COP 2.1 trillion showed a 13.2% increase, mainly due to the 14.2% increase in personnel expenses, the 23.9% increase in the tax expense, mainly the Industry and Commerce Tax (ICA) and the financial transaction tax (4x1000), and the investment in technology projects. However, the efficiency indicator²⁷ improved by 277 basis points, going from 44.2% in December 2015 to 41.7% in December 2016.

As a result of the variation in the exchange rate, revenue from exchange and derivative transactions rose 23.5%, closing at COP 133 billion. In turn, tax expenses amounted to COP 296 billion. Other net income and expenses increased by COP 268.8 billion, mainly due to the profit generated by the sale of fixed assets and the income received on the Credibanco shares.

Net profit closed at COP 1.5 trillion, up 26.7% from 2015, based on which the return on average equity stood at 18.7%, way above the 16.9% recorded at the end of 2015.

26. NIM: accumulated gross margin (12 months) / average earning assets.

27. Efficiency (12 months)= operating expenses / (gross financial margin + net operating income without including dividends + net exchange and derivatives + other net income and expenses).

Performance of Shares

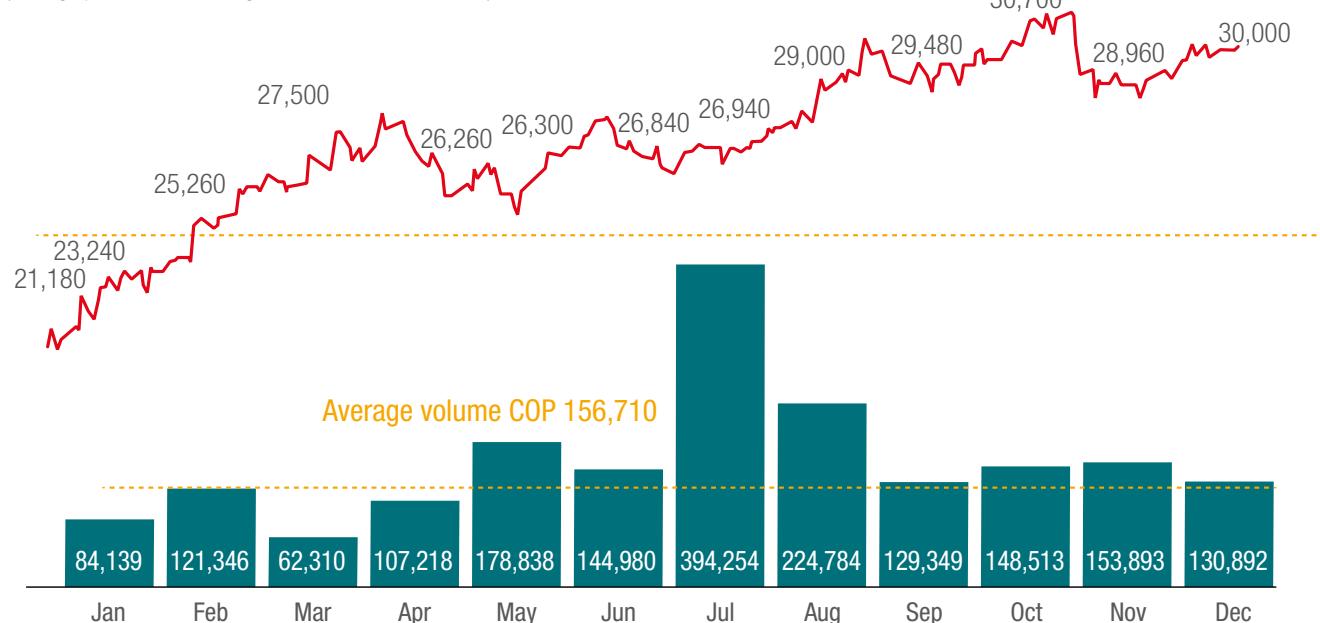
At the end of 2016, Davivienda had 451.7 million outstanding shares²⁸, which is 7.5 million²⁹ more than in 2015, due to the merger with Leasing Bolívar in January 2016, 23.9% of which were preferred shares on the Colombian securities market. 83.2% of these shares were held by local pension funds, 35.7% were owned by foreign investors, 17.1% belonged to Colombian companies other than pension funds, and the remaining 9.1% to individuals.

Throughout the year, the average monthly volume traded of the share was COP 156 billion, corresponding to a daily average of COP 8 billion. The average monthly volume increased by 43% compared to the previous year, mainly due to the high volume traded by foreign investors and pension funds. We closed 2016 with a price of COP 30,000, up 37.6% from the close of the previous year.

451.7 million
Outstanding shares.

AVERAGE PRICE PER SHARE

(Average price in COP. Average volume in millions of COP)



Source: Colombian Securities Exchange, Deceval and Davivienda.

28. 451,670,413 shares.

29. 7,456,179 shares.

RESULTS OF THE OPERATION BY SEGMENTS AND OUTLOOKS

Operation Segments

The Bank determines the presentation of its operating business segments based on how the information is received and organized. These segments are components of the Bank used for financial and banking activities that generate revenue and incur in expenses. Their effective accountability is ensured for the optimal measurement of their income, assets and liabilities, which are regularly assessed and verified by the Strategic Committee, led by the Bank's President (Highest Operational Decision-making Body - MITDO, for the Spanish original), to make the right decisions for the proper allocation of resources and the respective assessment of their performance. With this organization in mind, the operating segments for the Bank were determined considering:

- » Activities by individuals and businesses, which are reported separately by level of assets, liabilities, income and expenses.
- » Results examined on a periodic basis by the MITDO
- » The relationship based on which differentiated financial information is available.

The operating segments are components of the parent company, which include the results of the countries in which we are operating; therefore, their results are classified and presented in the segments established by the Bank:

Personal Banking

Comprised of all the products and services offered to individuals, focused on meeting their needs, including savings, investment and financing products.

Corporate Banking

Comprised of the supply of products and services for companies. It offers financial and transactional solutions in local and foreign currencies, as well as savings, investment and financing products that satisfy the needs of these customers in different sectors of the economy.

Discrete Financial Information GAP

It corresponds to the liquid asset, liability, income and expense segments greater than or equal to 10% of the assets, which are presented on an aggregate basis, as well as to the management of the mismatch between assets and liabilities, and all effects of restatement of amounts based on the exchange rate, either due to the position of treasury or the bank book. Therefore, the income from this segment reflects not only the income of a line of business, but also the corporate decisions regarding the Bank's management of issuances and financing. Even so, in handling the bank's cash resources, there is monitoring on behalf of management, as in all the other segments. With this in mind, we present the primary dynamics of the segment.

International

This is the Bank's international operation, so it includes the financial information of subsidiaries of Panama, Costa Rica, El Salvador and Honduras. These subsidiaries obtain revenue from several financial products and services offered in each country, based on an effective value proposition for its customers.

Below are the consolidated results of Banco Davivienda by segments, prepared according to the International Financial Reporting Standards and the guidelines established by upper management.

RESULTS BY SEGMENT 2016 (In billions of COP)

Statement of Income	Personal	Business	Discrete Financial Information GAP	International *	Eliminations and Standardizations	Total Consolidated Bank
Interest income	3,680,179	2,779,464	627,560	1,489,793	98,000	8,674,997
Interest expense	(327,025)	(1,792,686)	(1,027,368)	(566,509)	8,750	(3,704,838)
Net FTP **	(1,114,605)	357,142	757,463	0	0	0
Net portfolio and accounts receivable provisions	(976,761)	(494,944)	516	(211,737)	448,222	(1,234,705)
Net financial margin	1,261,789	848,975	358,171	711,547	554,972	3,735,454
Net fee and commission income	530,049	215,543	167,284	236,714	(25,033)	1,124,557
Net profit or loss on investments in associates	0	0	3,228	0	0	3,228
Dividends	0	0	5,426	0	0	5,426
Operating expenses	(1,342,388)	(506,989)	(388,740)	(746,135)	49,252	(2,935,001)
Net exchange and derivatives	0	0	132,583	37,104	8,524	178,210
Other net income and expenses	3,049	928	270,341	31,567	(73,700)	232,184
Operating margin	452,499	558,457	548,293	270,797	514,013	2,344,059
Income and related taxes	(31,805)	(210,277)	(75,866)	(57,423)	(243,958)	(619,329)
Net profits	420,694	348,180	472,426	213,374	270,055	1,724,730
Assets	27,908,208	28,742,437	14,635,373	22,574,344	(312,346)	93,548,017
Liabilities	12,541,507	32,401,062	17,733,800	19,941,207	885,394	83,502,970

RESULTS BY SEGMENT 2015 (In billions of COP)

Statement of Income	Personal	Business	Discrete Financial Information GAP	* International	Eliminations and Standardizations	Total Consolidated Bank
Interest income	3,087,615	1,843,997	362,430	1,241,419	(4,586)	6,530,875
Interest expense	(166,547)	(940,877)	(733,690)	(445,590)	28,127	(2,258,576)
Net FTP**	(796,171)	454,647	341,524	0	0	0
Net portfolio and accounts receivable provisions	(626,300)	(342,902)	(49,931)	(146,846)	11,105	(1,154,874)
Net financial margin	1,498,599	1,014,865	(79,668)	648,983	34,646	3,117,425
Net fee and commission income	662,824	242,391	141,028	423,312	(492,858)	976,697
Dividends	0	0	5,076	0	0	5,076
Net profit or loss on investments in associates	0	0	6,623	0	0	6,623
Operating expenses	(1,485,576)	(576,912)	(318,281)	(832,469)	688,685	(2,524,553)
Net exchange and derivatives	0	0	142,390	30,179	(28,988)	143,580
Other net income and expenses	21,076	30,028	0	3,960	(63,240)	(8,177)
Operating margin	696,922	710,371	(102,832)	273,965	138,245	1,716,671
Income and related taxes	(123,000)	(263,062)	(18,276)	(71,149)	(4,467)	(479,954)
Net profits	573,923	447,309	(121,108)	202,816	133,777	1,236,717
Assets	23,691,624	24,827,972	14,746,434	22,568,779	(2,116,509)	83,718,300
Liabilities	11,244,043	26,671,179	17,586,665	20,147,565	(647,143)	75,002,309

* International: Results of foreign subsidiaries without eliminations and standardizations.

** Net FTP: Fund transfer pricing between segments, which is allocated systematically and consistently, and handled within the entity.

Personal Banking

Accumulated profit at December 2016 in this segment amounted to COP 420.7 billion, down 26.7% from the accumulated profit of December 2015, decreasing its share in the Bank's total profit from 46.4% to 24.4% in the same periods, mainly due to the increase in the share of the Discrete Financial Information GAP in the total results.

At December 2016, the net financial margin of the personal banking segment dropped 15.8% compared to 2015, totaling COP 1.26 trillion, due to the 56.0% increase in portfolio and accounts receivable provisions, and the 96.4% increase in financial costs; however, financial revenue increased 19.2%, explained by the performance of the mortgage and payroll loan portfolios, whose growth in annual revenue was 19.4% and 11.7%, respectively.

It is important to highlight the revenue of the payment method line item, which showed a growth of 21.5% and fixed consumer loans, which grew 45.2%, reflecting an increase of COP 110.1 billion compared to December 2015.

The financial expenses of the segment grew 96.4% as a result of a larger share of term products with comparatively higher rates within the funding sources in this segment.

The net provision expense in the personal banking segment rose COP 350.5 billion, closing at COP 976.8 billion, mainly due to the increase in the provision expense of the consumer loan portfolio (71.2%), payment method (52.5%) and payroll loan (27.6%) line items.

COP 2.78 trillion

Revenue from the loan portfolio of the corporate banking segment, up 50.7 from 2015.

The net fee and commission income decreased by 20.0%, closing at COP 530 billion, due to deposit products, its largest source of income with a 49.2% share, showed an 11.8% decrease in this item, followed by a 40.4% decrease in income of the payment method line item, and a 29.9% decrease in the rotary consumer loan line item.

Finally, the banking segment's operating expenses decreased 9.6% during the period, mainly due to the 28.1% decrease in the operating expenses of the payment method line item, 11.0% decrease in rotary consumer loans and 6.0% in the areas related to deposits in the personal banking segment.

Corporate Banking

The income at December 2016 for this segment amounted to COP 348.2 million, representing 20.2% of the Bank's profit.

At December 2016, the net financial margin for this segment showed a 16.3% decrease compared to the aggregate of 2015, as a result of the 50.7% growth in financial income offset by a 90.5% increase in the growth of financial costs for the same periods, mainly due to the higher financial cost of corporate banking, whose expenses increased by 93.0%.

The revenue from the loan portfolio of the corporate banking segment amounted to COP 2.78 trillion, up 50.7% from 2015, mainly due to the increase in the revenue from the corporate loan portfolio, which totaled COP 1.62 trillion, with a 49.8% increase, and the SME portfolio, with a 68.9% increase.

The net provision expense increased by COP 152 billion, closing at COP 494.9 billion, mainly due to the COP 184.4 billion increase in the provision expense of the corporate loan portfolio, which has a 79.2% share in the banking provisions. The risk levels of this portfolio were affected by the economic slowdown and the exchange rate, in addition to the situation generated by the drop in oil prices.

The fee and commission income totaled COP 215.5 billion, down 11.1% from the accumulated results at December 2015, mainly due to the 29.9% and 20.0% decrease in the income of the SME and the corporate banking segments, respectively. However, the net fee and commission income of the corporate and construction segments grew 18.1% and 16.9%, respectively.

The operating expenses of the business segment decreased by 12.1% at the end of December 2016, explained mainly by the decrease in the expenses of the corporate and SME segments (19.7% and 5.7%, respectively).

Discrete Financial Information GAP

The net financial margin for this segment at December 2016 increased by COP 437.8 billion compared to December 2015, due to the 73.2% increase in the income of the investment portfolio.

The revenue from fees and commissions for the GAP discrete financial information segment increased by COP 26.2 billion, up 18.6% from December 2015.

This segment ended the fiscal year with a profit of COP 472.4 billion, due to the mobilization of assets and the receipt of extraordinary income by Credibanco, a contribution of COP 37 billion from Fiduciaria Davivienda, and another of COP 7.8 billion by Corredores Davivienda for the period from January to December 2016.

International Operation

The income at December 2016 for this segment amounted to COP 213.4 billion, representing 12.4% of the Bank's profit.

The net financial margin for this segment on the same date grew 9.6% compared to December 2015, given the performance of the portfolio, which represented a growth of 20.0% in financial income, and interest expenses, which increased by COP 120.9 billion, closing at COP 566.5 billion, revealing a 27.1% increase.

This result was despite the representative exchange rate closing at COP 3,000.71, giving rise to a 4.7% revaluation, which is the equivalent of COP 148.76 compared to COP 3,149.47 in December 2015, which were reflected in the increase in financial income.

Fee and commission income decreased by 44.1%, down COP 186.6 billion from 2015, totaling COP 236.7 billion.

Operating expenses decreased by 10.4% compared to December 2015, closing at COP 746.1 billion, which represents 25.4% of the Bank's total expenses.

PERFORMANCE OF SUBSIDIARIES ABROAD

El Salvador's Banco Davivienda ranked second place in the system in the country based on assets with USD 2.3 billion.



