



# DAVIVIENDA

Roadshow Presentation

June 2012

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# Presenting Team

## Alvaro Carrillo

- > EVP, Corporate Banking, since 2007
- > 21 years of experience at Davivienda
- > Economist (Colegio Mayor de Nuestra Señora del Rosario, Bogota, Colombia), Specialization in Finance (Colegio Mayor de Nuestra Señora del Rosario, Bogotá, Colombia)

## Marco Franco

- > Treasury Director, since 2003
- > 20 years of experience in the financial sector
- > Civil Engineer (UIS, Bucaramanga, Colombia), Economy (Scuola Superiore Enrico Mattei, Milan, Italy), MBA (INALDE)



# Offering Summary



<b>Issuer</b>	Banco Davivienda S.A. ("Davivienda" or the "Issuer")
<b>Issuer Rating</b>	Baa3/BBB-/BBB- [Moody's/S&P/Fitch]
<b>Expected Issue Rating</b>	[Ba1/BB+] [Moody's/Fitch]
<b>Structure</b>	Tier 2 – unsecured subordinated notes
<b>Amount</b>	[ TBD ]
<b>Tenor</b>	10 years
<b>Distribution</b>	144A / RegS
<b>Use of proceeds</b>	Purchase HSBC's Central American subsidiaries in Costa Rica, Honduras and El Salvador, to strengthen capital and general corporate purposes
<b>Listing</b>	Luxembourg Stock Exchange
<b>Joint Bookrunners</b>	 



# Davivienda at a glance

## A leading universal bank...

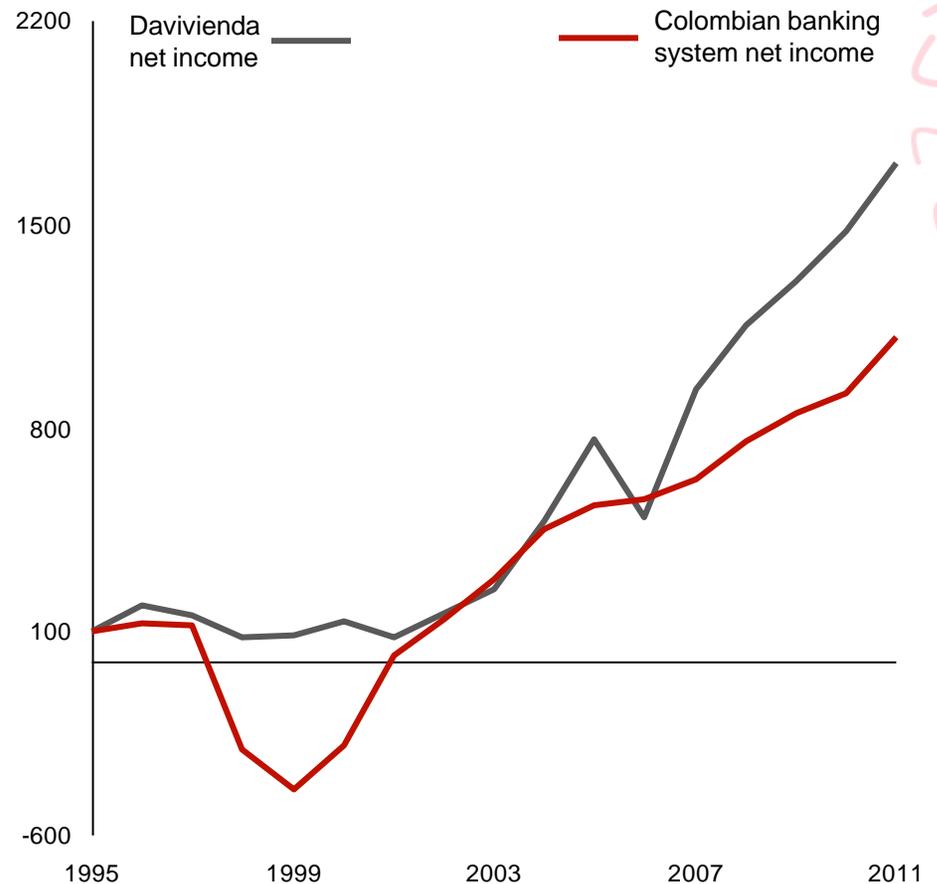
	Amount	Market Share <sup>1</sup>	Rank
<b>Assets</b>	<b>US\$20.9bn</b>	<b>10.8%</b>	<b>#3</b>
<b>Loans<sup>2</sup></b>	<b>US\$16.4bn</b>	<b>12.9%</b>	<b>#2</b>
<b>Commercial<sup>3</sup></b>	<b>US\$7.9bn</b>	<b>10.0%</b>	<b>#3</b>
<b>Consumer</b>	<b>US\$4.8bn</b>	<b>14.0%</b>	<b>#1</b>
<b>Credit Cards</b>	<b>US\$1.5bn</b>	<b>18.4%</b>	<b>#1</b>
<b>Mortgages<sup>4</sup></b>	<b>US\$3.6bn</b>	<b>24.7%</b>	<b>#2</b>
<b>Deposits<sup>5</sup></b>	<b>US\$13.4bn</b>	<b>10.9%</b>	<b>#3</b>
<b>Development and corresp.</b>	<b>US\$1.8bn</b>	<b>11.8%</b>	<b>#1</b>
<b>Bonds</b>	<b>US\$2.0bn</b>	<b>14.9%</b>	<b>#2</b>
<b>Equity</b>	<b>US\$2.7bn</b>	<b>10.3%</b>	<b>#3</b>
<b>Branches</b>	<b>563</b>	<b>11.2%</b>	<b>#4</b>
<b>Solvency<sup>6</sup></b>	<b>15.4%</b>		
<b>Market Cap.<sup>7</sup></b>	<b>US\$5.4bn</b>		
<b>Clients</b>	<b>4.0mm</b>		

<sup>1</sup>On stand-alone basis vs. total financial system; <sup>2</sup>Includes securitized loans (\$1.2bn); <sup>3</sup>Excludes housing leasing and includes microcredit; <sup>4</sup>Includes securitized loans and housing leasing; <sup>5</sup>Savings, checking and time deposits; <sup>6</sup>Pro-forma for local bond offering in May 2012; <sup>7</sup>Stock price as of June 19, 2012

Source: Davivienda financial statements and Colombian Superintendency of Finance  
 Note: All historical figures converted to US dollars at FX of COP\$1,792.07, representative market rate as of March 31<sup>st</sup>, 2012