El Salvador

At the end of 2016, Davivienda held 96.1% of Inversiones Financieras Davivienda in El Salvador. This holding company of the financial conglomerate in that country in turn held 98.24% of El Salvador's Banco Davivienda, 99.9% of the insurance companies and 99.9% of Davivienda Factoring. It also held 99.9% of Almacenadora Davivienda and Valores Davivienda indirectly through Banco Salvador.

On the same date, El Salvador's Banco Davivienda ranked second place in the country's system based on assets amounting to USD 2.3 billion in assets and a share of 14.1%. The Bank had a loan portfolio of USD 1.7 billion comprised of commercial loans (45%), consumer loans (37%) and mortgage loans (18%). The fastest growing portfolio was the commercial loan portfolio at 6.8%.

	Dec. 2016 / Dec. 2015
Mortgage	1.8%
Consumer	2.1%
Commercial	6.8%
Gross Loan Portfolio	4.1%

Assets showed a negative variation of USD 11.1 million, reflected in the drop in the investment balance, primarily due to the maturity of the Public Treasury bills for nearly USD 80 million, while the Bank's loan portfolio increased by USD 63.6 million.

Equity grew USD 8.7 million, closing at USD 286 million.

The profits of Inversiones Financieras Davivienda during the year were USD 27.4 million, with a 0.3% decrease compared to the preceding year, mainly due to the portfolio income generated by the Bank, which increased USD 6.4 million (4.5%) compared to 2015; the 54.4% increase in income from investments for nearly USD 4 million; the growth of financial expenses for USD 8 million (20%); an increase in provision expenses of USD 4.3 million, with a growth of 28% compared to the preceding year.

INVERSIONES FINANCIERAS DAVIVIENDA EL SALVADOR / MAIN FIGURES*

(in millions of USD)

	2015	2016	Variation	
			Value	Percentage
Assets	2,320	2,310	(9.8)	(0.4%)
Net Portfolio	1,555	1,619	63.6	4.1%
Liabilities	2,028	2,009	(19.1)	(0.9%)
Equity	292	301	9.3	3.2%
Profit	28	27	(0.1)	(0.3%)

* Including bank and insurance.

**Banco Davivienda Costa Rica:
sixth in the country's
financial system, with
USD 2.6
billion
in assets.**

Costa Rica



At the end of 2016, Banco Davivienda held 99.96% of Corporación Davivienda through Grupo del Istmo holding. Said Corporation in turn held 100% of Davivienda Costa Rica, 100% of the Trading Post and 100% of the Insurance Agency.

On the same date, Banco Davivienda Costa Rica ranked sixth in the country's financial system with a share of 5.9% and USD 2.6 million in assets. The total portfolio balance was USD 1.7 million, out of which 58.5% was for commercial loans, 15.1% consumer loans and 26.4% was for mortgages. The fastest growing portfolio in 2016 was mortgage, closing at USD 456 million, with a growth of 23.9%.

As part of our growth strategy in Costa Rica, we capitalized the Bank through our subsidiary in Panama for USD 24 million.

	Dec. 2016 / Dec. 2015
Mortgage	23.9%
Consumer	18.3%
Commercial	18.7%
Gross Loan Portfolio	19.9%

The value of Corporación Banco Davivienda Costa Rica assets closed at USD 2.6 billion, growing 18.4%, while liabilities grew 18.5% compared to 2015, closing at USD 2.4 billion. The Corporation's equity amounted to USD 244 million, growing 17%.

**CORPORACIÓN DAVIVIENDA COSTA RICA /
MAIN FIGURES***
(in millions of USD)

	2015	2016	Variation	
			Value	Percentage
Assets	2.207	2.612	405.6	18.4%
Net Portfolio	1.418	1.700	282.3	19.9%
Liabilities	1.998	2.368	370.1	18.5%
Equity	209	244	35.4	16.9%
Profit	18	19	1.7	9.9%

* Including bank and insurance.

Closing exchange rate as at December 2016: USD 1 = CRC 548.18

Average exchange rate as at December 2016: USD 1 = CRC 535.50

In 2016, the Corporation's profits were USD 19.0 million, with a 8.0% growth, mainly due to the portfolio income generated by the Bank, which increased USD 21.3 million (17%) compared to 2015; there was also a slight decrease in income from investments (3.4%) for nearly USD 0.7 million; financial expenses grew 32%, by USD 17 million; and there was an increase in provision expenses of USD 2.6 million, with a growth of 11% compared to the preceding year.

**Banco Davivienda Honduras:
Sixth in the country's
financial system, with
USD 1,023
million
in assets.**



Honduras

At the end of 2016, Davivienda held 94.2% of Davivienda Honduras and 88.6% of the Insurance Company. The Bank's assets amounted to USD 1,023 million, with a 6.2% share, ranking sixth place in the financial system, and a gross loan portfolio of USD 756 million. 44% of this portfolio was commercial, 28% was consumer and 28% was mortgage.

Portfolio performance was driven during the year mainly by the USD 17 million increase in the consumer loan portfolio, USD 13 million of which was the credit card share, representing a growth of 29.2%, and the USD 3 million increase in the mortgage portfolio, for a growth of 2%. Finally, the commercial loan portfolio decreased by 3.2%.

	Dec. 2016 / Dec. 2015
Mortgage	1.6%
Consumer	8.6%
Commercial	(3.2%)
Gross Loan Portfolio	1.3%



Panama

The Bank's profit amounted to USD 13.1 million, with a growth of 5.3% compared to 2015, mainly due to the 23.7% (USD 5 million) decrease in expenses generated by certificates of deposit, and our improvement in efficiency, which enabled us to reduce operating expenses by USD 600,000, down 1.23% compared to the previous year.

The Insurance Company achieved USD 75 million in assets, growing 2.65% compared to the end of 2015. Liabilities amounted to USD 48 million, growing USD 1.5 million, and equity closed at USD 28 million. In 2016, it sold USD 34.5 million in premiums and had a profit of USD 5.5 million, which means a growth of 19.5% compared to 2015.

In 2016, the assets of Banco Davivienda Panamá amounted to USD 1.44 billion, distributed in USD 1.28 billion of the general license and USD 157 million of the international license, which represents a 2.7% decrease compared to the preceding year, explained mainly by the USD 106 million in cash due to the decrease in deposits in savings accounts and CDs and higher portfolio placement.

The gross loan portfolio of Banco Davivienda Panama closed at USD 977 million, which consisted mainly of the commercial loan portfolio at 90.5%. It is important to mention the performance of the mortgage portfolio, which grew 79.1% closing at USD 56 million, achieving a share of 6% of the total portfolio.

BANCO AND SEGUROS DAVIVIENDA HONDURAS /

MAIN FIGURES (In millions of USD)

	2015	2016	Variation	
			Value	Percentage
Assets	1,154	1,099	-55.4	-4.8%
Net Portfolio	731	738	7.1	1.0%
Liabilities	1,015	952	-63.2	-6.2%
Equity	139	147	7.8	5.6%
Profit	17	19	1.5	9.1%

Closing exchange rate as at December 2016: USD 1 / 23.50 Lempiras

Average exchange rate as at December 2016: USD 1 / 22.84 Lempiras

Banco Davivienda Panamá:
**USD 1.44 billion
 in assets.**

Liabilities totaled USD 1.25 billion, as follows: USD 1.13 million for the general license and USD 123 million for the international license, down USD 70 million compared to 2015, mainly due to the decrease in term deposits, which decreased by USD 70 million.

Equity closed at USD 184 million, of which the general license had a share of USD 150 million, for an increase of 19.7% compared to 2015.

At December 2016, profit closed at USD 8 million, down 44% from 2015, mainly due to the 8.1 million increase in provisions due to the impairment of particular corporate customers and operating expenses for USD 4.2 million compared to the end of 2015. Portfolio

income grew by USD 3.4 million, while income from investments grew USD 2.6 million.

BANCO DAVIVIENDA PANAMÁ / MAIN FIGURES

(in millions of USD)

	2015	2016	Value	
			Value	Percentage
Assets	1,478	1,438	(39.8)	(2.7%)
Net Portfolio	967	957	(10.1)	(1.0%)
Liabilities	1,324	1,254	(70.1)	(5.3%)
Equity	154	184	30.3	19.7%
Profit	15	8	(6.7)	(44.3%)

Note: Including the international license.

SUBSIDIARIES ABROAD, MAIN FIGURES (In millions of USD)

	Assets		△% year	Equity		△% year	CA Profit		△% year
	2015	2016		2015	2016		2015	2016	
Banks									
El Salvador	2,289	2,278	(0.5%)	277	286	3.1%	24	23	(3.1%)
Costa Rica	2,189	2,593	18.5%	198	232	17.6%	18	19	2.6%
*Panama	1,478	1,438	(2.7%)	154	184	19.5%	15	8	(44.3%)
Honduras	1,081	1,023	(5.3%)	112	119	6.6%	12	13	5.3%
Total banks	7,037	7,333	4.2%	741	822	10.9%	69	63	(8.9%)
Insurance									
El Salvador	31	32	4.5%	14	15	4.6%	4	5	16.7%
Costa Rica	18	19	7.8%	11	12	5.1%	(0.7)	0.6	184.4%
Honduras	73	75	2.7%	27	28	1.7%	5	5	19.5%
Total Insurance	122	126	3.9%	52	55	5.0%	8	11	36.1%
Total	7,159	7,459	4.2%	793	877	10.5%	77	74	(4.3%)

* Panama includes the general and international license.



First liquefied gas regasification terminal in Colombia, from Sociedad Portuaria El Cayao (SPEC), in Barú, near Cartagena. Davivienda participated in the financing of the project.



Transactions with Related Parties, Significant Transactions and Subsequent Events

TRANSACTIONS WITH RELATED THIRD PARTIES

The transactions performed by Davivienda with its partners and managers are in line with the entity's general policies. These transactions are listed in Note 12 of the Financial Statements.

Loans and deposits with related parties (shareholders, members of the Board of Directors, registered agents and others) amount to COP 116.9 billion and COP 417.3 billion, respectively.

Business Group Special Report

Traditionally, Davivienda has maintained business relationships with companies from the same group, seeking to increase efficiency through synergy with group companies where it can benefit from competitive advantages.

We present a summary of the major transactions with related parties as at Saturday, December 31, 2016, the details of which are listed in Note 13 of the Financial Statements:

15.55%
 Share of Davivienda
 in Credibanco:
 COP 119 billion, market value.

(in Millions of COP)

Assets	421,290
Liabilities	493,335
Revenue	538,563
Expenses	233,592

There were no important decisions made by or overlooked by Davivienda due to influence or in the interest of Sociedades Bolívar S.A., or decisions made or overlooked by Sociedades Bolívar S.A. in the interest of the Bank.

SIGNIFICANT TRANSACTIONS

Assets

- » Transfer from fixed-income securities to short-term instruments for COP 1.8 trillion.
- » Investment in Cobranzas Sigma on occasion of the merger with Leasing Bolívar for COP 475 million.

- » Sale of Cifin shares for COP 58 billion with an impact of COP 57 billion on income. The Bank evaluated a business opportunity with a significant return in order to make this investment and its effect on portfolio composition.
- » There was an impact of COP 107 billion on income due to the change in the company Credibanco.
- » Derecognition of leased properties for COP 486 billion. The value of the sale amounted to COP 637 billion, generating a profit on the sale for COP 150 billion and an income from the recovery of taxes for COP 50 billion.
- » Assets from the integration with Leasing for COP 1.2 trillion.
- » Sale of portfolio to Titulizadora Colombiana for COP 390 billion and COP 7.2 billion in recoveries.

Liabilities

- » Issuance of domestic bonds for COP 600 billion at rates of CPI + 4% and FR 8.64%, and subordinated bonds at CPI + 4% for COP 359 billion. During the year, redemptions were made for COP 505.7 billion.
- » Hedging of foreign investment for COP 609 billion - Financial obligations USD 206 million

Equity

- » 2015 profit sharing: COP 390 billion in cash dividends, COP 324 billion for legal reserve; COP 475 billion for capitalization commitment, COP 25 billion for temporary reserves and COP 425 billion for the payment of dividends on shares with an increase in nominal value.
- » Transfer from previous fiscal years to legal reserve for COP 70 billion.
- » Wealth tax debited to temporary reserve for COP 55 billion.
- » Dividends with an impact on equity received from subsidiaries for COP 34 billion: COP 15 billion from Davivienda El Salvador, COP 14 billion from Fiduciaria Davivienda and COP 5 billion from Corredores Davivienda.

Income

- » Mobilization of property generated income for COP 200 billion: profit on sale for COP 150 billion and tax recovery of COP 50 billion.

- » Credibanco Shares: COP 107 billion, corresponding to COP 119 billion in income from investments and COP 12 billion for taxes.

SUBSEQUENT EVENTS AND ACTIONS

- » On February 7, 2017, the Board of Directors of Banco Davivienda S.A. authorized the capitalization of its subsidiary, Banco Davivienda Internacional (Panama) S.A. for USD 21 million. In turn, it authorized said subsidiary to capitalized Grupo del Istmo (Costa Rica), subject to the regulatory authorizations.
- » On January 18, 2017, the Diversified Payment Rights (DPR) debt issuance in Costa Rica was formalized for USD 150 million in two issuances: the first for USD 62 million and the second for USD 88 million.



Aspect of the lobby of the Torre Central Davivienda building in Bogotá, head office of the Bank.

Risk Analysis

Banco Davivienda S.A.
Risk Management

At Banco Davivienda, comprehensive risk management is based on a governance structure focused on the achievement of strategic objectives with risk management, administration and control as foundations that contribute to the growth of the areas of business and the use of opportunities. On these foundations, our Management efforts are focused on the fulfillment of the strategy and control of the related risks.

The risk areas are responsible for promoting and protecting the proper control system for each of the risks by supervising how they are managed by the different areas, as well as the effectiveness of the controls and the level of the risks, always ensuring that they are within the levels defined by Grupo Bolívar.

The organization's corporate risk model has been built based on the principles of corporate risk management defined in the Enterprise Risk Management document published in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and subsequent documents, such as the COSO Internal Control Integrated Framework published in 2014.

The Corporate Risk Committee is responsible for maintaining the Organization's general risk levels within the established limits to execute its strategy. To do so, it must coordinate and ensure that all risk systems are fulfilling their purpose in a comprehensive, competent and independent manner. On this Committee, the assessments carried out by each risk system on the business of its competence are brought together, along with the assessment of the risks derived from the balance structure and the risks that can be visualized in general at the level of operations, technology, fraud and human talent, among others. Its main duties include:

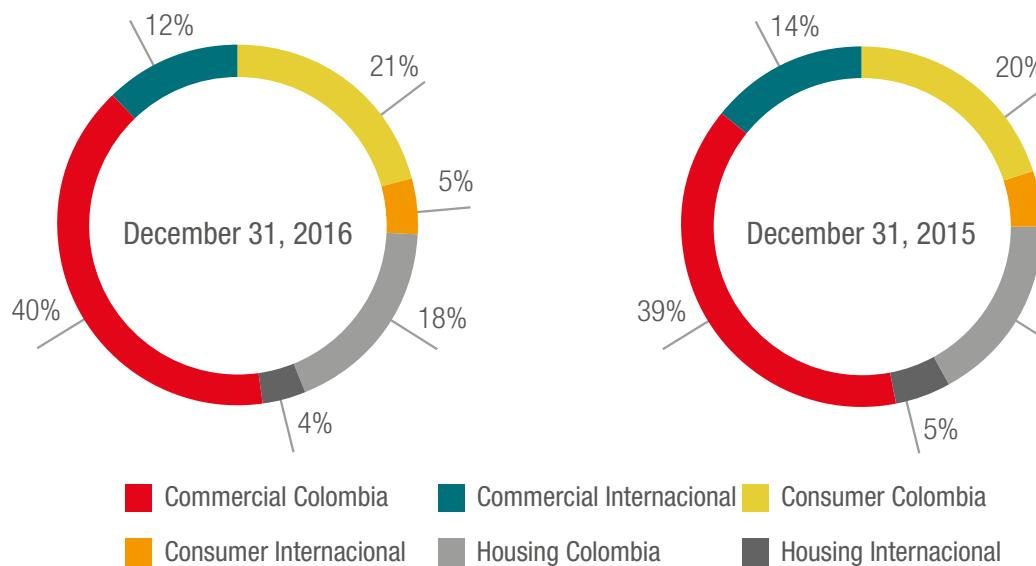
- » Assess the comprehensive analysis of the different risks to which the Bank and its subsidiaries are exposed, as well as the action plans associated with each risk.
- » Ensure compliance with the Organization's strategy and the control of the risks identified.
- » Monitor exposure to risks and compare these exposures with the limits approved by the Board of Directors.

Credit Risk Management System (SARC in Spanish)

In order to maximize the Bank's profitability and keep the portfolios at the desired risk levels, we have continued the process of strengthening the credit risk management aimed at controlling and managing all the stages of the cycle: origination, monitoring, collection and administration of securities. Based on this premise, the Credit Risk Departments of SME and Personal Banking intend to strengthen risk management and assist in the growth strategy of the Bank's different segments.

For Davivienda Internacional, deviations from expected portfolio quality in 2015 led us to the implementation of diagnoses to adjust parameters through early warnings, taking us to 2016 with evidence of improvement in the consumer loan portfolios of all the subsidiaries.

At the end of 2016, our portfolio recorded COP 72.93 trillion, 79% of which were contributed by Davivienda Colombia and the other 21% by Davivienda Internacional:



In 2016, our portfolio grew 13.8% compared to the preceding year, driven by the portfolio of Davivienda Colombia, which grew an average of 17% in all its segments; the highest growth was that of the consumer loan portfolio with a 19.1% variation, followed by the mortgage and commercial loan portfolios, which increased 16.8% and 16.2%, respectively.

In the monitoring carried out throughout 2016, we found higher risk in the free investment loan portfolio, in which policy adjustments were made, mainly in the employee segment. We established differential cutoff points in the private vehicle loan portfolio in the regional offices with the highest impairment. We also implemented policies aimed at adjusting the risk level of the collateral-free vehicle loan portfolio.

Business Model	December 31, 2016	December 31, 2015	Value	%	Share
Davivienda Colombia	57,470,817	49,079,579	8,391,238	17.1%	79%
Commercial	29,289,740	25,203,950	4,085,790	16.2%	40%
Consumer	15,443,086	12,969,128	2,473,959	19.1%	21%
Mortgage	12,737,991	10,906,501	1,831,491	16.8%	17%
Davivienda Internacional	15,458,824	15,017,801	441,023	2.9%	21%
Commercial	8,990,127	8,849,635	140,492	1.6%	12%
Consumer	3,418,567	3,352,817	65,750	2.0%	5%
Mortgage	3,050,130	2,815,349	234,782	8.3%	4%
TOTAL	72,929,641	64,097,380	8,832,261	13.8%	100%

(Amounts in millions of COP)

In terms of the mortgage portfolio, we found minor deviations in the risk profile of the leasing mortgage portfolio, focused on loans extended over long terms, and in the LIH mortgage portfolio, on loans disbursed without the interest-free benefit offered by the Government and with high financing rates; these deviations were adjusted through corrections in the policies of these products.

The commercial loan portfolio was within the risk levels expected for the year, despite the country's economic slowdown, the devaluation of the Colombian peso, the drop in the prices of raw materials and the impairments observed in the agricultural and oil sectors.

The year 2017 arrived as a challenging year in which we expect the situation of the Colombian economy to affect the entire loan portfolio. However, credit risk management will continue promoting the sound growth thereof, in line with our strategic objectives. We will pay special attention to the payroll loan portfolio, by strengthening the monitoring of the economic sectors in which we have active payroll loan agreements, and the loans offered on campaigns to promote credit cards and fixed loans.

With regard to the international portfolio, in 2016, we observed an improvement in the consumer loan portfolios of all subsidiaries as a result of the measures taken. However, there were specific cases of impairment in the commercial banking segments of Costa Rica and Panama, which led to the creation of provisions, thus decreasing income. The cases of impairment are estimated to have been covered in 2016, so we expect a significantly better result in 2017.

Market Risk Management System (SARM, for the Spanish original)

The Board of Directors, the Financial Risk Committee (CRF, for the Spanish original), the Investment and Collective Investment Funds Risk committees and the Assets and Liabilities Management Committee (C-GAP, for the Spanish original) of each entity of the Group, as appropriate, are the bodies responsible for defining the institutional policies in relation to exposure to different financial risks, bearing in mind that such policies must be consistent with the operating and financial structure of each of the entities, as well as with their strategy and corporate objectives.

In addition, there is a local ALCO Committee in each of the foreign subsidiaries, which must ratify the decisions made on the GAP ME Committee, and it is responsible for the approval of the risk limit structure on the business level, as well as the monitoring of the strategies.

Loan Risk Management
will continue promoting
the healthy growth of the
portfolio, in line with our
strategic objectives.

As for treasury market risk management, there are limits based on the business model (structural portfolios and trading portfolios) and limits by risk factor (interest rate and exchange rate). The measures used include Value at Risk, DVO1 and early warnings of loss. For balance structure management, the risks associated with the interest rate and the exchange rate were identified. The first is managed by reading the pegging of the types of interest rate on the balance and the quantification of sensitivity regarding the movements thereof; the second is managed using financial exchange coverage strategies to reduce the sensitivity of the statement of income and equity, under the consolidated balance perspective. The coverages are defined based on the depth of the instrument markets for each currency on the basis of a prospective analysis of the economies and the market situation.

Davivienda uses the standard model for the measurement, control and market risk management defined by the Colombian Financial Superintendence, focused on consumption and capital allocation. In 2016, the Bank's level of exposure to market prices was kept at COP 248 billion on average, according to this model.

We use the standard model for the measurement, control and market risk management defined by the Colombian Financial Superintendence.

Liquidity Risk Management System (SARL, for the Spanish original)

Liquidity risk management is carried out by addressing the usual business funding needs, as well as the support for stress conditions, through the balance structure. As for subsidiaries, the situations of a higher stress level are backed by liquidity from Colombia. In order to find out the exposure to liquidity risk, we measure the possibilities of withdrawals in stress situations on a permanent basis, in order to identify the main risks of concentration of maturities and concentration of wholesale customers, considering the volatility of the different funding sources.

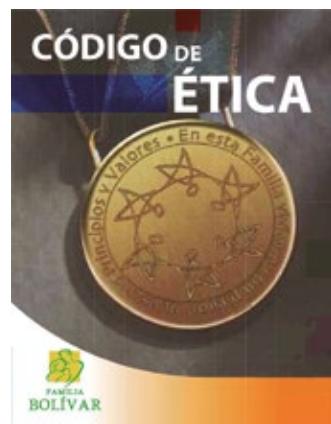
MAXIMUM, MINIMUM AND AVERAGE VALUES OF THE RISK VALUE AT DECEMBER 31, 2016

(Amounts in millions of COP)

	Minimum	Average	Maximum	Last
Interest rate	126,677	181,437	251,723	126,677
Exchange Rate	52,317	56,456	63,194	52,353
Shares	550	1,492	4,186	4,186
Collective Portfolios	8,927	9,239	9,461	9,461
VaR	192,677	248,624	324,431	192,677

The methodologies used for liquidity risk estimation consist, for short term purposes, of the calculation of cash flows of asset and liability positions, and off-balance positions in different time bands, allowing ongoing monitoring of the liquidity gap. For long-term management, the methodologies focus on the analysis of funding sources, their composition at segment and product level, and the categorization of assets and liabilities for which permanent conditions are not defined.

We developed awareness and virtual training strategies regarding the Code of Ethics, the Corporate Governance Code and the Disciplinary Code.



Internal Control System (ICS)

The Bank and its subsidiaries review and update controls on a permanent basis, taking into account the regulatory changes, the environment, new products and services, and processes; they also consider the occurrence of events to determine the causes and action plans to minimize exposure to risks.

All policies and guidelines developed for each of the elements of the Internal Control System contribute to the reasonable fulfillment of the entity's objectives.

In 2016, we continued to strengthen the organizational culture, which is part of the Control Environment, and developed awareness and virtual training strategies regarding the Code of Ethics, the Corporate Governance Code and the Disciplinary Code, as well as the importance of turning these guidelines into part of the philosophy of life of all employees, in addition to strengthening the relevance of the principle of self-control as the basis for monitoring the processes.

The forms that are part of the Internal Control System Monitoring methodology were optimized, ensuring the updating and dissemination of the ICS manual. In addition, we integrated the participation of risk vertical and cross-cutting components, in order to strengthen the analysis and determine the effectiveness of the controls in the processes.

The Bank complies with the legal requirements established in External Bulletin 029 / 2014 (Part I / Title I / Chapter IV - Internal Control System) of the Colombian Financial Superintendence, previously External Bulletin 038 / 2009.

Financial Consumer Service System (SAC in Spanish)

Our customers and other financial consumers are the raison d'être of the Bank and its subsidiaries, which is why we have developed an inter-institutional strategy that ensures that our higher purpose of "Enriching life with integrity" is integrated therein by means of reliable, friendly and simple relations, anticipating their needs and expectations, and resolving any concerns or disagreements that may arise in a timely and effective manner.

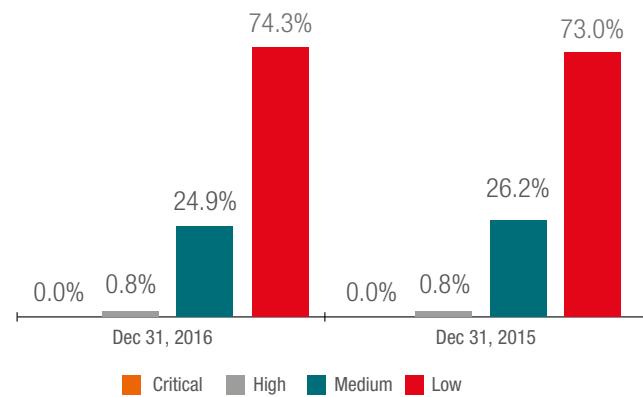
As fundamental components of the customer service strategy, we have developed the following topics:

- 1.** Knowing the levels of customer satisfaction and taking the actions required.
- 2.** Ensuring employees' knowledge by providing permanent training on the service model.
- 3.** Strengthen different channels of communication to reach the financial consumer in a more timely and effective manner.

The development of this strategic plan has enabled us, in accordance with the regulatory framework and policies, to keep SAC risks properly controlled.

This model allows the Bank and its domestic subsidiaries to comply with the legal requirements on Financial Consumer Service established by Law 1328 / 2009 and External Bulletin 015 / 2010 of the Colombian Financial Superintendence.

RESIDUAL RISK PROFILE



SAC	2016					2015						
	Risks					Controls	Risks					
	Low	Medium	High	Critical	Total		Low	Medium	High	Critical	Total	
Banco Davivienda Colombia	456	163	6	0	625	1,182	429	155	6	0	590	1,021
Subsidiaries in Colombia: Fiduciaria Davivienda, Davivienda Corredores	113	28	0	0	141	328	97	34	0	0	131	335
Total	569	191	6	0	766	1,510	526	189	6	0	721	1,356

Operational Risk Management System (SARO in Spanish)

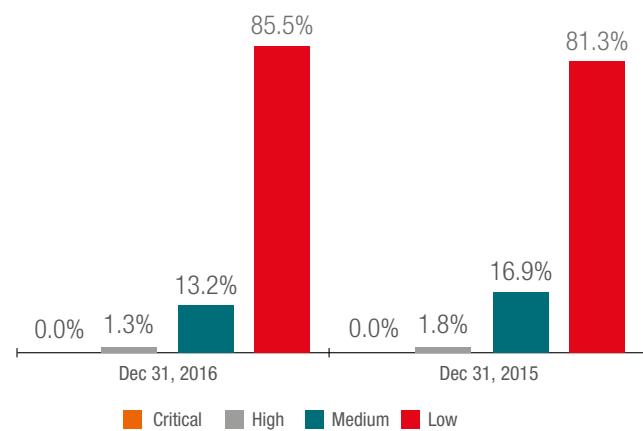
In 2016, the Bank and its domestic and foreign subsidiaries generated an alignment and synergy process regarding the operational risk management models and the various activities involved therein, in order to ensure that the relevant risks of the different businesses are duly controlled and monitored, particularly as regards the following types of risk:

- » Operational risks that affect the Bank's income and costs.
- » Operational risks in operational and financial processes.
- » Fraud, information security and business continuity risks.

In addition, and as part of the operational risk management strategy, we have integrated our technological structure as the cornerstone for ensuring the information, documentation and application of models to guide the strategy in risk management and control.

In accordance with the operational risk policies established by the Board of Directors and in accordance with the regulatory standards of each country, we have achieved appropriate operational risk management, as illustrated in the consolidated, comparative risk profile at December 2016 and December 2015:

RESIDUAL RISK PROFILE



Entities	SARO	2016						Controls	
		Processes	Risks						
			Low	Medium	High	Critical	Total		
Banco Davivienda Colombia	208	1,407	421	21	0	1,849	4,679		
Banco Davivienda Internacional	161	1,561	37	25	0	1,623	3,392		
Total	369	2,968	458	46	0	3,472	8,071		

Entities	SARO	2015						Controls	
		Processes	Risks						
			Low	Medium	High	Critical	Total		
Banco Davivienda Colombia	221	1,213	475	18	0	1,706	4,808		
Banco Davivienda Internacional	161	1,618	115	44	0	1,777	4,185		
Total	382	2,831	590	62	0	3,483	8,993		

Money Laundering and Terrorism Financing Risk Management System (SARLAFT, for the Spanish original)

The Bank and its subsidiaries have adopted and implemented the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Compliance Program based on the premise of Money Laundering and Terrorism Financing (ML/TF) risk management and control, which includes the measurement, control and monitoring thereof, through the consolidation of information, the implementation of a robust technological platform, the use of data mining, know-your-customers and their financial transactions, the risk profiling of the different risk factors, design and implementation of reduction controls, segment definition and management, and customer, product, distribution channel and jurisdiction risk characteristics, generation of warning signals, analysis and monitoring of unusual transactions and the reporting of suspicious transactions to the competent authorities in order to avoid being used to make assets derived from illegal activities or financing terrorist activities appear legal, in accordance with Basic Legal Bulletin 029 / 2014 issued by the Colombian Financial Superintendence and its subsequent updates. The AML/CTF compliance program is assessed on a periodic basis by internal oversight bodies, such as the auditor and the statutory auditor.

The application of the compliance program in 2016 determined that the evolution of the consolidated risk for the risk factors has remained stable and within the exposure limits considered to be low.