## ... with a history of strong results

> Davivienda has never reported an annual net loss

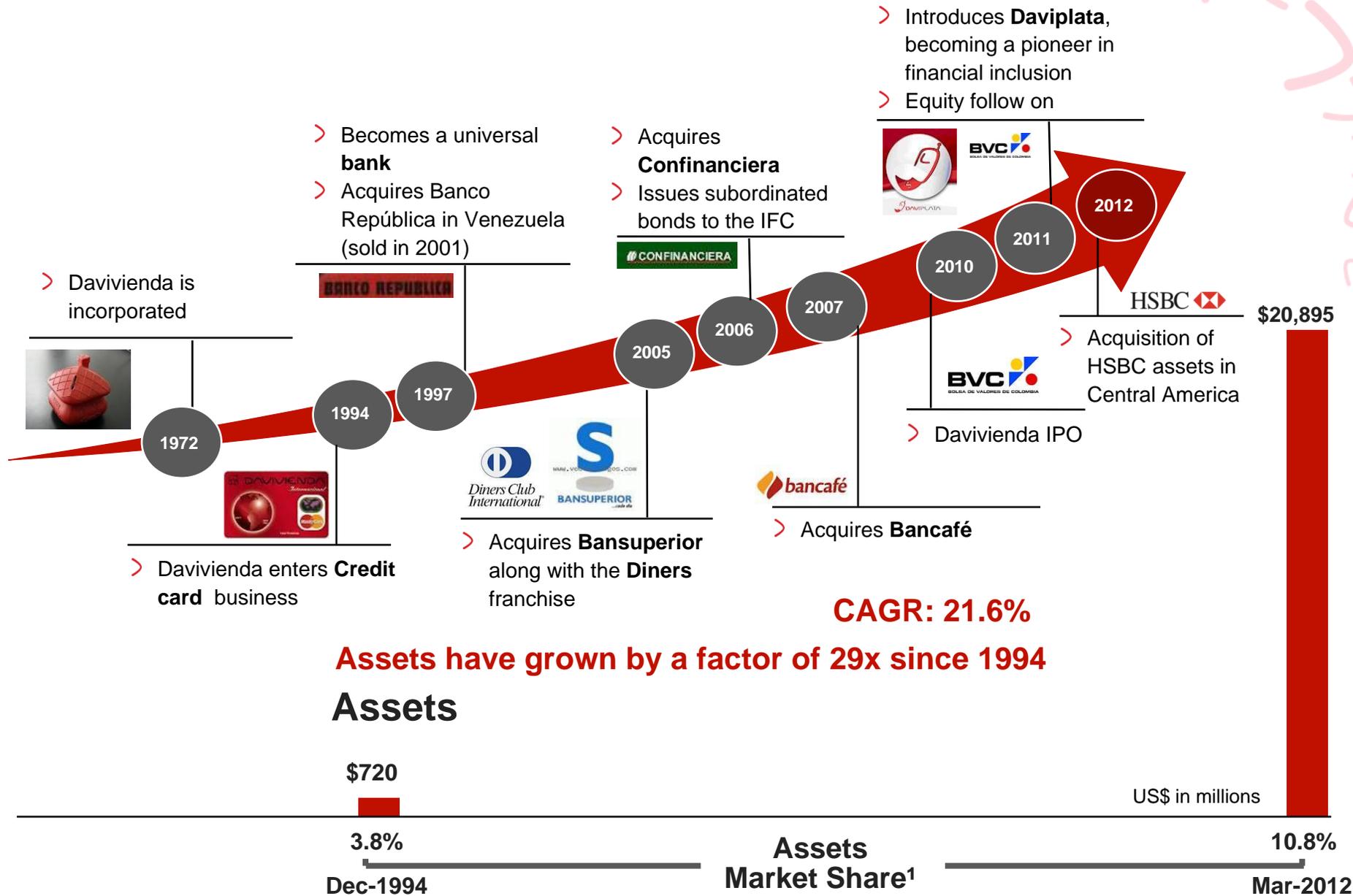


Source: Colombian Superintendency of Finance

Note: Graph in base 100 = 1995



# A track record of prudent growth

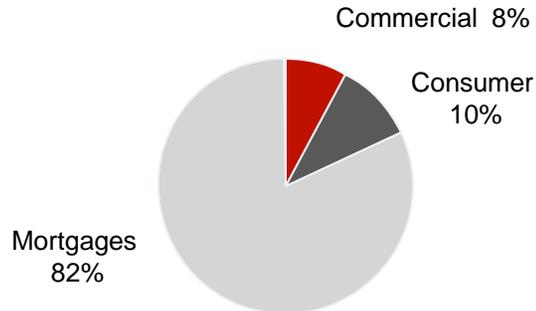


<sup>1</sup>On stand-alone basis  
Source: Davivienda financial statements

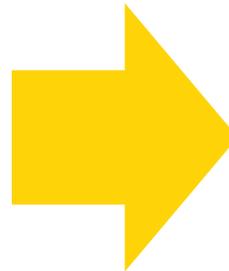
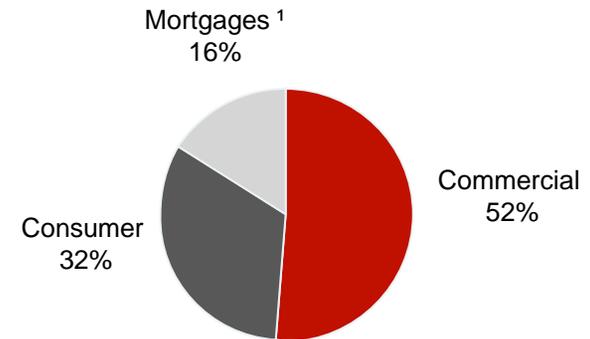
# Successful transition from a mortgage-oriented to a leading full service bank

Banco Davivienda has diversified its loan portfolio...

1997



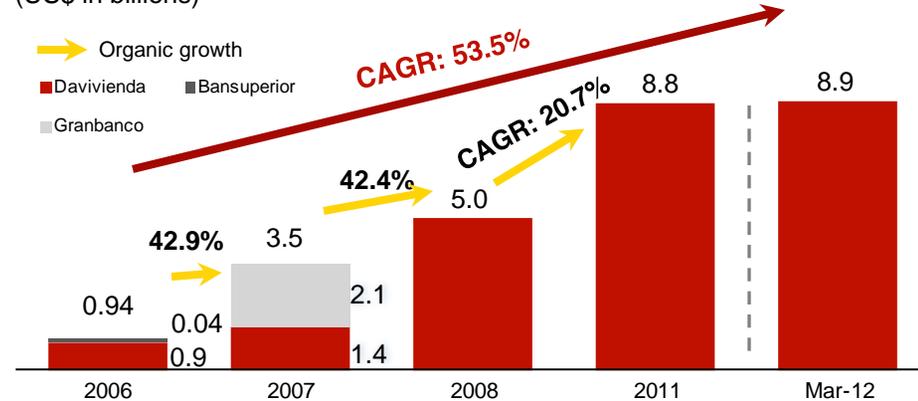
Mar-12



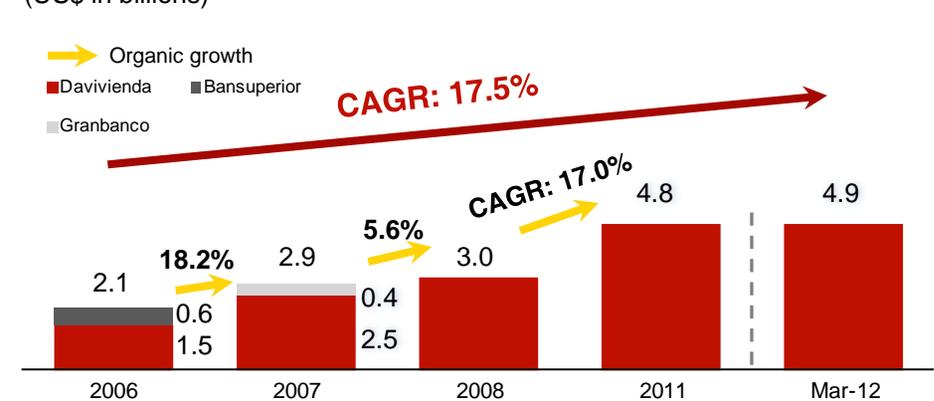
<sup>1</sup> Mortgage loans include housing leasing

... leveraging successful acquisitions and organic growth

Commercial loans  
(US\$ in billions)



Consumer loans  
(US\$ in billions)



Source: Davivienda financial statements

# Davivienda continues its history of successful acquisitions expansion to Central America

Davivienda has an agreement to acquire HSBC's operations in Costa Rica, El Salvador and Honduras for US\$801mm

## Davivienda and HSBC – geographical footprint



- > In January 2012, Davivienda announced an agreement to purchase HSBC's banking operations in Costa Rica, El Salvador and Honduras for US\$801mm
- > The transaction comprises the banking, insurance and financial services businesses of HSBC in these countries
- > The transaction is subject to regulatory approvals from the respective countries and it is expected to be completed during 2012

### Overview of HSBC's assets in Central America

Clients	830,735
Branches	137
ATMs	398
Employees	3,800



# Investment Highlights

## Strong management team and controlling group

- > Seasoned management team with a long track record in the industry
- > Controlled by Grupo Bolivar, one of Colombia's largest and most successful conglomerates

## Top-notch risk management and asset quality

- > Conservative approach to risk management
- > Healthy and diversified loan portfolio
- > Solid capitalization and financial metrics



## Solid macro and financial fundamentals

- > Colombian financial sector is poised for growth due to strong economic fundamentals and low banking penetration
- > Robust regulatory framework

## Leading banking franchise

- > Leader in consumer banking
- > Strong brand recognition
- > One of the most innovative financial institutions in Colombia

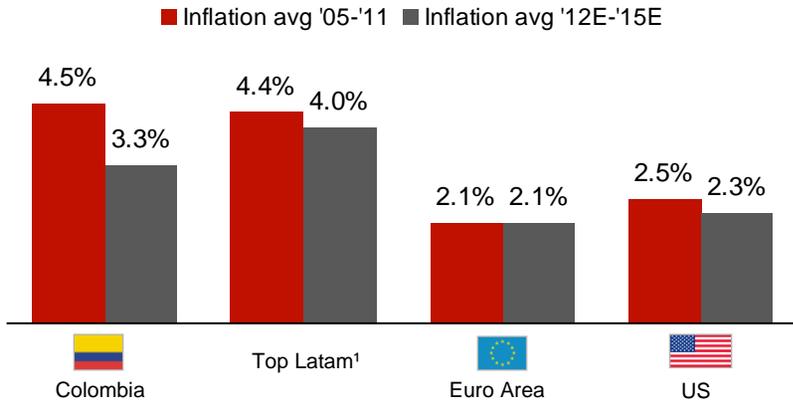
## Strong financial performance

- > Strong and consistent profitability
- > Solid and healthy growth across assets, loans, deposits and equity
- > Stable and diversified sources of funding
- > Highest NIM among peers