The AML/CTF Compliance Program is supported by an organizational culture and structure, policies, controls and procedures that are known and applied by the entire Organization and include the entire Colombian regulatory framework, as well as recommendations and international best practices in this area, particularly those of the Financial Action Task Force (FATF).

The procedures and rules of conduct on the application of control mechanisms and instruments are included in the Compliance Manual and the Code of Conduct, which are known and can be accessed by each of the employees of the Group's entities. The Bank and its Subsidiaries carry out training programs on a periodic basis for their employees, third parties, allies and suppliers, in order to raise awareness and ensure their commitment in the mitigation of money laundering and/or terrorism financing source crimes through the Group's entities.

In compliance with the regulations, the Board of Directors appointed a Compliance Officer and the alternate thereof, who have been duly appointed before the Colombian Financial Superintendence.

The Bank and its subsidiaries have adopted an organizational culture, policies, controls and procedures to comply with the guidelines set forth by the Foreign Account Tax Compliance Act (FATCA). To this effect, our entities are registered with the IRS and have obtained the respective Global Intermediary Identification Number (GIIN), which certifies their participation in said Act.

Environmental and Social Risk Management System (ESRMS)

This system allows the Bank and its subsidiaries in Central America to identify, classify, assess and control environmental and social risks associated with the projects and activities financed through loans extended to customers of the corporate, construction and business segments; it also applies to the assessment of the Bank's strategic suppliers in Colombia. In the subsidiaries of Central America, it applies to the Corporate Banking segment.

The ESRMS methodology considers environmental and labor regulations, and covers aspects such as preventing pollution, protecting biodiversity, mitigating climate change and defending human rights.

According to the policies regarding amounts, terms and sensitive sectors for the Bank in Colombia, in 2016, 269 credit transactions in the corporate, construction and business segments were assessed using ESRMS, for COP 6 trillion. This system has also assisted in the structuring and approval of loans for fourth generation (4G) infrastructure projects.

Commercial, operational and risk employees involved in the ESRMS process receive awareness training and instruction on the system's policies, in order to ensure the proper implementation thereof.

Davivienda has continued to participate on the Green Protocol Committee in Colombia, on which it was the Chairman throughout 2016. The Green Protocol initiative of the financial sector, Asobancaria and the National Government promotes the country's sustainable development and works for environmental preservation and the sustainable use of natural resources by executing the strategies and tools for the common benefit and the socialization of good practices for the management of environmental issues within the financial entities involved.

Fraud Risk Management System (SARFRA, for the Spanish original)

The Risk of Fraud, defined as any illegal act whose characteristics include deception, concealment or breach of confidence, and whose objective is the appropriation of money, goods, services and/or advantages or individual benefits³⁰, has been managed by the Bank through the Fraud Risk Management System (SARFRA), in compliance with the regulatory framework of the Operational Risk Management System (SARO).

SARFRA-based management covers each stage of the fraud management cycle (prevention, detection, mitigation, analysis, governance, investigation, prosecution and deterrence) by generating controls, policies and reports, of the management as well as the expense incurred due to fraud, assessed using the budget estimation defined by the Bank. These reports of expense on occurrence are implied in Operational Risk Management and are presented to the Fraud Risk Committee in order to make decisions to protect the organization, its customers, shareholders and other stakeholders, in the search for balance between the level of fraud to be prevented and its impact on customers and the business.

For the year 2017, Banco Davivienda is working on the implementation of a digital strategy to offset fraud in an efficient and timely manner for the security of its customers and investors.

The **ESRMS** methodology considers environmental and labor regulations of each country.

30. Research document,
Best Anti-fraud Practices, AMV.

Information Security

In 2016, the Bank focused on the fine-tuning of security policies, standards and guidelines through the Information Security Management department. In addition, technological upgrades and processes updates were made to increase capacity and to detect and contain possible IT attacks, threats and vulnerabilities. The most prominent projects include the implementation of the SIEM correlation and monitoring tool, to generate warnings and treat possible information security incidents and/or breaches in a timely manner; improve the user and identity management process to control access to applications and sensitive information; information asset management through the discovery and assurance of assets; customer endpoint protection controls using automated tools to control malware and specialized intrusion testing to assess the security posture and timely response to potential attacks and incidents.

On the process and regulatory level, procedures, policies and regulations have been updated and adjusted according to business needs in order to mitigate identified threats and risks to protect information assets. Furthermore, the Bank has developed periodic training programs for employees, third parties, allies and suppliers, among others, in order to raise their awareness and commitment to identifying and mitigating associated risks.

In terms of regulatory compliance, the Bank meets the security requirements of External Bulletin 042 / October 17, 2012 issued by the Colombian Financial Superintendence, and includes these requirements in the development of each of the projects starting at their planning stage. It is also working on the definition of the gover-

nance, the program and the implementation plan of the management program to comply with Law 1581 on personal data protection. Internal monitoring is carried out through the Security Department to identify the level of compliance and potential risks.

The Bank continues to research new market trends, threats, tools and mechanisms of control to mitigate risks and keep them at acceptable levels for the business, thus ensuring the delivery of products and services to customers with high levels of quality and security.

Management of Business Continuity

Based on our awareness of the responsibility taken on with our customers as a financial entity and the value promise that considers the correct provision of the services contracted, we have implemented Business Continuity Management, which establishes the models needed to ensure the provision of the minimum services required by our customers and stakeholders.

Business Continuity Management is part of the entity's Risk Management System, in compliance with the current regulatory framework: Bulletins 038, 052, 041, 028 and 053 issued by the Colombian Financial Superintendence, Internal Policies and Best Practices.

In terms of regulatory compliance, the Bank meets the security requirements of External Bulletin 042 / October 17, 2012.

Business Continuity Plan

In recent years, the Organization's Continuity Plan has evolved in accordance with business needs, implementing, updating and testing the strategies that support it, in order to ensure a proper service level.

Evolution of the Strategies

- **Technological Contingency Strategy**

We have implemented backup and contingency schemes to provide coverage for the Organization's critical processes and channels, supported by the backup technological infrastructure, implemented at the main and alternate computer centers.

This strategy remains in force through the periodic performance of maintenance and activation of the infrastructure, thus ensuring its proper operation when required by the Organization.

- **Person Strategy**

The Organization has communication systems that enable the timely dissemination of information. It also has the Emergency Plan designed to protect individuals through periodic training to raise awareness and provide knowledge regarding said plan.

Principal and alternate employees have been identified to support the implementation of critical processes, with whom different strategies have been developed to ensure awareness and the correct execution of the processes.

- **Alternative Operating Center Strategy**

This space provides the appropriate logistical resources and assets for business development, ensuring the efficient management and protection of individuals through compliance with regulations. It is updated on a periodic basis by an interdisciplinary team that ensures the functionality thereof.

- **Operational Contingency Strategy**

Alternate procedures have been developed to provide customers with the minimum services required in the event of interruption.

For 2017, we intend to strengthen the contingency scenarios of the strategies that make up the Plan.

Crisis Management Scheme

As a supplement to the Business Continuity Plan, the Organization has a Crisis Management Scheme in place, which provides a systematic response to unexpected events that can pose a threat to employees, stakeholders, assets and the technological and operational infrastructure of the Organization.

The crisis scheme is led by Crisis Governance, which acts in accordance with the Bank's policies and the regulatory framework.

In 2016, the risk scenarios were strengthened by executing periodic testing of the risk scenarios involved in the scheme.

As part of the intensification proposed for 2017, new risk scenarios will be included.



Administrative Aspects

Legal Situation

The Bank currently has no proceedings against it that may pose a risk to its solvency or stability. The most important proceedings are listed in Note 11.19 of the Financial Statements.

Free circulation of invoices

The Bank certifies that it complies with the provisions established in Article 87 of Law 1676 / 2013, as it does not prevent the free circulation of invoices by retaining them or other similar actions.

Administrative Situation

At December 2016, the Bank had 11,595 permanent employees, 538 fixed-term employees and 496 apprentices for a total of 12,629.

Intellectual Property

At December 2016, Banco Davivienda certifies compliance with industrial property and copyright regulations.

Operations with Partners and Managers

The transactions performed by Davivienda with its partners and managers are in line with the entity's general policies. These transactions are listed in Note 13 of the Financial Statements.

Loans and deposits with related parties (shareholders, members of the Board of Directors, registered agents and others) amount to COP 116.9 billion and COP 417.3 billion, respectively.

Expenses to Company Executives

In 2016, payments to key personnel with the authority and responsibility to plan, direct and control the entity's activities, directly or indirectly, amounted to COP 5.4 billion.

Expenses to consultants or related managers

Board of Directors fees to consultants amounted to COP 523 million in the year.

Donations

In 2016, we made donations for COP 12 billion, reported as an expense.

Advertising and Public Relations Expenses

Advertising expenses amounted to COP 68.5 billion, and public relations expenses were COP 3.3 billion in 2016.

Foreign Assets

At December 2016, the Company's cash and other foreign assets amounted to COP 1.2 trillion, and borrowings in foreign currency totaled COP 8.1 trillion.

At December 2016,
Banco Davivienda had
12,629
employees.

In 2016, we made
donations for
COP 12 billion.

Domestic and/or Foreign Investments

The details of investments in equity securities are set out in Note 11.3.7 of the Financial Statements. They amounted to COP 3.2 trillion as follows:

BANCO DAVIVIENDA / INVESTMENTS IN EQUITY SECURITIES

(in billions of COP)

Foreign Investments	2,839.4
Domestic Investments	377.2
Subsidiaries	317.7
Other	59,5

Forecast Development of Davivienda

Our growth rates are proportionally in line with growth of the Colombian economy. Currently, we expect significant growth in our commercial loan portfolio and moderate growth in our mortgage portfolio. Part of this growth, in particular in the commercial portfolio, will be the result of Government initiatives such as infrastructure, subsidized housing construction and industry support. We will continue supporting small and medium sized enterprises through our specialized line of products.

Certification and Reliability of Financial Information

We certify to shareholders that:

The individual financial statements and other relevant reports, for the period from January 1 to December 31, 2016, do not contain errors, inaccuracies or flaws that would prevent them from knowing the true financial situation or the operations of the Bank.

The Bank has appropriate systems for the disclosure and control of financial information, with procedures to ensure that it is presented in an appropriate manner.

Furthermore, we inform shareholders that there are no significant deficiencies in the design and operation of the internal controls that would have prevented the Bank from recording, processing, summarizing or adequately presenting its financial information as stated in the report of the Internal Control System.

We appreciate the commitment of all employees and the support of our shareholders, with whom we have achieved the results disclosed.

Carlos Arango Uribe

Chairman of the Board of Directors

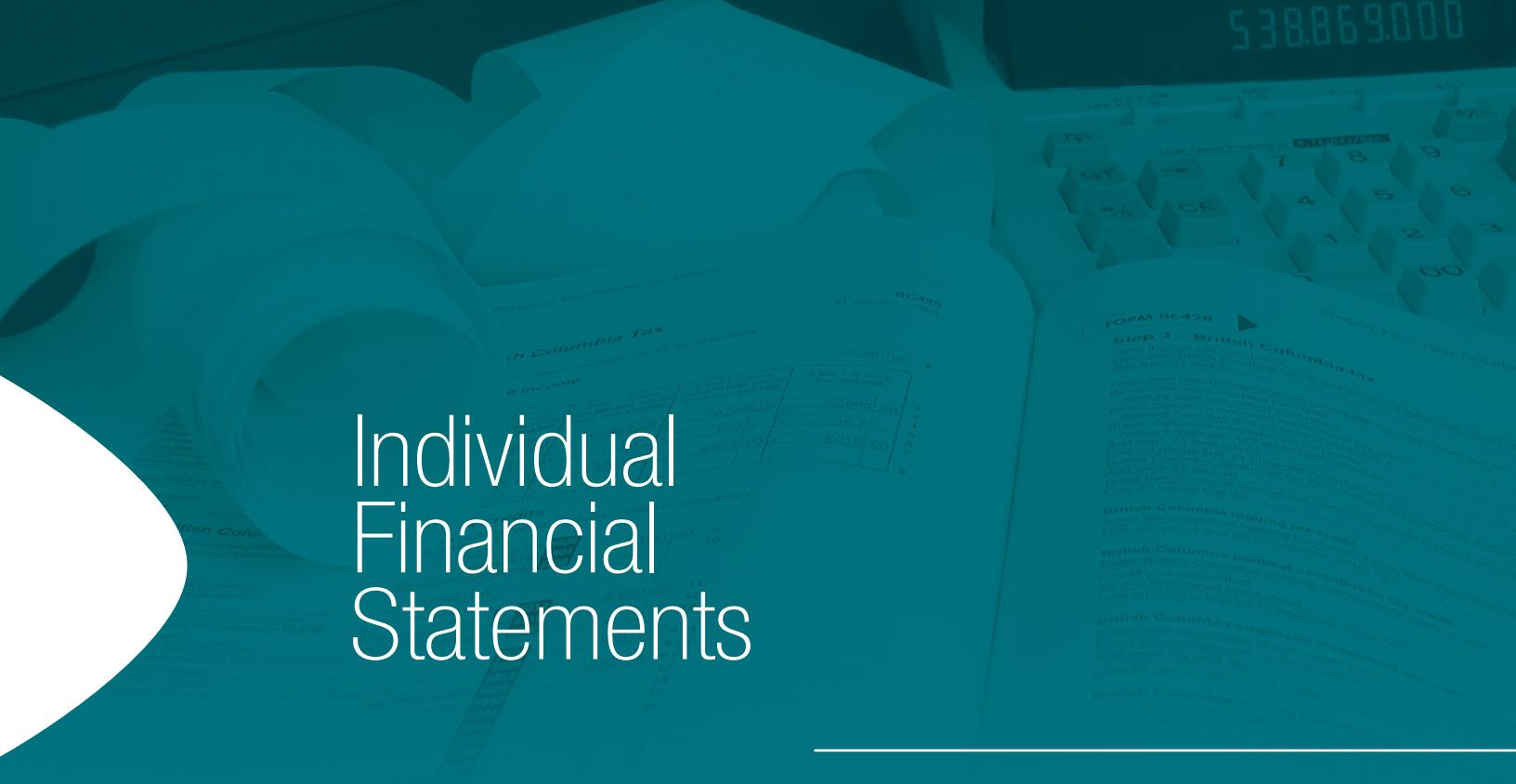
Efraín E. Forero Fonseca

President

Torre Central Davivienda building in Bogotá, head office of the Bank.



Individual Financial Statements





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AUDFINBOG-IES2017-6794

INFORME DEL REVISOR FISCAL

Señores Accionistas
Banco Davivienda S.A.:

Informe sobre los estados financieros

He auditado los estados financieros separados de Banco Davivienda S.A., los cuales comprenden el estado separado de situación financiera al 31 de diciembre de 2016 y los estados separados de resultados, otro resultado integral, de cambios en el patrimonio y de flujos de efectivo por el año que terminó en esa fecha y sus respectivas notas, que incluyen un resumen de las políticas contables significativas y otra información explicativa.

Responsabilidad de la administración en relación con los estados financieros separados

La administración es responsable por la adecuada preparación y presentación de estos estados financieros separados de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia. Esta responsabilidad incluye: diseñar, implementar y mantener el control interno relevante para la preparación y presentación de estados financieros separados libres de errores de importancia material, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas, así como establecer los estimados contables razonables en las circunstancias.

Responsabilidad del revisor fiscal

Mi responsabilidad consiste en expresar una opinión sobre los estados financieros separados con base en mi auditoría. Obtuve las informaciones necesarias para cumplir mis funciones y efectué mi examen de acuerdo con las Normas de Aseguramiento de la Información aceptadas en Colombia. Tales normas requieren que cumpla con requisitos éticos, planifique y efectúe la auditoría para obtener una seguridad razonable sobre si los estados financieros separados están libres de errores de importancia material.

Una auditoría, incluye realizar procedimientos para obtener evidencia sobre los montos y revelaciones en los estados financieros separados. Los procedimientos seleccionados dependen del juicio del revisor fiscal, incluyendo la evaluación del riesgo de errores de importancia material en los estados financieros separados. En dicha evaluación del riesgo, el revisor fiscal tiene en cuenta el control interno relevante para la preparación y presentación de los estados financieros separados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Una auditoría también incluye evaluar el uso de políticas contables apropiadas y la razonabilidad de los estimados contables realizados por la administración, así como evaluar la presentación de los estados financieros separados en general.

Considero que la evidencia de auditoría que obtuve proporciona una base razonable para fundamentar la opinión que expreso a continuación.

Opinión

En mi opinión, los estados financieros separados mencionados, preparados de acuerdo con información tomada fielmente de los libros y adjuntos a este informe, presentan razonablemente, en todos los aspectos de importancia material, la situación financiera separada de Banco Davivienda S.A. al 31 de diciembre de 2016, los resultados separados de sus operaciones y sus flujos separados de efectivo por el año que terminó en esa fecha, de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia, aplicadas de manera uniforme.

Otros asuntos

Los estados financieros separados al y por el año terminado el 31 de diciembre de 2015 se presentan exclusivamente para fines de comparación y fueron auditados por otro contador público miembro de KPMG Ltda. (hoy KPMG S.A.S.) de acuerdo con normas de auditoría generalmente aceptadas en Colombia y en su informe de fecha 17 de febrero de 2016, expresó una opinión sin salvedades sobre los mismos.

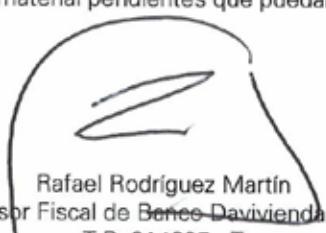
Informe sobre otros requerimientos legales y regulatorios

Con base en el resultado de mis pruebas, en mi concepto durante 2016:

- a) La contabilidad del Banco ha sido llevada conforme a las normas legales y a la técnica contable.
- b) Las operaciones registradas en los libros y los actos de los administradores se ajustan a los estatutos y a las decisiones de la Asamblea de Accionistas.
- c) La correspondencia, los comprobantes de las cuentas y los libros de actas y de registro de acciones se llevan y se conservan debidamente.
- d) Existen medidas adecuadas de control interno, que incluyen los sistemas de administración de riesgos implementados, de conservación y custodia de los bienes de la Entidad y los de terceros que están en su poder.
- e) Se ha dado cumplimiento a las normas e instrucciones de la Superintendencia Financiera de Colombia relacionadas con la adecuada administración y provisión de los bienes recibidos en pago y con la implementación e impacto en el estado de situación financiera y en el estado de resultados de los sistemas de administración de riesgos aplicables.
- f) Existe concordancia entre los estados financieros que se acompañan y el informe de gestión preparado por los administradores, el cual incluye la constancia por parte de la administración sobre la libre circulación de las facturas emitidas por los vendedores o proveedores.

- g) La información contenida en las declaraciones de autoliquidación de aportes al sistema de seguridad social integral, en particular la relativa a los afiliados y a sus ingresos base de cotización, ha sido tomada de los registros y soportes contables. El Banco no se encuentra en mora por concepto de aportes al sistema de seguridad social integral.

Efectué seguimiento a las respuestas sobre las cartas de recomendaciones dirigidas a la administración del Banco y no hay asuntos de importancia material pendientes que puedan afectar mi opinión.



Rafael Rodríguez Martín
Revisor Fiscal de Banco Davivienda S.A.
T.P. 214605 - T
Miembro de KPMG S.A.S.

17 de febrero de 2017



CERTIFICACION DE LOS ESTADOS FINANCIEROS SEPARADOS

RESPONSABILIDAD DE LA INFORMACION FINANCIERA

Los suscritos Representante Legal y Contador del Banco Davivienda S.A. atendiendo los términos establecidos en los artículos 46 y 47 de la ley 964 de 2005 y de acuerdo con los términos requeridos en las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, se permiten:

Certificar que los Estados Financieros por el periodo comprendido entre el 01 de enero y el 31 de diciembre de 2016, no contienen vicios, imprecisiones o errores que impidan conocer la verdadera situación patrimonial o las operaciones de Davivienda, de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

En concordancia con los términos dispuestos por las normas de Contabilidad y de información financiera aceptadas en Colombia y atendiendo los aspectos referidos en el Marco Conceptual, la información y afirmaciones integradas en los Estados Financieros han sido debidamente verificadas y obtenidas de los registros contables, elaborados de conformidad con las normas y principios de contabilidad establecidos en Colombia.

Davivienda cuenta con adecuados sistemas de revelación y control de información financiera, para lo cual se han diseñado los correspondientes procedimientos que permiten asegurar que ésta sea presentada en forma apropiada, cuya operatividad es verificada por la Auditoría y la Dirección Financiera.

Así mismo, informamos que no se han evidenciado deficiencias significativas presentadas en el diseño y operación de los controles internos que hubieran impedido al Banco registrar, procesar, resumir o presentar adecuadamente su información financiera. Se han realizado las actividades de control en la gerencia para prevenir el riesgo de fraude en procesos que afectaran la calidad de la información financiera, ni cambios en su metodología de evaluación.



En los Estados Financieros se encuentran registrados todos los activos y pasivos existentes en la fecha de corte y éstos representan probables derechos y obligaciones futuras, respectivamente. Todas las transacciones del periodo fueron registradas y todos los hechos económicos, han sido reconocidos, valorados y correctamente clasificados, descritos y revelados. Todos los elementos han sido reconocidos por los importes apropiados, teniendo en cuenta los aspectos referidos en el Marco Conceptual y en concordancia con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Se han verificado previamente las afirmaciones contenidas en ellos, conforme a los reglamentos normativos y que las mismas se hayan tomado fielmente de los libros en concordancia con el artículo 37 de la Ley 222 de 1995. El Banco cuenta con adecuados procedimientos de control y revelación de información financiera y su operatividad ha sido verificada, de acuerdo con los términos establecidos en el artículo 46 de la Ley 964 de 2005.

VERIFICADO
INFORMACION FINANCIERA
DE COLOMBIA

Banco Davivienda S.A.

Bogotá, Febrero 13 de 2017

A handwritten signature in black ink, enclosed in a large, roughly oval-shaped outline.

Ricardo León Otero
Representante Legal

A handwritten signature in black ink.

Carmen Anisa Cifuentes Barrera
Contador T.P. 35089-T

BANCO DAVIVIENDA S.A.
Estado Separado de Situación Financiera
Al 31 de diciembre de 2016 con cifras comparativas al 31 de diciembre de 2015
(millones de pesos colombianos (COP))

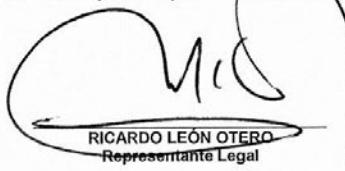
	Nota	<u>diciembre 31, 2016</u>	<u>diciembre 31, 2015</u>		
ACTIVO					
Efectivo	11.1.	4.933.356	3.907.931		
Operaciones activas de mercado monetario y relacionados	11.2.	152.866	315.604		
Instrumentos Financieros de Inversión	11.3.	4.743.671	4.588.864		
Derivados	11.4.	238.506	434.950		
Cartera de créditos y operaciones de leasing financiero, neto	11.5.	54.292.599	46.450.272		
Cuentas por cobrar, neto	11.6.	1.711.033	807.694		
Activos mantenidos para la venta	11.7.	72.804	79.180		
Inversiones medidas a costo amortizado	11.3.	1.369.644	1.213.795		
Inversiones en subsidiarias y asociadas	11.3.7.	3.216.541	2.994.856		
Propiedades y Equipo, neto	11.8.	538.408	996.531		
Propiedades de Inversión, neto	11.9.	45.885	37.105		
Plusvalía	11.11.	1.080.775	1.080.775		
Intangibles	11.12.	77.357	72.519		
Otros activos no financieros, neto	11.13.	233.520	122.611		
Total Activo		72.706.965	63.102.687		
PASIVO					
Depósitos y exigibilidades:					
Cuenta de ahorros	11.14.	45.600.939	38.514.504		
Depósitos en cuenta corriente		21.990.834	19.367.065		
Certificados de depósito a término		4.680.765	5.048.186		
Otras exigibilidades		18.210.104	13.381.917		
		719.236	717.336		
Operaciones pasivas de mercado monetario y relacionados	11.15.	1.785.322	1.102.859		
Derivados	11.4.	246.170	364.451		
Créditos de Bancos y otras obligaciones	11.16.	5.292.891	4.999.696		
Instrumentos de deuda emitidos	11.17.	9.063.260	8.727.347		
Cuentas por pagar	11.18.	989.103	819.603		
Impuesto diferido	12.7.	613.603	691.204		
Otros pasivos no financieros y pasivos estimados	11.19.	256.205	164.507		
Total Pasivo		63.847.493	55.384.171		
PATRIMONIO					
Capital y Reservas (1)	11.20.	6.385.568	5.421.093		
Ganancias o pérdidas no realizadas (ORI)		174.713	268.880		
Ajustes en la aplicación por primera vez		507.026	734.409		
Utilidades (Pérdidas) Acumuladas de Ejercicios Anteriores		253.479	79.871		
Utilidad del ejercicio		1.538.686	1.214.263		
Total Patrimonio		8.859.472	7.718.516		
TOTAL PASIVO Y PATRIMONIO		72.706.965	63.102.687		
(1) Incluye Prima en Colocación de Acciones					
Véanse las notas que acompañan los Estados Financieros					
 RICARDO LEÓN OTERO Representante Legal		 CARMEN ANILSA CIFUENTES BARRERA Contador TP. No. 35089-T		 RAFAEL RODRÍGUEZ MARTÍN Revisor Fiscal de Banco Davivienda S.A. TP. No. 214605-T Miembro de KPMG S.A.S. (Véase mi informe del 17 de Febrero de 2017)	

BANCO DAVIVIENDA S.A.
Estado Separado de Resultados
 Por el año terminado al 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
 (Millones de pesos colombianos (COP))

	Nota	2016	2015
Ingresos por Intereses		7.070.485	5.288.781
Cartera de créditos		6.460.356	4.944.978
Inversiones y valoración, neto	12.1.	565.640	317.029
Operaciones del mercado monetario		44.489	26.774
Egresos por Intereses		3.147.079	1.833.686
Depósitos y Exigibilidades		2.120.091	1.105.587
Depósitos en cuenta corriente		41.276	31.102
Depósitos de ahorro		818.506	428.134
Certificados de depósito a término		1.260.309	646.350
Créditos de bancos y otras obligaciones financieras		202.018	131.174
Instrumentos de Deuda Emitidos		723.611	529.403
Otros Intereses		101.359	67.523
Margen financiero Bruto		3.923.406	3.455.095
Provisiones de cartera y cuentas por cobrar, neto		1.471.189	1.016.340
Provisiones de cartera y cuentas por cobrar		2.600.995	1.993.607
Reintegros de cartera y cuentas por cobrar		1.129.806	977.267
Margen financiero Neto		2.452.217	2.438.755
Ingresos por comisiones y Servicios, neto	12.2.	742.013	680.495
Resultado de títulos participativos	12.3.	325.245	215.880
Dividendos		25.524	31.960
Gastos Operacionales:		2.117.462	1.871.087
Gastos de Personal	12.4.	924.906	810.233
Operativos	12.5.	1.141.258	1.025.976
Amortizaciones y depreciaciones	12.5.	51.298	34.878
Diferencia en cambio, neta		(73.479)	196.963
Derivados, neto		206.061	(89.597)
Otros Ingresos y Gastos, netos	12.6.	274.095	5.204
Margen Operacional		1.834.214	1.608.573
Impuesto de renta y complementarios corrientes	12.7.	420.788	338.560
Impuesto de renta y complementarios diferidos	12.7.	(125.260)	55.750
Utilidad del ejercicio		1.538.686	1.214.263

Utilidad por Acción del Periodo en Pesos (1)

(1) Calculada como: Utilidad del ejercicio / Promedio ponderado numero de acciones en circulación
 Véanse las notas que acompañan los Estados Financieros



RICARDO LEÓN OTERO
 Representante Legal



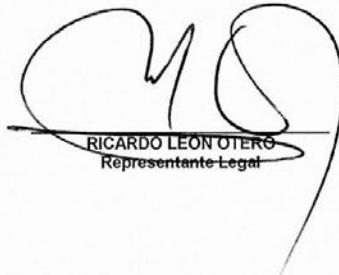
CARMEN ANILSA CIFUENTES BARRERA
 Contador
 TP. No. 35089-T



RAFAEL RODRÍGUEZ MARTÍN
 Revisor Fiscal de Banco Davivienda S.A.
 TP. No. 214605-T
 Miembro de KPMG S.A.S.
 (Véase mi informe del 17 de Febrero de 2017)

BANCO DAVIVIENDA S.A.
Estado Separado de Otros Resultados Integrales
Por el año terminado al 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
(Millones de pesos colombianos (COP))

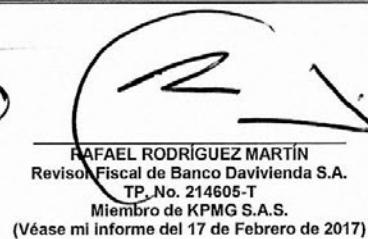
	2016	2015
Otro Resultado Integral		
Utilidad del ejercicio	1.538.686	1.214.263
Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, neto de impuestos:		
Beneficios a empleados largo plazo	(31.078)	0
Componentes de otro resultado integral que se reclasificarán al resultado del periodo, neto de impuestos:		
Ganancia no realizada títulos renta fija	4.567	(15.567)
Inversiones en subordinadas y otras inversiones de no control	25.431	(237.135)
Conversión diferencia en cambio de subsidiarias del exterior	(162.035)	723.675
Cobertura de inversiones netas en negocios en el extranjero, neto	68.948	(381.270)
Otros resultados integrales	0	9.657
Total otro resultado integral, neto de impuestos	(94.167)	99.362
Total resultados y otro resultado integral	1.444.519	1.313.624



RICARDO LEÓN OTERO
Representante Legal



CARMEN ANILSA CIPUENTES BARRERA
Contador
TP. No. 35089-T



RAFAEL RODRÍGUEZ MARTÍN
Revisor Fiscal de Banco Davivienda S.A.
TP. No. 214605-T
Miembro de KPMG S.A.S.
(Véase mi informe del 17 de Febrero de 2017)

BANCO DAVIVIENDA S.A.
**Estado Separado de Cambios en el Patrimonio
Por el año terminado al 31 de diciembre de 2016 con cifras comparativas con el año que termina el 31 de diciembre de 2015
(Millones de pesos colombianos (COP))**