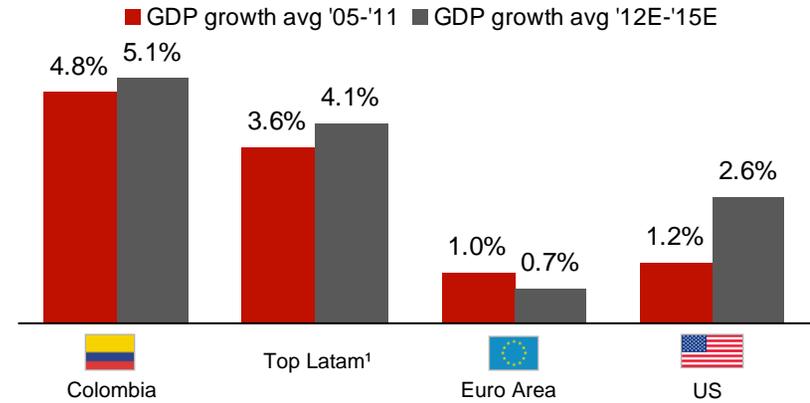
# Macroeconomic performance

## Decreasing inflation (%)



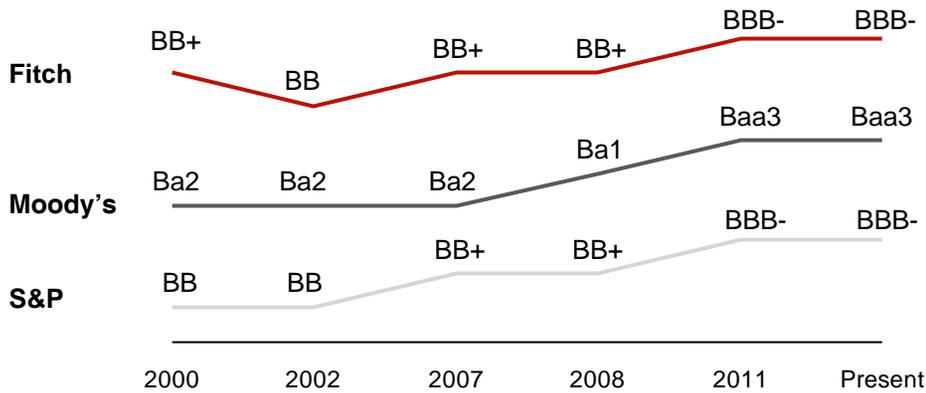
<sup>1</sup>Simple average of Brazil, Chile and Mexico  
Source: Eurostats, Central Bank of Colombia, Bloomberg Composite

## GDP growth



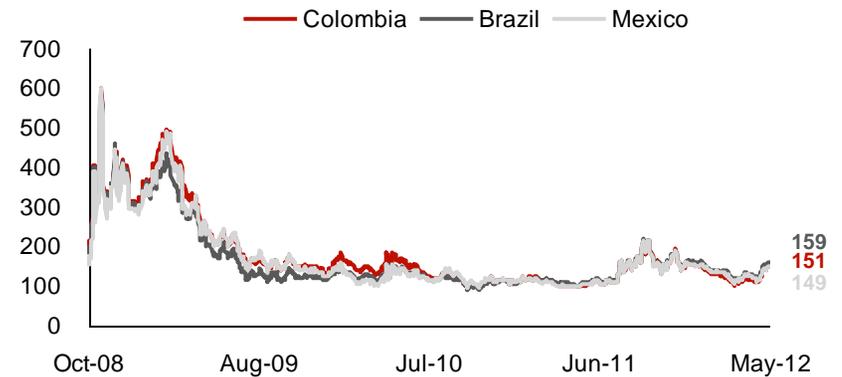
<sup>1</sup>Simple average of Brazil, Chile and Mexico  
Source: Eurostats, Bloomberg Composite

## Colombia's sovereign credit ratings



Source: Bloomberg

## 5 yr CDS Evolution (bps)

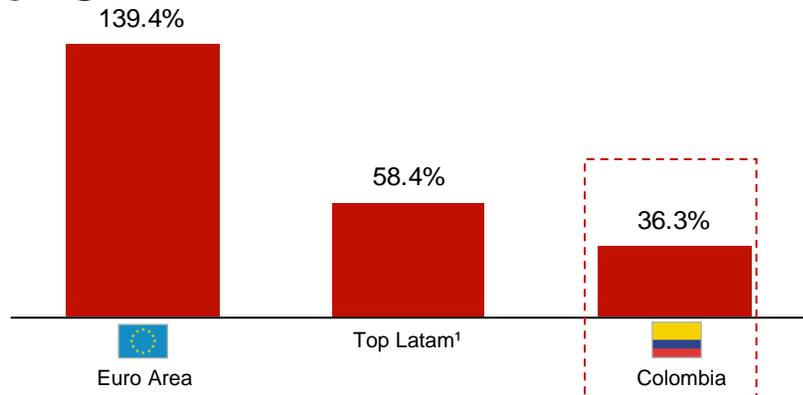


Source: Bloomberg



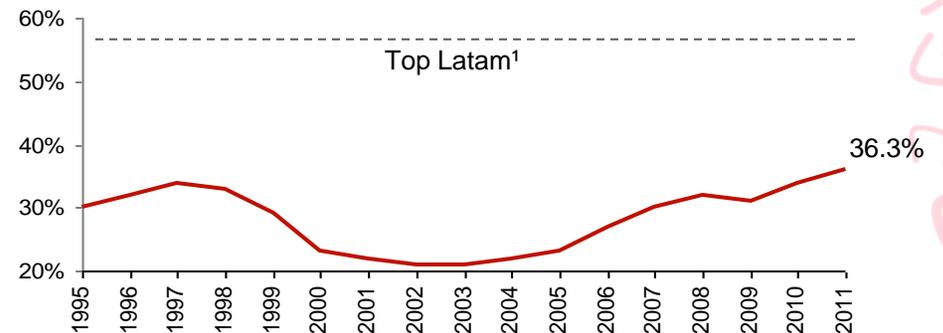
# Financial system provides strong platform for growth

## Domestic credit to private sector as % of GDP



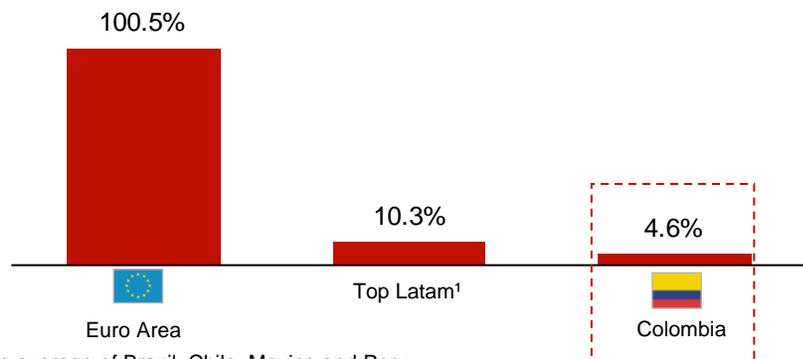
<sup>1</sup>Simple average of Brazil, Chile, Mexico and Peru  
Source: Bloomberg

## Colombia - domestic credit to private sector as % of GDP



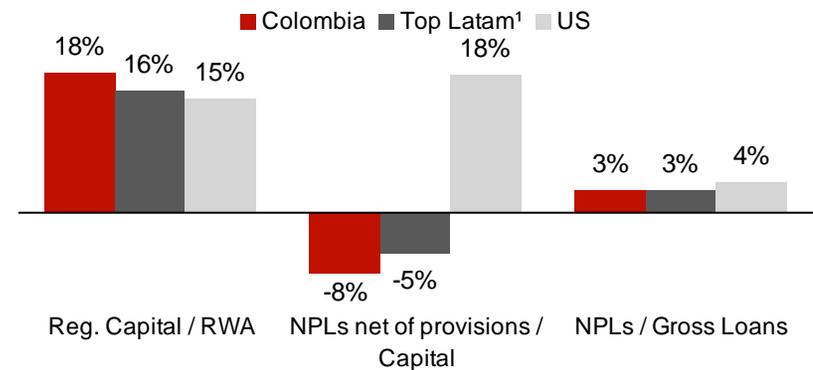
<sup>1</sup>Simple average of Brazil, Chile and Mexico  
Source: Bloomberg as of Dec 31<sup>st</sup>, 2011