	CAPITAL Y RESERVAS				RESULTADOS ACUMULADOS			
	Capital	Prima de emisión	Reserva Legal	Reservas ocasionales	Adopción por primera vez	Ganancia no realizada (CRI)	Utilidad ejercicios anteriores	Utilidad del ejercicio
Saldo a 31 de diciembre de 2014	62.190	3.389.608	475.695	903.053 (60.563)	748.757	169.520	(9.434)	1.095.478
Impuesto a la riqueza (1)								6.834.667 (60.563)
Distribución de dividendos:								(350.041) (350.041)
Pago de dividendos en efectivo de \$788 por acción sobre 444.214.234 acciones suscritas y pagadas. Marzo 26 de 2015								
Movimiento de Reservas:								
Reserva Legal								
Reserva ocasional futuras capitalizaciones o aumentar reserva legal								
Liberación Reserva Ocasional valoración Inversiones precios de mercado - Decreto 2336/85, para aumentar Reserva Legal								
Emisión de acciones:								
Pago de dividendos en acciones a razón de \$1.695 pesos por acción sobre 444.214.234 acciones suscritas y pagadas. Abril 8 de 2015 (2)								
Otro resultado integral , neto de impuesto a las ganancias								
Realizaciones aplicación NIIF por primera vez								
Ajuste por convergencia año 2014								
Método de Participación Patrimonial (MPP)								
Diferencia en cambio controladas y cobertura de inversiones netas en el extranjero, neto de impuesto diferido								
Variación de precios de mercado renta fija								
Otros Resultados								
Saldo a 31 de diciembre de 2015	71.074	4.133.667	652.469	563.883 (54.704)	734.409	268.880	79.871	1.214.263 (54.704)
Distribución de dividendos:								
Pago de dividendos en efectivo de \$864 por acción por acción sobre 451.670.413 acciones suscritas y pagadas. Mar 29 y Sep 21 de 2016								
Movimiento de Reservas:								
Reserva Legal								
Reserva ocasional futuras capitalizaciones o aumentar reserva legal								
Liberación Reserva Ocasional valoración Inversiones precios de mercado - Decreto 2336/85, para aumentar Reserva Legal								
Disponer de utilidades de ejercicios de años anteriores realizadas en el periodo 2015 , para aumentar Reserva Legal								
Emisión de acciones:								
Pago de dividendos en acciones a razón de \$640 pesos por acción sobre 451.670.413 acciones suscritas y pagadas. Abril 20 de 2016 (3)								
Patrimonio Integrado Leasing Bolívar:								
Otro resultado integral , neto de impuesto a las ganancias								
Realizaciones aplicación NIIF por primera vez								
Método de Participación Patrimonial (MPP)								
Diferencia en cambio controladas y cobertura de inversiones netas en el extranjero, neto de impuesto diferido								
Variación de precios de mercado renta fija								
Beneficios a empleados largo plazo								
Resultado del ejercicio								
Saldo a 31 de diciembre de 2016	76.784	4.676.804	1.051.180	580.800	507.026	174.713	253.479	1.538.686 8.859.472

(1) En Asamblea Extraordinaria del 30 de Enero de 2015, se autorizó imputar el impuesto de la riqueza, de conformidad con lo establecido en la ley 1739 de 2014, a reservas patrimoniales, para los años 2015, 2016 y 2017.
 (2) Se aumenta valor nominal en \$20 quedando en \$160 por acción y la diferencia de \$1.675 pesos corresponde a prima en colocación de acciones.
 (3) Se aumenta valor nominal en \$10 quedando en \$170 por acción y la diferencia de \$930 pesos corresponde a prima en colocación de acciones.

Veráse las notas que acompañan los Estados Financieros.

RICARDO HEDONOTERO

Representante Legal

TP. No. 35089-T

CARMEN ANILÁS CICUENTES BARRERA
 Contador
 TP. No. 35089-T

Ricardo Hedonotero
 Representante Legal

Yanet Rodríguez Martín
 Revisor Fiscal de Banco Davivienda S.A.

TP. No. 214605-T

Miembro de KPMG S.A.S.

(Véase mi informe del 17 de Febrero de 2017)

BANCO DAVIVIENDA S.A.
Estado Separado de Flujo de Efectivo

Por el año terminado al 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
 (millones de pesos colombianos (COP))

	Nota	2016	2015
Flujos de efectivo de las actividades de operación:			
Utilidad del ejercicio		1.538.686	1.214.263
Conciliación entre la utilidad del ejercicio y el efectivo neto usado en las actividades de operación			
(Reintegro) Provisión de inversiones negociables, neto	11.3.6	(532)	2.736
Reintegro de inversiones disponibles para la venta, neto	11.3.6	(188)	(256)
Provisión (Reintegro) de inversiones hasta el vencimiento, neto	11.3.6	517	(332)
Provisión de cartera de créditos y leasing financiero, neto	11.5.15	1.548.308	1.086.165
Provisión de cuentas por cobrar, neto	11.6	84.685	42.693
Provisión de activos mantenidos para la venta, neto	11.7	21.959	3.960
(Reintegro) Provisión de propiedades y equipo y de inversión, neto	11.8.4 / 11.9.2	(884)	4.510
(Reintegro) Provisión de otros activos, neto	11.13	(2.306)	7.291
Provisión para cesantías		3.931	17.908
Otras provisiones		8.680	7.908
Depreciaciones		39.223	34.579
Amortizaciones		12.075	300
Diferencia en cambio y UVR no realizada		(393.952)	565.965
Utilidad en venta de cartera, neta		0	(11.269)
Utilidad Método Participación Patrimonial (MPP)		(270.755)	(215.880)
Valoración de inversiones, neta		(543.244)	(312.711)
Utilidad en venta de inversiones negociables, neta		(23.204)	(4.283)
Utilidad en venta de inversiones disponibles para la venta, neta		(53.684)	(35)
Valoración de derivados y operaciones de contado, neta		(206.061)	89.597
Utilidad en venta de activos mantenidos para la venta	11.7	(225)	(2.039)
Utilidad en venta de propiedades y equipo y bienes dados en leasing neta		(147.105)	(186)
(Utilidad) Pérdida en venta de propiedades de inversión	11.9	(2.508)	1.702
Pérdida en venta de otros activos		370	57
Otras recuperaciones pasivos estimados		(5.047)	(5.054)
Pago de cesantías		(4.145)	(13.796)
Impuesto a las ganancias	12.7	295.528	394.310
Cambios en activos y pasivos operacionales:			
Aumento en operaciones activas del mercado monetario y relacionadas		(24.504)	(30.075)
Aumento de inversiones negociables		(1.385.898)	(334.039)
Aumento de cartera de créditos y operaciones de leasing financiero		(15.028.504)	(13.317.432)
Aumento cuentas por cobrar		(405.997)	(252.917)
Adiciones de activos mantenidos para la venta		(78.411)	(87.604)
Producto de la venta de activos mantenidos para la venta	11.7	19.071	16.635
Aumento otros activos		(181.348)	(28.579)
Producto de la venta de otros activos		7.467	2.163
Aumento depósitos y exigibilidades		9.000.747	5.923.277
Aumento (Disminución) fondos interbancarios comprados ordinarios		17.069	(103.658)
Aumento cuentas por pagar		96.083	81.464
Aumento obligaciones laborales		86.426	19.944
Aumento (Disminución) pasivos estimados y provisiones		107.363	(17.743)
Impuesto a la riqueza		(54.704)	(60.563)
Impuesto a las ganancias pagado		(433.627)	(334.193)
Intereses Pagados		(1.856.780)	(955.497)
Intereses Recibidos		6.267.043	4.589.137
Efectivo neto Usado por las actividades de operación		(1.948.382)	(1.981.587)

BANCO DAVIVIENDA S.A.

Estado Separado de Flujos de Efectivo (Continuación)

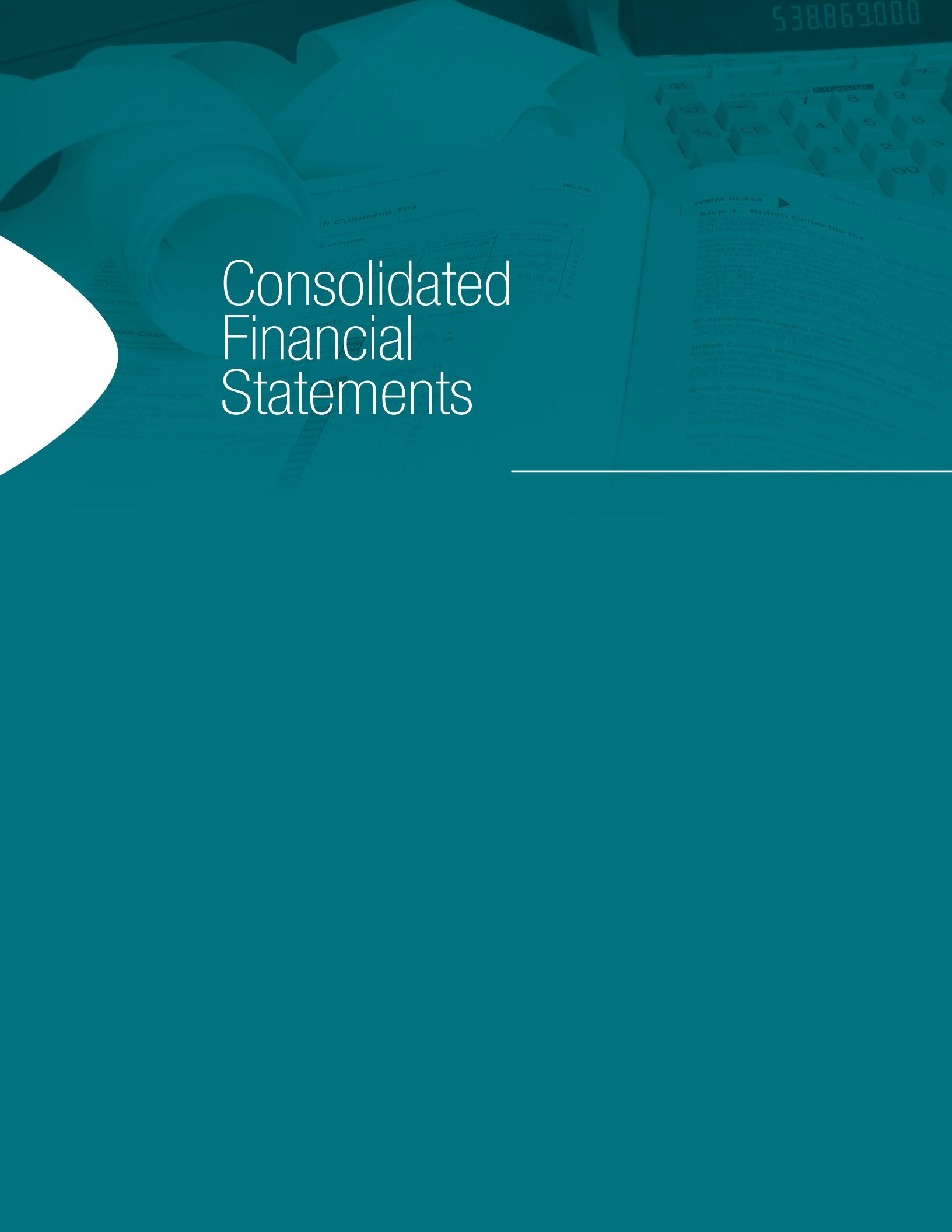
Por el año terminado al 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015

(millones de pesos colombianos (COP))

	Nota	2016	2015
Flujos de efectivo de las actividades de inversión:			
Efectivo producto integración Leasing Bolívar		62.817	0
Dividendos recibidos		25.524	79.871
Disminución de inversiones disponibles para la venta		1.769.559	869.801
(Aumento) Disminución de inversiones hasta el vencimiento		(62.534)	42.604
Aumento de inversiones títulos participativos		(41.586)	(1.112)
Disminución (Aumento) de derechos fiduciarios		3.771	(3.771)
Disminución (Aumento) de aceptaciones, operaciones de contado y derivados		402.505	(110.210)
Disminución (Aumento) de propiedades y equipos		44	(342)
Adiciones de propiedades y equipos		(67.301)	(107.377)
Producto de la venta de cartera de créditos	11.5.11 / 11.5.12	434.293	506.579
Producto de la venta de propiedades y equipo		117.806	29.463
Producto de la venta de propiedades de inversión	11.9.3	19.784	6.281
Disminución activos intangibles		40.704	0
Efectivo neto Provisto por las actividades de inversión		2.705.387	1.311.787
Flujos de efectivo de las actividades de financiación:			
Emisiones en instrumentos de deuda	11.17	958.589	1.700.000
Redenciones en instrumentos de deuda	11.17	(505.744)	(1.195.210)
(Disminución) Aumento en derivados pasivos		(118.280)	63.990
Nuevos préstamos en créditos de bancos y otras obligaciones financieras	11.16	4.104.316	3.872.280
Pagos del periodo en créditos de bancos y otras obligaciones financieras	11.16	(3.821.010)	(3.083.454)
Pago de dividendos en efectivo		(390.243)	(350.041)
Efectivo neto Provisto en las actividades de financiación		227.628	1.007.565
Aumento neto en efectivo y equivalente de efectivo		984.633	337.765
Efecto de la variación de la diferencia en cambio sobre el efectivo		(146.452)	542.194
Efectivo y equivalentes de efectivo al comienzo del periodo		4.163.051	3.283.092
Efectivo y equivalentes de efectivo al final del periodo (*)		5.001.232	4.163.051
(*) Incluye equivalentes de efectivo menores a 90 días en posiciones activas en operaciones del mercado monetario por \$67.876 para diciembre 31, 2016 y \$255.118 para diciembre 31, 2015 según nota 11.2.			
Véanse las notas que acompañan los Estados Financieros			
	RICARDO LEÓN OTERO Representante Legal		
	CARMEN ANILS CIFUENTES BARRERA Contador TP. No. 35089-T		
	RAFAEL RODRÍGUEZ MARTÍN Revisor Fiscal de Banco Davivienda S.A. TP. No. 214605-T Miembro de KPMG S.A.S. (Véase mi informe del 17 de Febrero de 2017)		

Consolidated Financial Statements

538,869,000





KPMG S.A.S.
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INFORME DEL REVISOR FISCAL

Señores Accionistas
Banco Davivienda S.A.:

He auditado los estados financieros consolidados de Banco Davivienda S.A. y Subsidiarias, los cuales comprenden el estado consolidado de situación financiera al 31 de diciembre de 2016 y los estados consolidados de resultados, otro resultado integral, de cambios en el patrimonio y de flujos de efectivo por el año que terminó en esa fecha y sus respectivas notas, que incluyen un resumen de las políticas contables significativas y otra información explicativa.

Responsabilidad de la administración en relación con los estados financieros consolidados

La administración es responsable por la adecuada preparación y presentación de estos estados financieros consolidados de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia. Esta responsabilidad incluye: diseñar, implementar y mantener el control interno relevante para la preparación y presentación de estados financieros consolidados libres de errores de importancia material, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas, así como establecer los estimados contables razonables en las circunstancias.

Responsabilidad del revisor fiscal

Mi responsabilidad consiste en expresar una opinión sobre los estados financieros consolidados con base en mi auditoría. Obtuve las informaciones necesarias para cumplir mis funciones y efectué mi examen de acuerdo con las Normas de Aseguramiento de la Información aceptadas en Colombia. Tales normas requieren que cumpla con requisitos éticos, planifique y efectúe la auditoría para obtener una seguridad razonable sobre si los estados financieros consolidados están libres de errores de importancia material.