## Mortgages / GDP (2011)



<sup>1</sup>Simple average of Brazil, Chile, Mexico and Peru  
Source: Bloomberg

## Colombian banking sector benchmarking



<sup>1</sup>Simple average of Brazil, Chile and Mexico  
Note: Ratios calculated by IMF with different methodology than provided by local regulation  
Source: IMF

# Investment Highlights



## Leading banking franchise

- > Leader in consumer banking
- > Strong brand recognition
- > One of the most innovative financial institutions in Colombia

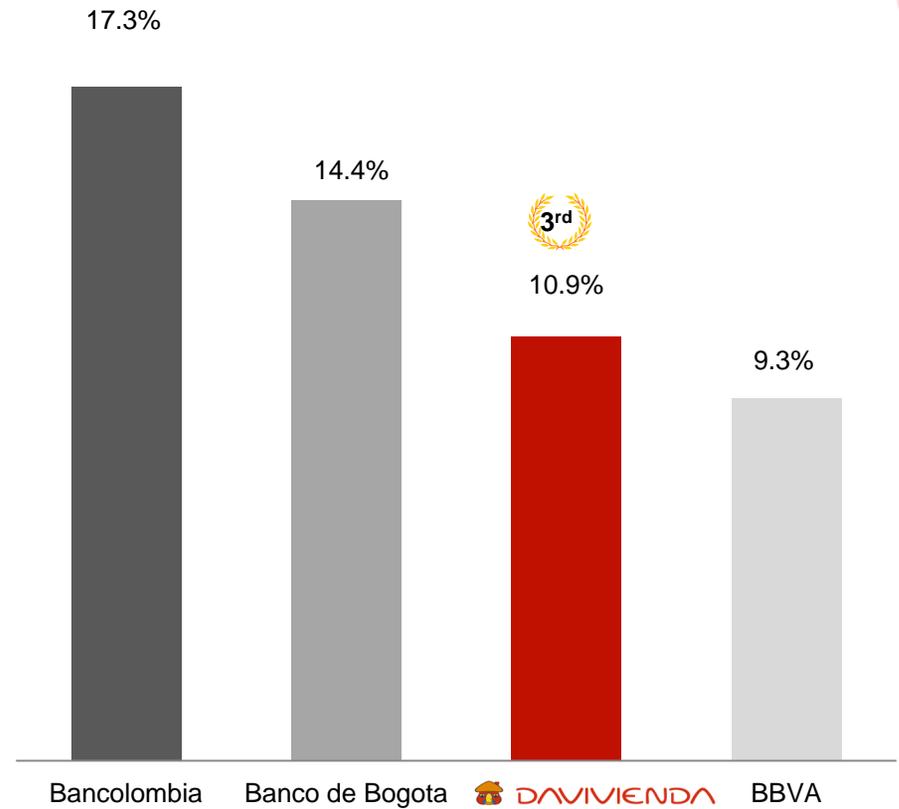
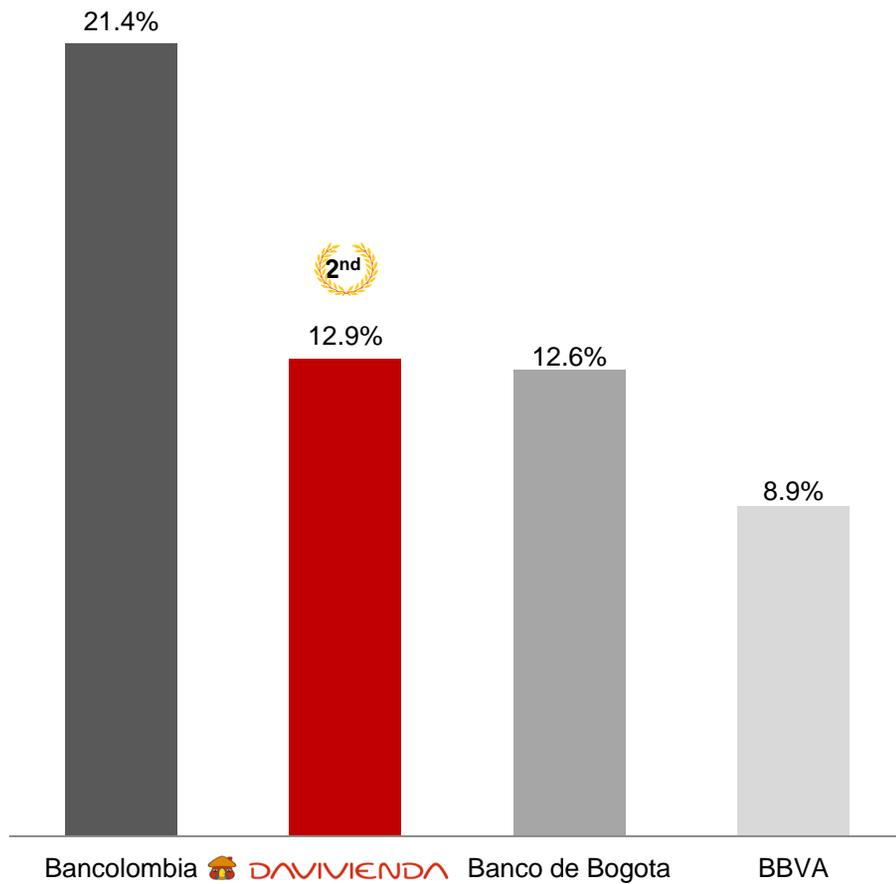


# One of the largest banking franchises in Colombia



## Total loans<sup>1</sup>

## Total deposits

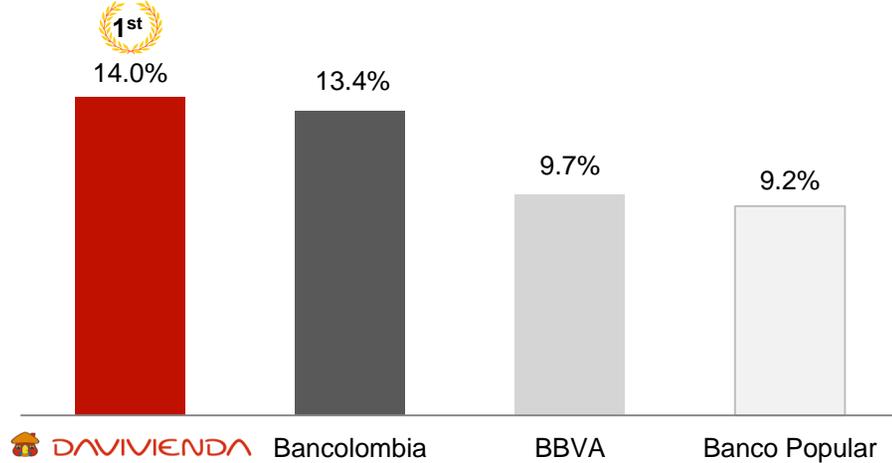


<sup>1</sup>Includes securitized loans (\$1,205mm)  
Note: All charts based on stand-alone figures  
Source: Colombian Superintendency of Finance