Una auditoría, incluye realizar procedimientos para obtener evidencia sobre los montos y revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del revisor fiscal, incluyendo la evaluación del riesgo de errores de importancia material en los estados financieros consolidados. En dicha evaluación del riesgo, el revisor fiscal tiene en cuenta el control interno relevante para la preparación y presentación de los estados financieros consolidados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Una auditoría también incluye evaluar el uso de políticas contables apropiadas y la razonabilidad de los estimados contables realizados por la administración, así como evaluar la presentación de los estados financieros consolidados en general.

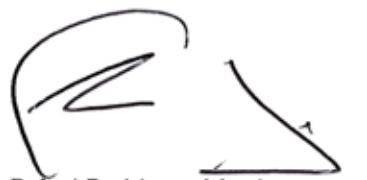
Considero que la evidencia de auditoría que obtuve proporciona una base razonable para fundamentar la opinión que expreso a continuación.

Opinión

En mi opinión, los estados financieros consolidados mencionados y adjuntos a este informe, presentan razonablemente, en todos los aspectos de importancia material, la situación financiera consolidada de Banco Davivienda S.A. y Subsidiarias al 31 de diciembre de 2016, los resultados consolidados de sus operaciones y sus flujos consolidados de efectivo por el año que terminó en esa fecha, de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia, aplicadas de manera uniforme.

Otros asuntos

Los estados financieros consolidados al y por el año terminado el 31 de diciembre de 2015 se presentan exclusivamente para fines de comparación y fueron auditados por otro contador público miembro de KPMG Ltda. (hoy KPMG S.A.S.) de acuerdo con normas de auditoría generalmente aceptadas en Colombia y en su informe de fecha 17 de febrero de 2016, expresó una opinión sin salvedades sobre los mismos.



Rafael Rodríguez Martín
Revisor Fiscal de Banco Davivienda S.A.
T.P. 214605-T
Miembro de KPMG S.A.S.

17 de febrero de 2017



DAVIVIENDA

CERTIFICACION DE LOS ESTADOS FINANCIEROS CONSOLIDADOS

RESPONSABILIDAD DE LA INFORMACION FINANCIERA

Los suscritos Representante Legal y Contador del Banco Davivienda S.A. atendiendo los términos establecidos en los artículos 46 y 47 de la ley 964 de 2005 y en concordancia con los términos requeridos en las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, se permiten:

Certificar que los Estados Financieros Consolidados por el período comprendido entre el 01 de enero y el 31 de diciembre de 2016, no contienen vicios, imprecisiones o errores que impidan conocer la verdadera situación patrimonial o las operaciones de Davivienda y sus Subordinadas, de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

En concordancia con los términos dispuestos por las Normas de Contabilidad y de Información Financiera aceptadas en Colombia y atendiendo los aspectos referidos en el Marco Conceptual , la información y afirmaciones integradas en los Estados Financieros Consolidados han sido debidamente verificadas y obtenidas de los registros contables, elaborados de conformidad con las normas y principios de contabilidad establecidos en Colombia.

Davivienda y sus Subordinadas cuentan con adecuados sistemas de revelación y control de información financiera, para lo cual se han diseñado los correspondientes procedimientos que permiten asegurar que ésta sea presentada en forma adecuada, cuya operatividad es verificada por Auditoría y la Dirección Financiera.

Así mismo, informamos que no se han evidenciado deficiencias significativas presentadas en el diseño y operación de los controles internos que hubieran impedido al Banco y sus Subordinadas registrar, procesar, resumir o presentar adecuadamente su información financiera consolidada. Se han realizado las actividades de control en la gerencia para prevenir el riesgo de fraude en procesos que afectaran la calidad de la información financiera consolidada, ni cambios en su metodología de evaluación.





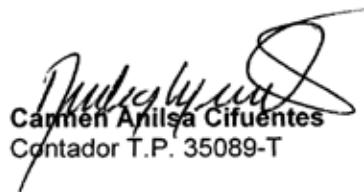
DAVIVIENDA

En los Estados Financieros Consolidados se encuentran registrados todos los activos y pasivos existentes en la fecha de corte y éstos representan probables derechos y obligaciones futuras, respectivamente. Todas las transacciones del periodo fueron registradas y todos los hechos económicos, han sido reconocidos y correctamente clasificados, descritos y revelados. Todos los elementos han sido reconocidos por los importes apropiados, teniendo en cuenta los aspectos referidos en el Marco Conceptual y en concordancia con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Se han verificado previamente las afirmaciones contenidas en ellos, conforme a los reglamentos normativos y que las mismas se hayan tomado fielmente de los libros en concordancia con el artículo 37 de la Ley 222 de 1995. El Banco y sus Subordinadas cuentan con adecuados procedimientos de control y revelación de información financiera y su operatividad ha sido verificada, de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

Bogotá, Febrero 13 de 2017


Ricardo León Otero
Representante Legal


Camila Anilsa Cifuentes
Contador T.P. 35089-T

Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Situación Financiera
Al 31 de diciembre de 2016 con cifras comparativas al 31 de diciembre de 2015
(Millones de pesos colombianos (COP))

	Nota	2016	2015
ACTIVO			
Efectivo y equivalentes de efectivo	11.1	8.106.246	7.432.562
Operaciones de mercado monetario y relacionados	11.2	282.199	506.847
Inversiones medidas a valor razonable	11.3	7.348.829	7.249.603
Derivados	11.4	241.088	441.708
Cartera de créditos y operaciones de leasing financieros, neto	11.5	71.251.314	62.368.759
Cuentas por cobrar, neto	11.6	1.371.993	616.250
Activos mantenidos para la venta	11.7	92.348	92.741
Inversiones medidas a costo amortizado, neto	11.8	1.345.018	1.241.268
Inversiones en Asociadas	11.9	82.630	96.257
Inversiones en Otras compañías	11.10	328.576	177.231
Propiedades y equipo, neto	11.11	833.629	1.268.403
Propiedades de Inversión	11.12	51.704	65.698
Plusvalía	11.13	1.634.882	1.634.882
Intangibles	11.14	135.908	127.895
Otros activos no financieros, neto	11.14	441.654	398.195
Total Activo	93.548.017	83.718.300	
PASIVO			
Depósitos y exigibilidades	11.16	59.644.563	52.848.941
Cuenta de ahorros		25.378.095	23.127.663
Depósitos en cuenta corriente		7.801.395	8.186.223
Certificados de depósito a término		25.664.691	20.717.046
Otras exigibilidades		800.382	818.009
Operaciones de mercado monetario y relacionados	11.17	2.175.957	1.147.302
Derivados	11.4	241.083	365.118
Créditos de Bancos y otras obligaciones	11.18	8.913.954	8.769.168
Instrumentos de deuda emitidos	11.19	9.586.702	9.252.730
Cuentas por pagar	11.20	1.094.310	989.758
Impuestos por pagar		75.244	59.537
Impuesto diferido por pagar	11.21	1.163.087	1.062.915
Reservas técnicas	11.22	169.462	170.930
Otros pasivos no financieros y pasivos estimados	11.23	438.610	335.911
Total pasivo	83.502.970	75.002.309	
PATRIMONIO			
Capital y reservas (1)	11.24	6.520.493	5.699.722
Ganancias o pérdidas no realizadas (ORI)		1.637.363	1.387.115
Ajustes en la aplicación por primera vez		77.518	306.662
Utilidad del ejercicio		1.717.968	1.233.122
Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco		9.953.342	8.626.621
Participación no controladora	11.25	91.705	89.371
Total patrimonio		10.045.047	8.715.992
TOTAL PASIVO Y PATRIMONIO		93.548.017	83.718.300

Véanse las notas que acompañan los estados financieros consolidados

(1) Incluye prima en colocación de acciones

RICARDO LEÓN OTERO
Representante Legal

CARMEN ANILSA CIFUENTES BARRERA
Contador
TP. No. 35089-T

RAFAEL RODRÍGUEZ MARTÍN
Revisor Fiscal de Banco Davivienda S.A.
TP. No. 214605-T
Miembro de KPMG S.A.S.
(Véase mi informe del 17 de febrero de 2017)

Banco Davivienda S.A. y sus Subsidiarias
Estados Consolidados de Resultados

Por el año terminado el 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
 (Millones de pesos colombianos (COP), excepto la utilidad neta por acción)

	Nota	2016	2015
Ingresos por intereses		8.674.997	6.530.875
Cartera		7.869.538	6.066.429
Inversiones y valoración, neto	12.1	752.407	431.627
Fondos interbancarios, overnight, repo y simultaneas		53.052	32.820
Egresos por intereses		3.704.838	2.258.576
Depósitos y exigibilidades		2.516.333	1.434.990
Créditos de bancos y otras obligaciones financieras		334.114	228.569
Instrumentos de deuda emitidos		749.605	525.503
Otros intereses		104.786	69.515
Margen financiero Bruto		4.970.159	4.272.299
Deterioro de cartera y cuentas por cobrar, neto		1.234.705	1.154.874
Deterioro de cartera y cuentas por cobrar		1.479.683	1.352.577
Reintegro de deterioro de cartera y cuentas por cobrar		244.978	197.703
Margen financiero Neto		3.735.454	3.117.425
Ingresos por operación de Seguros, neto		85.763	66.188
Ingresos por comisiones y Servicios, neto	12.2	1.038.794	910.509
Resultado por inversiones en Asociadas y Operaciones Conjuntas, neto		3.228	6.623
Gastos operacionales		2.935.001	2.524.553
Gastos de personal	12.3	1.281.743	1.110.406
Administrativos y operativos	12.4	1.551.915	1.340.052
Amortizaciones y depreciaciones		101.342	74.095
Ganancia (Pérdida) en Cambios, neto		(36.707)	227.656
Derivados, neto		214.917	(84.076)
Dividendos Recibidos		5.426	5.076
Otros Ingresos y Gastos Netos	12.5	232.184	(8.177)
Margen Operacional		2.344.059	1.716.671
Impuesto de renta y complementarios corriente	11.21	509.762	424.428
Impuesto de renta y complementarios diferido	11.21	109.568	55.526
Utilidad atribuible a los propietarios de la controladora		1.717.968	1.233.122
Utilidad atribuible a participaciones no controladoras		6.762	3.595
Utilidad del ejercicio		1.724.730	1.236.717
Utilidad por acción del periodo en pesos		3.819	2.784

Véanse las notas que acompañan los estados financieros consolidados

Utilidad por acción del periodo en pesos (1)

(1)Calculada como: resultados / Número acciones promedio



RICARDO LEÓN OTERO
 Representante Legal



CARMEN ANILSA CIFUENTES BARRERA
 Contador
 TP. No. 35089-T



RAFAEL RODRÍGUEZ MARTÍN
 Revisor Fiscal de Banco Davivienda S.A.

TP. No. 214605-T

Miembro de KPMG S.A.S.

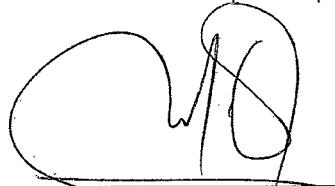
(Véase mi informe del 17 de febrero de 2017)

Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Otros Resultados Integrales

Por el año terminado el 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
 (Millones de pesos colombianos (COP))

	2016	2015
Utilidad atribuible a los propietarios de la controladora	1.717.968	1.233.122
Utilidad atribuible a participaciones no controladoras	6.762	3.595
Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, neto de impuestos:		
Beneficios a empleados largo plazo	(31.078)	-
Total otro resultado integral que no se reclasificará al resultado del periodo, neto de impuestos	(31.078)	-
Componentes de otro resultado integral que se reclasificarán al resultado del periodo, neto de impuestos:		
Instrumentos financieros con cambios en otro resultado integral	27.046	70.038
Superávit método de participación patrimonial asociadas	(8.160)	2.394
Deterioro cartera de crédito para propósito de estados financieros consolidados	450.223	95.657
Conversión diferencia en cambio subsidiarias del exterior	(187.783)	279.757
Total otro resultado integral que se reclasificará al resultado del periodo, neto de impuestos	281.326	447.846
Total otro resultado integral, neto de impuestos	250.248	447.846
Resultado integral atribuible a los propietarios de la controladora	1.974.978	1.684.563
Resultado integral atribuible a los propietarios de la controladora	1.973.607	1.678.363
Resultado integral atribuible a participaciones no controladoras	1.371	6.199
Total resultados y otro resultado integral	1.974.978	1.684.563

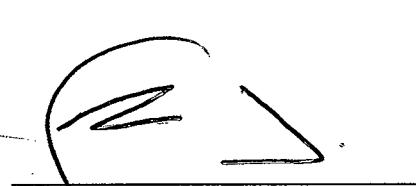
Véanse las notas que acompañan a los estados financieros consolidados



RICARDO LEÓN OTERO
Representante Legal



CARMEN ANILSA CIFUENTES BARRERA
Contador
TP. No. 35089-T



RAFAEL RODRÍGUEZ MARTÍN
Revisor Fiscal de Banco Davivienda S.A.
TP. No. 214605-T
Miembro de KPMG S.A.S.
(Véase mi informe del 17 de febrero de 2017)

Banco Davivienda S.A. y sus Subsidiarias
Estados Consolidados de Cambios en el Patrimonio
Por el año terminado el 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
(Millones de pesos colombianos (COP))