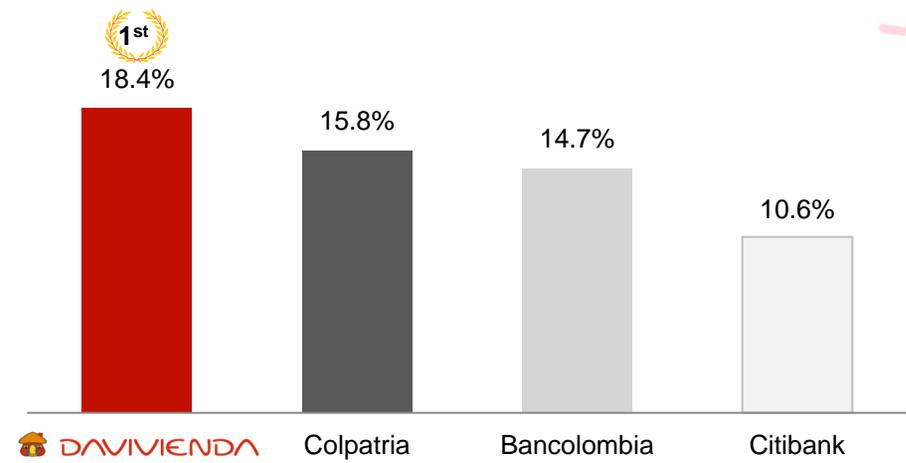


# Leader in consumer banking

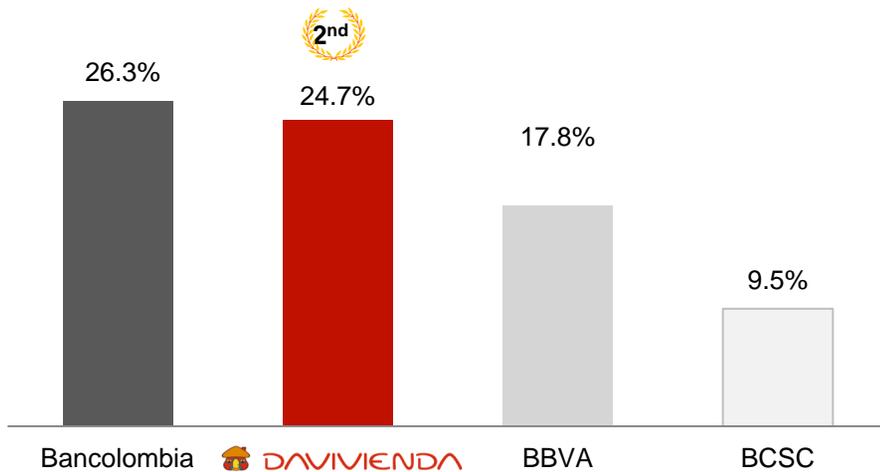
## Consumer



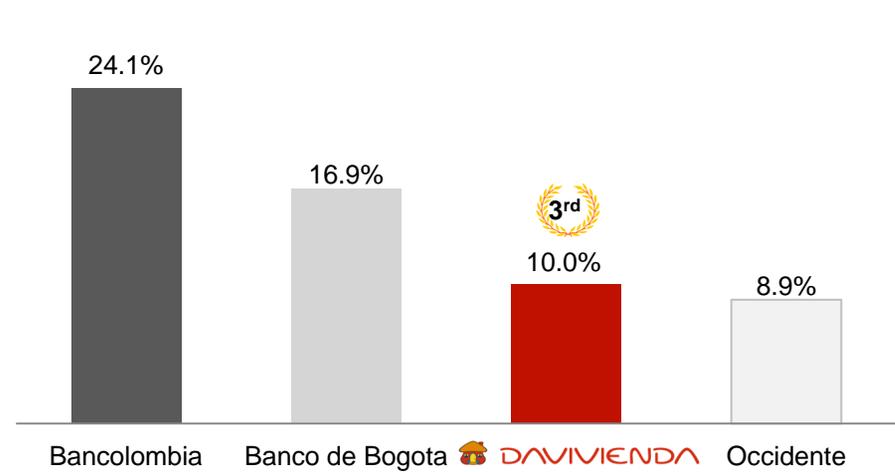
## Credit card



## Mortgages<sup>1</sup>



## Commercial<sup>2</sup>



<sup>1</sup>Housing portfolio, including loans to employees and financial leases for housing, and securitized mortgages

<sup>2</sup>Includes microcredit loans

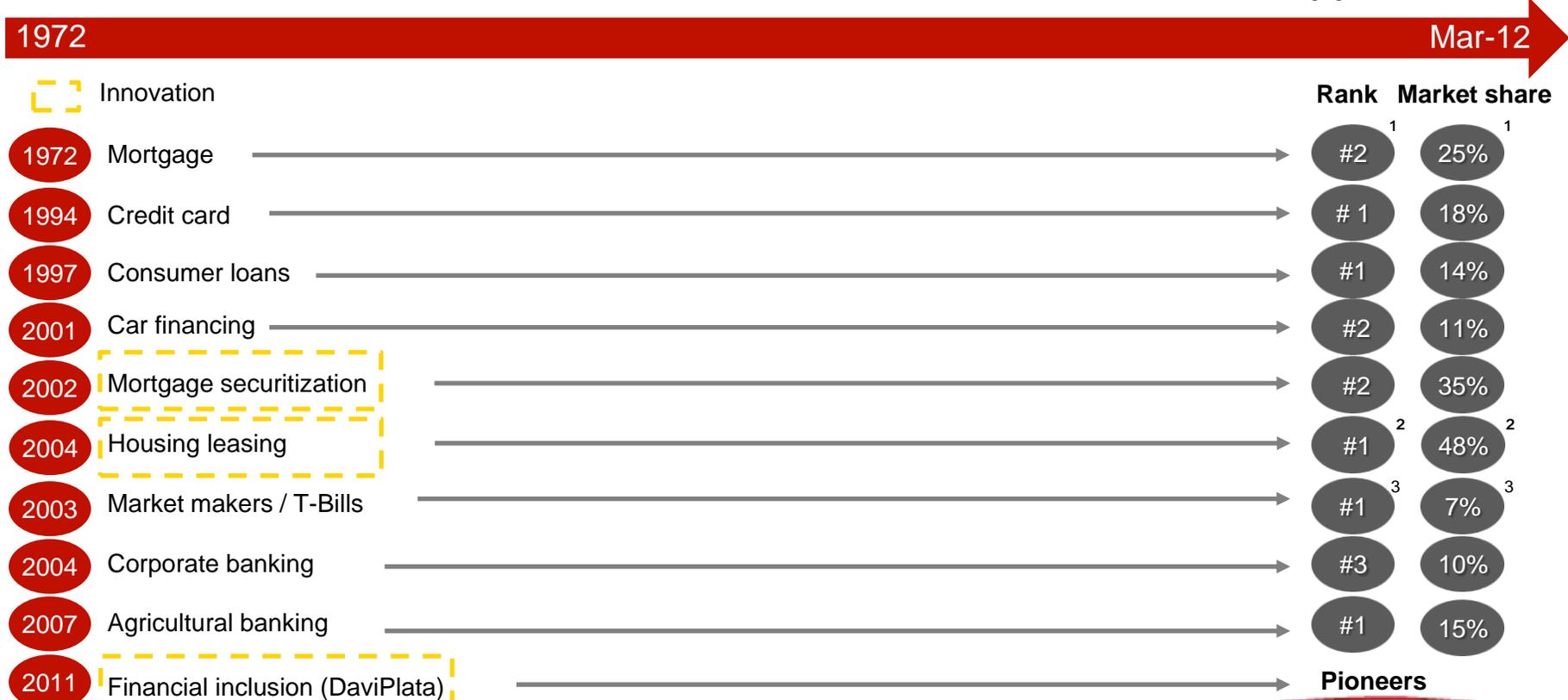
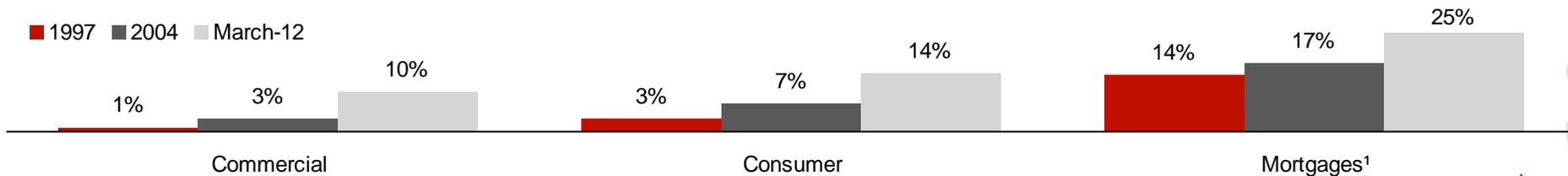
Note: All charts based on stand-alone figures

Source: Colombian Superintendency of Finance

# A proven record of steady market share gains and innovation

## Market share evolution since 1997

> Davivienda name and logo are among the most recognized and respected brands in Colombia 🏠 DAVIVIENDA



<sup>1</sup>Housing portfolio, including loans to employees, housing leasing, and securitized loans

<sup>2</sup>Includes leasing companies and banks

<sup>3</sup>Local private bonds

Note: All charts based on stand-alone figures

Source: Colombian Superintendency of Finance and Titularizadora de Colombia



# Daviplata

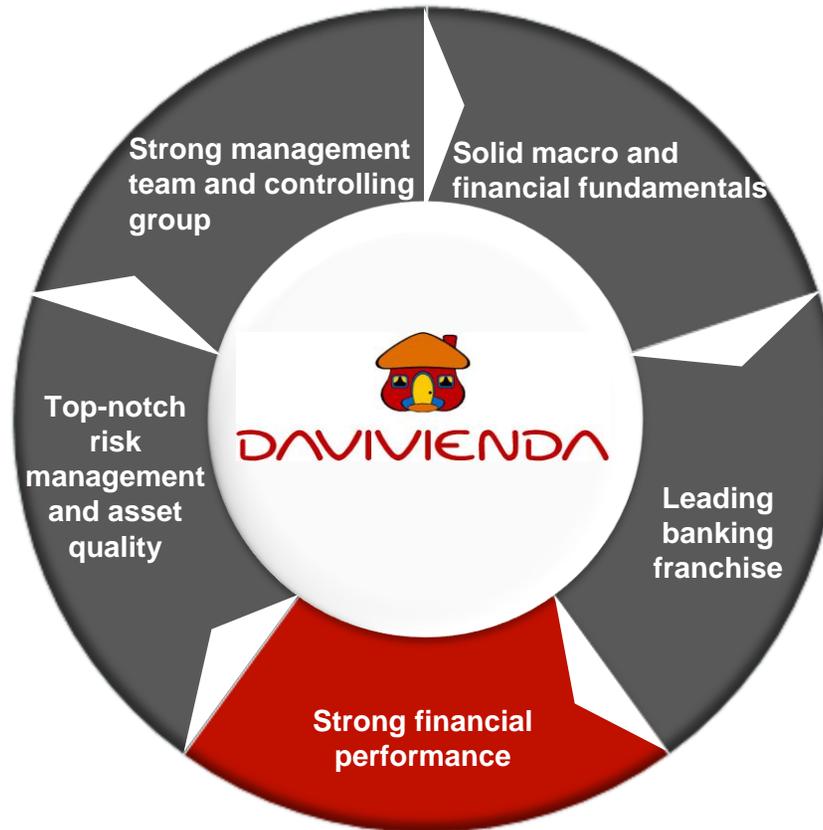
## Innovative financial inclusion solution that introduced the first mobile phone banking service in Colombia

- > Daviplata was launched in February 2011 and allows users to access our mobile payment and money transfer platforms (pay bills, re-charge mobile devices accounts and withdraw cash at Davivienda ATMs without accounts or cards)
- > More than 195 agreements between Davivienda, the government and companies
  - Government subsidies (3.5 million potential users)
  - Payroll (10 million potential users)
  - Domestic wire transfers
- > 520,800 users and about 4 million transactions in 8 months
- > In March 2012, DaviPlata received the CIT Golden Card prize for innovation in payment means



Source: Finance Forum and Davivienda management

# Investment Highlights



## Strong financial performance

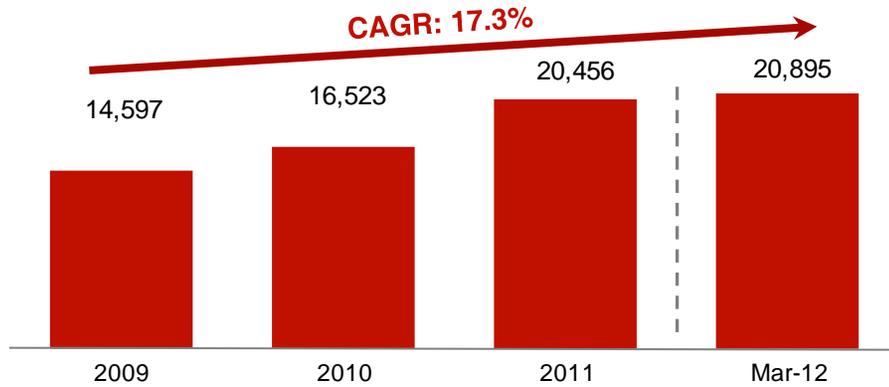
- > Strong and consistent profitability
- > Solid and healthy growth across assets, loans, deposits and equity
- > Stable and diversified sources of funding
- > Highest NIM among peers



# Robust and consistent growth over time

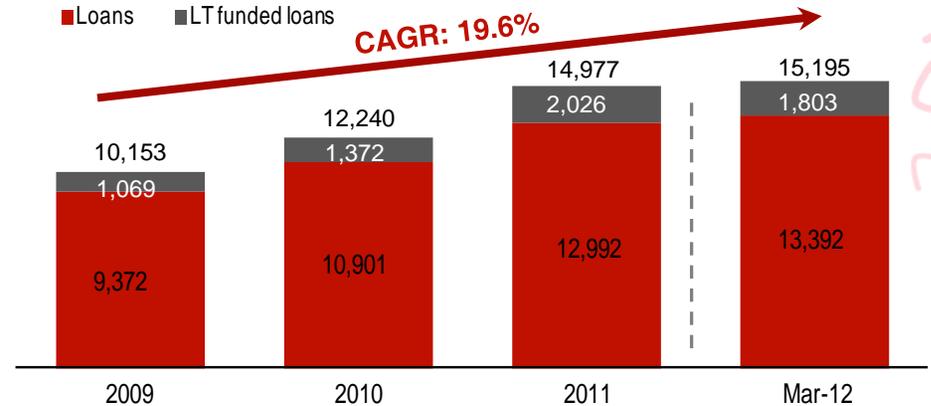
## Assets

(US\$ in millions)



## Loans

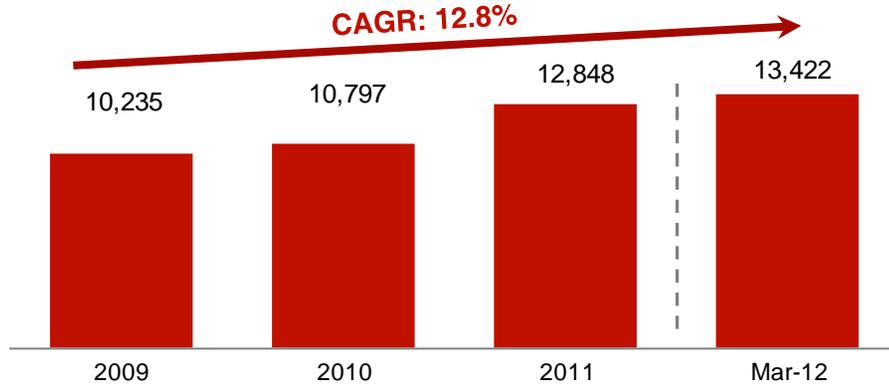
(US\$ in millions)



Note: LT funded loans are funded with borrowings from development banks and corresp. banks

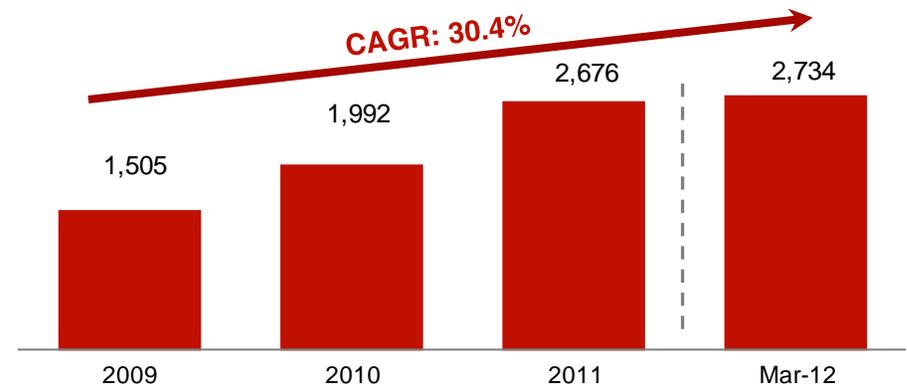
## Total deposits<sup>1</sup>

(US\$ in millions)



## Equity

(US\$ in millions)



<sup>1</sup>Savings, checking and time deposits

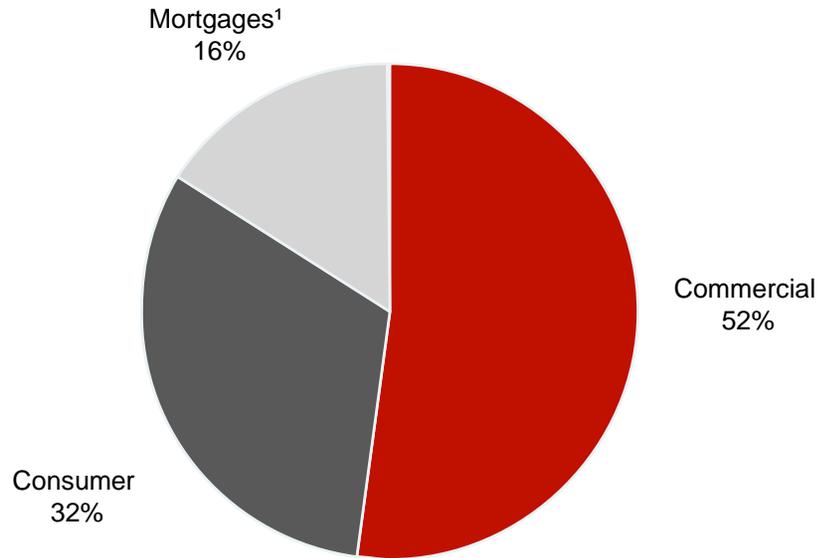
Note: All historical figures converted to US dollars at FX of COP\$1,792.07