CAPITAL Y RESERVAS							RESULTADOS ACUMULADOS			Total Patrimonio los propietarios de la controladora		Participaciones no controladoras de los accionistas	
Capital	Prima de emisión	Reserva Legal	Reservas Ocasionales	Adecuación por primera vez	Ganancia no Realizada (OR)	Utilidad servicios anteriores	Resultados del ejercicio	Total Patrimonio los propietarios de la controladora	Participaciones no controladoras de la controladora	Total Patrimonio	Participaciones no controladoras de los accionistas		
Saldo al 31 de Diciembre de 2014								968.774	7.394.341	57.864	7.451.905		
Impuesto a la Riqueza								(60.563)	(38.084)	-	(60.563)		
Otro resultado integral, neto de impuesto a las ganancias:								-	-	-	(38.084)		
Realizaciones Aplicación NIF por primera vez								-	-	-	-		
Diferencia entre modelo deterioro perdidas incurridas y pérdidas								-	-	-	-		
Método de Participación Patrimonial asociadas								-	-	-	-		
Conversión de Estados Financieros								-	-	-	-		
Instrumentos financieros con cambio en otros resultado integral								-	-	-	-		
Aumento participación no controladora								-	-	-	-		
Resultado del ejercicio								-	-	-	-		
Saldo al 31 diciembre de 2015	62.190	3.389.608	783.379	939.178 (60.563)	321.942	939.270	-	(38.084)	-	-	-		
Pago de dividendos en acciones a razón de \$1.855 pesos por acción, Abril 8 de 2015, sobre 44.214.234 acciones suscritas y pagadas													
Otro resultado integral, neto de impuesto a las ganancias:	8.884	744.059	-		(752.945)	-		-					
Realizaciones Aplicación NIF por primera vez								-	-	-	-		
Diferencia entre modelo deterioro perdidas incurridas y pérdidas								-	-	-	-		
Método de Participación Patrimonial asociadas								-	-	-	-		
Conversión de Estados Financieros								-	-	-	-		
Instrumentos financieros con cambio en otros resultado integral								-	-	-	-		
Aumento participación no controladora								-	-	-	-		
Resultado del ejercicio								-	-	-	-		
Saldo al 31 diciembre de 2015	71.074	4.133.667	1.041.015	455.966	306.662	1.387.115	-	1.233.122	8.526.521	89.371	8.715.992		
Saldo al 31 diciembre de 2015	71.074	4.133.667	1.041.015	455.966	306.662	1.387.115	-	1.233.122	(1.233.122)	(54.704)	(54.704)		
Traslado utilidades								-	-	-	-		
Impuesto a la Riqueza								-	-	-	-		
Distribución de dividendos:								-	-	-	-		
Pago de dividendos en efectivo de \$864 por acción por acción sobre 451.670.413 acciones suscritas y pagadas. Marzo 29 y Sept 21 de 2016								-	-	-	-		
Movimiento de Reservas:								-	-	-	-		
Reserva Legal								-	-	-	-		
Reserva ocasional futuras capitalizaciones o aumentar reserva								-	-	-	-		
Reserva ocasional aumenta Reserva Legal								-	-	-	-		
Liberación Reserva Ocasional valoración inversiones precios de mercado - Decreto 235/95, para aumentar Reserva Legal de disponer de utilidades de ejercicios de años anteriores realizadas en el periodo 2015, para aumentar Reserva Legal								-	-	-	-		
Emitición de acciones:								-	-	-	-		
Pago de dividendos en acciones a razón de \$840 pesos por acción sobre 451.670.413 acciones suscritas y pagadas. Abril 20 de 2016	4.517	420.083	-	(424.570)	667	11.162	-	3.912	-	-	-		
Patrimonio integrado Leasing:	1.193	123.084	-	-	-	(240.006)	-	240.306	-	-	-		
Otro resultado integral, neto de impuesto a las ganancias								-	-	-	-		
Realizaciones Aplicación NIF por primera vez (Nota 11.24)								(8.160)	(8.160)	(63)	(8.160)		
Método de Participación Patrimonial asociadas								27.046	27.046	-	27.046		
Instrumentos financieros con cambios en otro resultado integral								(187.783)	(187.783)	-	(187.783)		
Conversión de Estados Financieros neto de impuestos								(31.078)	(31.078)	-	(31.078)		
Beneficios a empleados largo plazo								450.223	(336.555)	113.658	113.556		
Diferencia entre modelo deterioro perdidas incurridas y pérdidas								-	-	(102)	-		
Resultado del ejercicio								-	-	6.762	1.724.730		
Saldo al 31 diciembre de 2016	76.784	4.576.804	1.246.384	520.010	77.318	1.637.363	-	1.717.968	9.565.342	91.005	10.045.047		

Véanse las notas que acompañan a los estados financieros consolidados.

RICARDO BENÍTEZ CHECA
Representante Legal

CARMEN ANGELA CHODRIAN MARINERA
Contralor

T.P. No. 35083-T
TP. No. 35083-T

RAMON GONZALEZ MARTIN
Revisor Fiscal de Banco Davivienda S.A.

T.P. No. 21460-T

Miembro de KPMG S.A.S.

Véase mi informe del 17 de febrero de 2017

Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Flujos de Efectivo

Por el año terminado el 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
(Millones de pesos colombianos (COP))

	Nota	2016	2015
Flujos de efectivo de las actividades de operación:			
Utilidad del ejercicio		1.717.968	1.233.122
Participaciones no controladas		6.762	3.595
Conciliación entre la utilidad del ejercicio y el efectivo neto provisto			
las actividades de operación:			
Deterioro de inversiones		17.708	472
Deterioro de cartera de créditos y leasing financiero, neto	11.5	1.398.401	1.301.615
Deterioro de cuentas por cobrar, neto	11.6	6.679	10.966
Deterioro para activos mantenidos para la venta, neto	11.7	7.064	170
(Reintegro) Deterioro de propiedades y equipo, neto		(55)	88
Deterioro (Reintegro) de otros activos, neto	11.14	27.052	(9.444)
Provisión para cesantías		3.931	17.908
Otros deterioros, neto		3.897	3.435
Depreciaciones		69.149	57.154
Amortizaciones		32.193	16.941
Diferencia en cambio		(145.259)	67.100
Utilidad en venta de inversiones, neta		(54.887)	(26.477)
Ingresos por método de participación patrimonial asociadas		(3.590)	(8.623)
(Valoración) de inversiones, neta		(697.520)	(405.150)
(Valoración) Desvalorización de Derivados y operaciones de Contado, neta		(214.917)	84.076
Pérdida (Utilidad) en venta de cartera y activos leasing, neta	11.5		(11.269)
Provisión Impuesto a las ganancias		619.329	479.954
Cambios en activos y pasivos operacionales:			
Disminución (Aumento) en operaciones activas del mercado monetario y relacionadas		156.782	(36.117)
Disminución (Aumento) de aceptaciones, operaciones de contado y derivados		415.538	(107.757)
Disminución (Aumento) en Inversiones medidas a valor razonable		538.825	(242.362)
(Aumento) de cartera de créditos y operaciones de leasing financiero		(17.211.105)	(18.624.035)
(Aumento) en cuentas por cobrar		(890.194)	(185.676)
(Adiciones) activos mantenidos para la venta	11.7	(13.924)	(84.266)
Venta de activos mantenidos para la venta		20.406	15.741
(Aumento) otros activos		(91.789)	(59.370)
Aumento depósitos y exigibilidades		9.689.621	10.294.397
Aumento (Disminución) Fondos Interbancarios comprador ordinarios		17.069	(100.010)
(Disminución) Aumento cuentas por pagar		(58.181)	172.210
Aumento obligaciones laborales		47.322	7.690
(Disminución) Aumento reservas técnicas de seguros		(1.468)	56.296
Impuesto a la riqueza		(54.704)	(60.563)
Impuesto a las ganancias pagado		(476.746)	(391.474)
Aumento Aumento pasivos estimados y provisiones		2.639	58.063
Aumento (Disminución) otros pasivos		53.370	(2.608)
Intereses Recibidos		7.610.716	5.748.976
Intereses Pagados		(2.555.057)	(1.468.149)
Pago de cesantías		4.145	13.796
Efectivo neto provisto por (usado en) actividades de operación		197.159	(2.177.585)

Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Flujos de Efectivo

Por el año terminado el 31 de diciembre de 2016 con cifras comparativas con el año terminado el 31 de diciembre de 2015
 (Millones de pesos colombianos (COP))

	Nota	2016	2015
Flujos de efectivo de las actividades de inversión:			
Efectivo producto integración Leasing Bolívar	62.817	-	-
Dividendos recibidos	18.658	3.769	3.769
Disminución (Aumento) en inversiones medidas a costo amortizado	23.992	(94.076)	(94.076)
(Aumento) de inversiones en asociadas y otras compañías	(133.899)	(4.756)	(4.756)
Producto de la venta de cartera de créditos	11.5.14 / 11.5.15	435.882	506.579
Disminución (Aumento) de propiedades y equipos	267.793	(205.370)	(205.370)
Producto de la venta de propiedades y equipo	117.806	43.359	43.359
(Aumento) de propiedades de inversión	(5.603)	(11.804)	(11.804)
Producto de la venta de propiedades de inversión	19.597	8.093	8.093
Aumento (disminución) Participación no controladora	(4.325)	18.473	18.473
Efectivo neto provisto por actividades de inversión	802.718	264.266	
Flujos de efectivo de las actividades de financiación:			
Aumento en obligaciones financieras	11.18	5.275.952	6.809.064
Pagos obligaciones financieras	11.18	(5.411.659)	(4.109.444)
Aumento en emisiones en instrumentos de deuda	11.19	1.013.274	2.382.763
Redenciones en instrumentos de deuda emitidos	11.19	(637.796)	(1.305.441)
(Disminución) Aumento derivados pasivos		(124.035)	64.373
Pago de dividendos en efectivo		(390.243)	(350.041)
Efectivo neto usado en (provisto por) actividades de financiación	(274.507)	3.491.273	
Efecto por diferencia en cambio sobre el efectivo y equivalentes de efectivo	(119.552)	547.266	547.266
Aumento neto en efectivo y equivalente de efectivo	725.370	1.577.954	1.577.954
Efectivo y equivalentes de efectivo al comienzo del periodo	7.687.680	5.562.460	5.562.460
Efectivo y equivalentes de efectivo al final del periodo (*)	8.293.498	7.687.680	

(*) Nota 11.2 Incluye equivalentes de efectivo menores a 90 días en operaciones activas del mercado monetario y relacionados por \$187.252 para 2016 y \$255.118 para 2015.

Véanse las notas que acompañan a los estados financieros consolidados.

RICARDO LEÓN OTERO
 Representante Legal

CARMEN ANILSA CIFUENTES BARRERA
 Contador
 TP. No. 35089-T

RAFael RODRÍGUEZ-MARTÍN
 Revisor Fiscal de Banco Davivienda S.A.
 TP. No. 214605-T
 Miembro de KPMG S.A.S.
 (Véase mi informe del 17 de febrero de 2017)



Housing and Other Building Projects 2016

We promote the building of Colombians' wealth by financing the construction of residential projects and other urban buildings.

Below are some of the projects built in 2016.

- BOGOTÁ
- CUNDINAMARCA
- MEDELLÍN
- CALI
- BARRANQUILLA
- CARTAGENA
- MONTERÍA
- CÚCUTA
- BUCARAMANGA
- MANIZALES
- PEREIRA
- ARMENIA
- NEIVA
- VILLAVICENCIO
- SOGAMOSO



Panorama 140

CONSTRUCTOR: CONSTRUCTORA BOLÍVAR S.A.
BOGOTÁ



Montecarlo (LIH)

CONSTRUCTOR: CUSEZAR S.A. / BOGOTÁ



Rossetti

CONSTRUCTOR: URBE CAPITAL S.A.
BOGOTÁ



Arboleada del Parque

CONSTRUCTOR: OSPINAS Y CÍA S.A.
AND CONSTRUCTORA COLPATRIA S.A.
BOGOTÁ



**Centro Empresarial
Pontevedra**

(NON-HOUSING)

CONSTRUCTOR: **AMARILLO S.A.**
BOGOTÁ



Katama 144

CONSTRUCTOR:
CONSORCIO INMOBILIARIO COINSA S.A.S.
BOGOTÁ



Altavista Reserva del Country

CONSTRUCTOR: GRADECO CONSTRUCCIONES Y CÍA S.A.S.
BOGOTÁ



Colina 129

CONSTRUCTOR: INGEURBE S.A.S.
BOGOTÁ



Paraíso de Castilla

CONSTRUCTOR:
CONSTRUCTORA CAPITAL BOGOTÁ
S.A.S.
BOGOTÁ



Ciudad Verde - Amapola (LIH)

CONSTRUCTOR: CONSTRUCTORA BOLÍVAR S.A. / SOACHA, CUNDINAMARCA



Abedul (LIH)

CONSTRUCTOR: INVERSIONES MENDEBAL S.A.S. / SOACHA, CUNDINAMARCA



▼ Hacienda Casablanca - La Sierra

CONSTRUCTOR: AMARILLO S.A.S. / MADRID, CUNDINAMARCA



Attalea Club Residencial

CONSTRUCTOR: AKILA S.A.S. AND CASA CONSTRUCTORA
MOSQUERA, CUNDINAMARCA

Reserva de Madrid - El Peñol (LIH)

CONSTRUCTOR: PRODESA Y CÍA S.A.
MADRID, CUNDINAMARCA





Hacienda Alcalá - Roble

CONSTRUCTOR: PRODESA Y CÍA S.A.

MOSQUERA, CUNDINAMARCA



Parque de San Isidro (LIH)

CONSTRUCTOR: CONSTRUCTORA CAPITAL BOGOTÁ S.A.S.

MOSQUERA, CUNDINAMARCA



Arboleda San Rafael (LIH)

CONSTRUCTOR: MARVAL S.A.

ZIPAQUIRÁ, CUNDINAMARCA



Monte Claro Etapa (LIH)

CONSTRUCTOR: TRIADA S.A.S.

FACATATIVÁ, CUNDINAMARCA



Torres San Rafael

CONSTRUCTOR: **AS INMOBILIARIA AND CONSTRUCTORA S.A.S.**
NILO, CUNDINAMARCA



Hacienda Peñalisa - Ceiba (LIH)

CONSTRUCTOR: **CONSTRUCTORA BOLÍVAR S.A.**
RICAURTE, CUNDINAMARCA



Amonte

CONSTRUCTOR: DISEÑO URBANO S.A.
MEDELLÍN



Bio 26

(NON-HOUSING)
CONSTRUCTOR: OBRAS DE CONSTRUCTORES S.A.S.
MEDELLÍN



Terminal Logístico Valle del Pacífico

(NON-HOUSING) / CONSTRUCTOR: CONSTRUCTORA MELENDEZ S.A. / CALI



Portal del Parque (LIH)

CONSTRUCTOR: CONCIVILES S.A. / CALI



Tabor Plaza

CONSTRUCTOR: INCIBAR S.A.S.
BARRANQUILLA



Villa Grande de Indias (LIH) ▲

CONSTRUCTOR:
PROMOTORA LA FRONTERA S.A.S.
CARTAGENA

Las Heliconias

CONSTRUCTOR: PROMOTORA LAS HELICONIAS S.A.S. / CARTAGENA



Edificio Squadra

CONSTRUCTOR: SCALE CONSTRUCTORES S.A.S.
MONTERÍA



Parques de Bolívar (PLIH)

CONSTRUCTOR: CONSTRUCTORA BOLÍVAR S.A.
CÚCUTA



Conjunto Portanova

CONSTRUCTOR: INACAR S.A.

BUCARAMANGA



Aziz

CONSTRUCTOR: FÉNIX CONSTRUCCIONES S.A.

BUCARAMANGA



Santa María (LIH)

CONSTRUCTOR:
**CONSTRUCCIONES CFC
Y ASOCIADOS S.A.**
MANIZALES



Valles de la Florida

CONSTRUCTOR: **CONSTRUCTORA BERLÍN S.A.S.**
MANIZALES



Colinas del Bosque (LIH)

CONSTRUCTOR:

PROYECTOS Y CONSTRUCCIONES

TRIPLE A S.A.S.

PEREIRA



Palo de Agua (LIH)

CONSTRUCTOR: CONSTRUCTORA PALO DE AGUA S.A.

PEREIRA



Ciudadela Chilacoa (PLIH)

CONSTRUCTOR:

CONSTRUCTORA Y COMERCIALIZADORA CAMU S.A.S.
ARMENIA



San Juan de la Loma

CONSTRUCTOR: PROYECTOS E INVERSIONES S.A.S.
(PROYECTOS E INVERSIONES CENTENARIO) / ARMENIA



Torres del Oasis

CONSTRUCTOR: PROINMOB S.A.S.
NEIVA



Hacienda Casablanca

CONSTRUCTOR:
**CONSTRUCCIONES E INVERSIONES
COINARES S.A.S.**
VILLAVICENCIO



Altos de Zohar

CONSTRUCTOR: **CONSTRUCTORA
SANTA BÁRBARA REAL S.A.S.**
SOGAMOSO, BOYACÁ



This report was made available to Shareholders at the Office of the Secretary General of Banco Davivienda within the terms established by law.

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www.davivienda.com