Source: Davivienda financial statements



# Well balanced portfolio resulting in solid margins

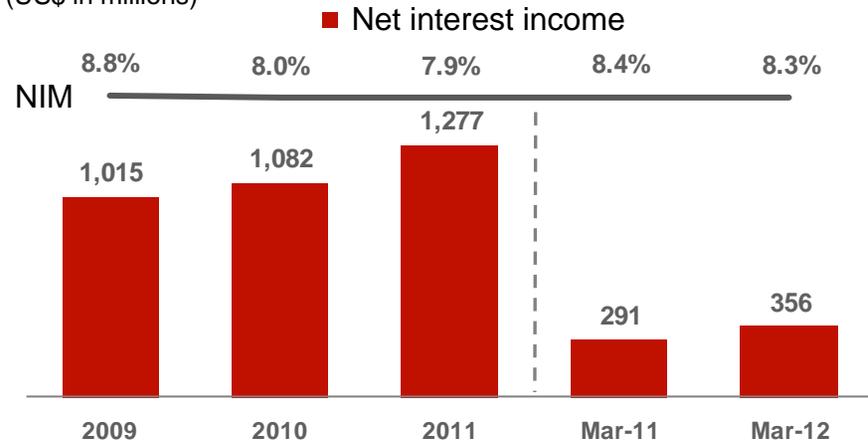
## Loan portfolio breakdown



Source: Davivienda financial statements  
<sup>1</sup> Mortgage loans include housing leasing

## Net interest income and NIM

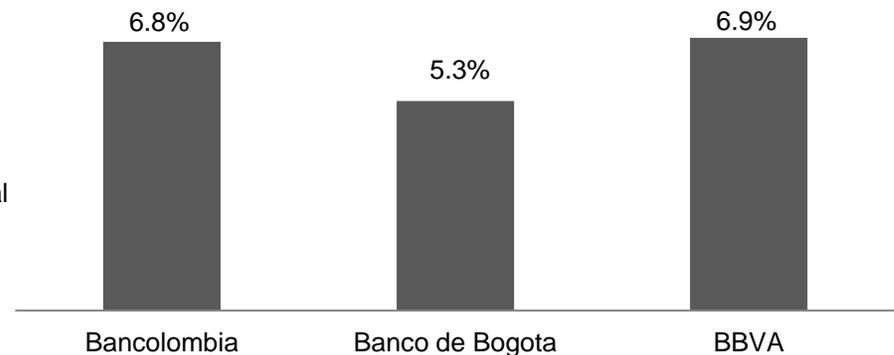
(US\$ in millions)



Note: All historical figures converted to US dollars at FX of COP\$1,792.07. NIM: Net interest margin divided by interest earning assets, annualized for Mar-11 and Mar-12

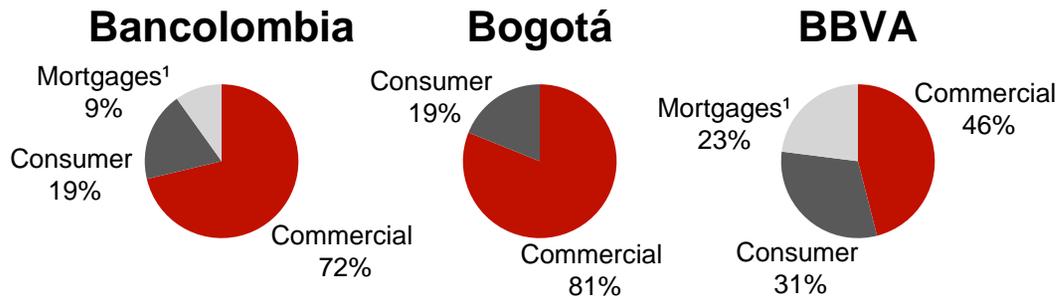
Source: Davivienda financial statements

## Peers - Net interest margin (NIM)



Source: Colombian Superintendency of Finance

Note: Figures for March 2012 are annualized and based on unconsolidated financial statements for peer group. NIM: Net interest margin divided by interest earning assets



Source: Colombian Superintendency of Finance

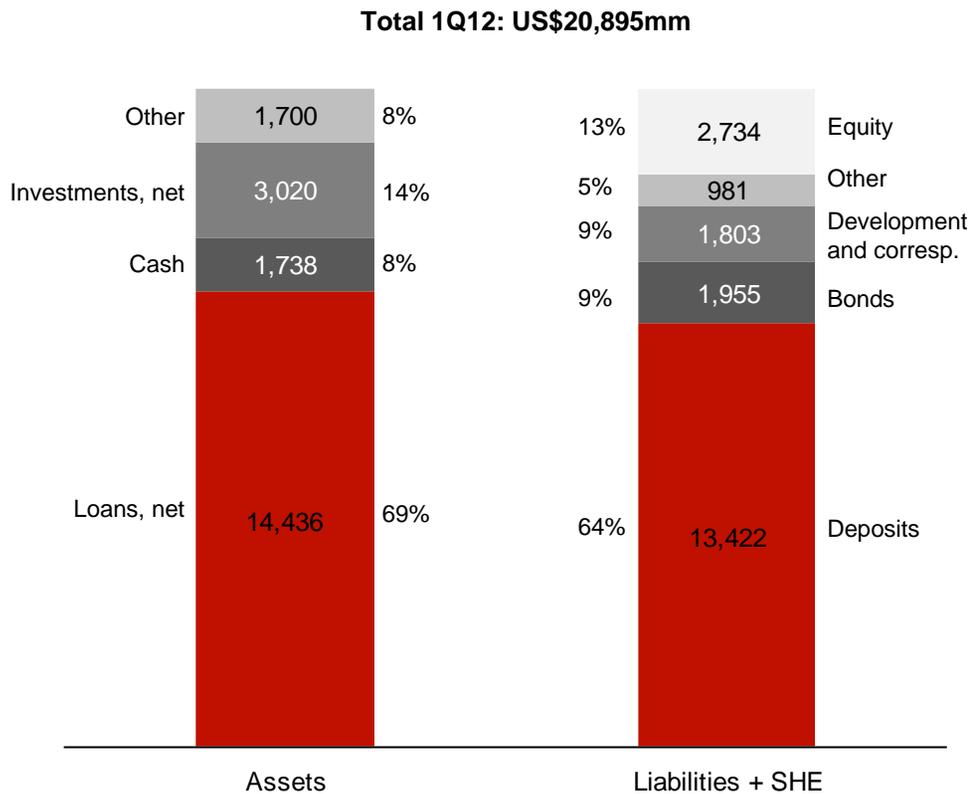
<sup>1</sup> Mortgage loans include housing leasing



# Stable and diversified sources of funding

## Balance Sheet structure

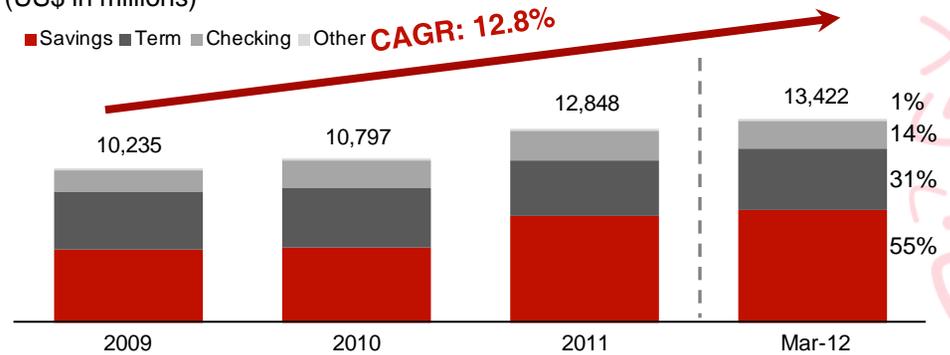
(US\$ in millions)



Source: Davivienda financial statements  
 Note: All historical figures converted to US dollars at FX of COP\$1,792.07

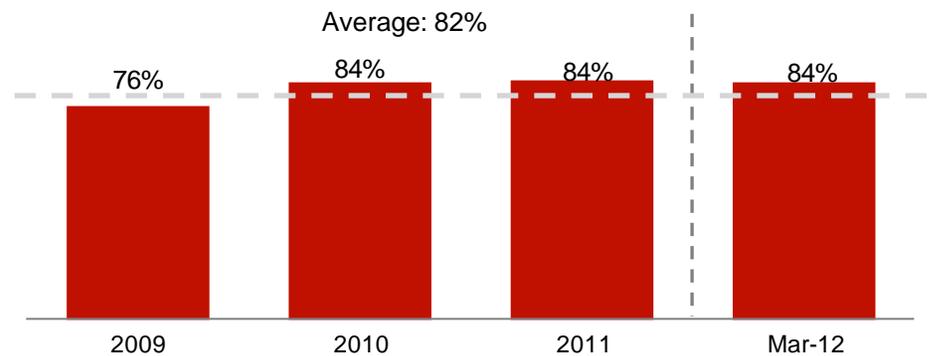
## Deposit evolution

(US\$ in millions)



Source: Davivienda financial statements  
 Note: All historical figures converted to US dollars at FX of COP\$1,792.07

## Net loans / Funding<sup>1</sup>



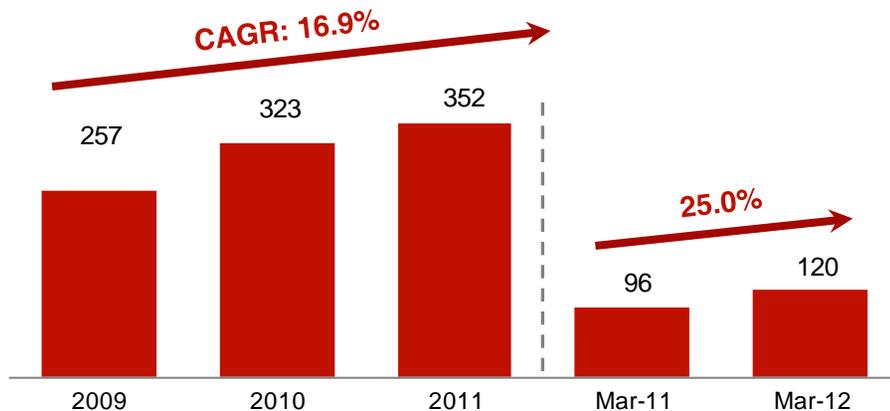
<sup>1</sup>Deposits + Development and corresp. Banks + Bonds



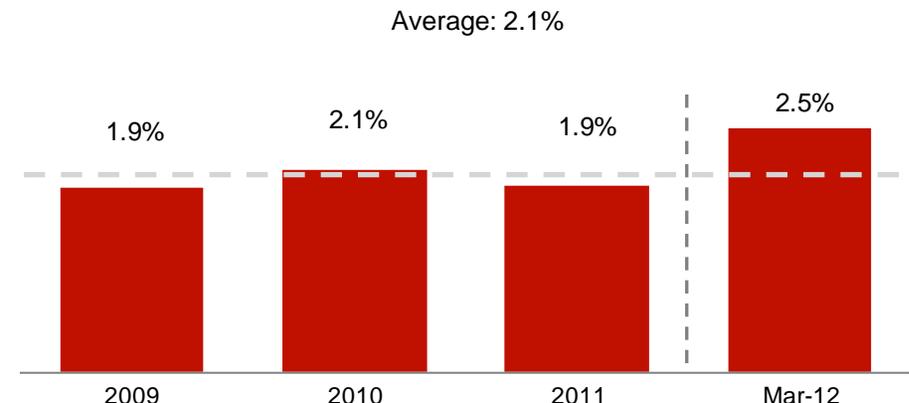
# Strong financial performance coupled with high profitability

## Net income

(US\$ in millions)

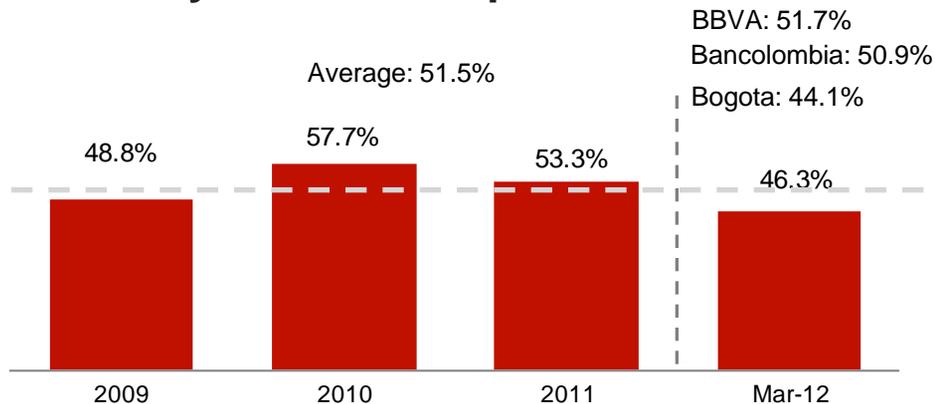


## ROAA<sup>1</sup>



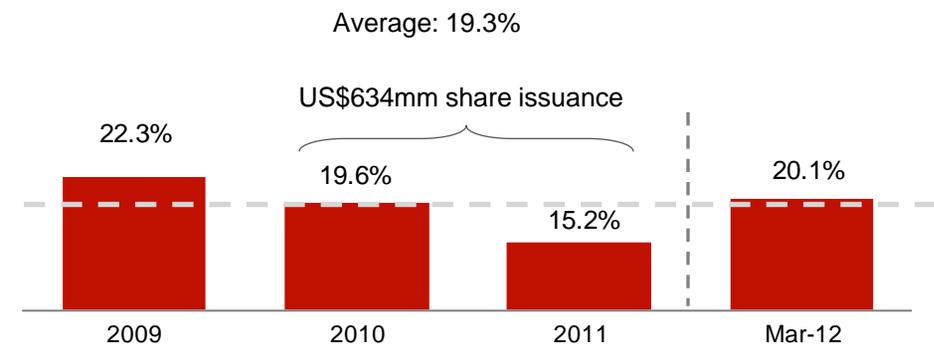
<sup>1</sup>ROAA = net income / average assets; Ratios for March 2012 annualized

## Efficiency ratio before provision<sup>1</sup>



<sup>1</sup>Non-interest expenses less goodwill amortization / net interest income + total non interest income

## ROAE<sup>2</sup>



<sup>1</sup>ROAE = net income / average equity; Ratios for March 2012 annualized

Source: Davivienda financial statements

Note: Consolidated financial statements; Figures converted into US dollars at the rate of Note: All historical figures converted to US dollars at FX of COP\$1,792.07.

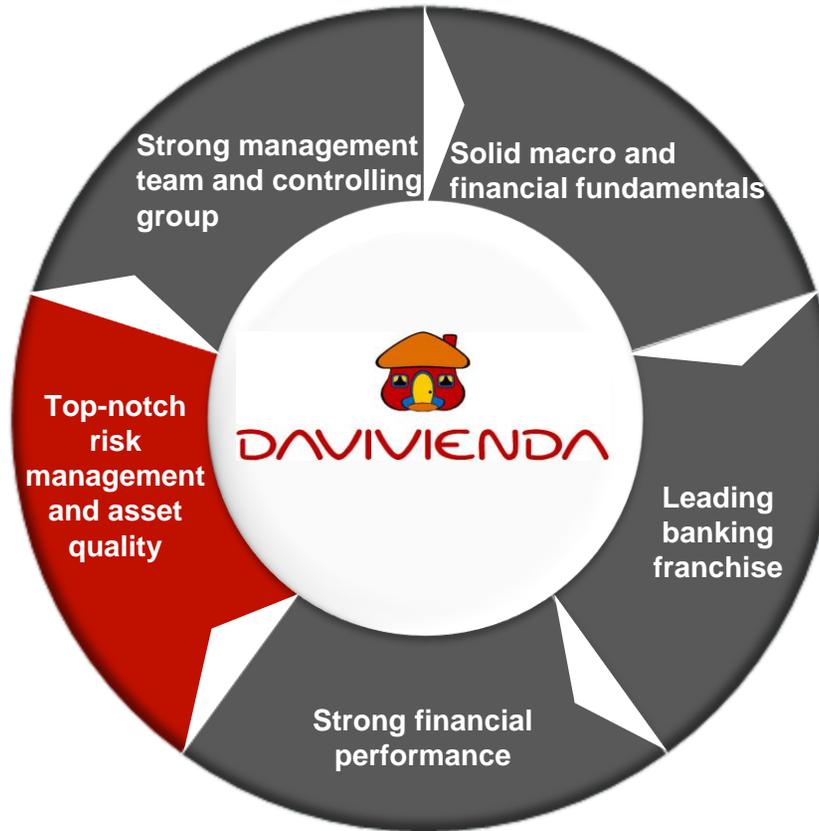


# Investment Highlights



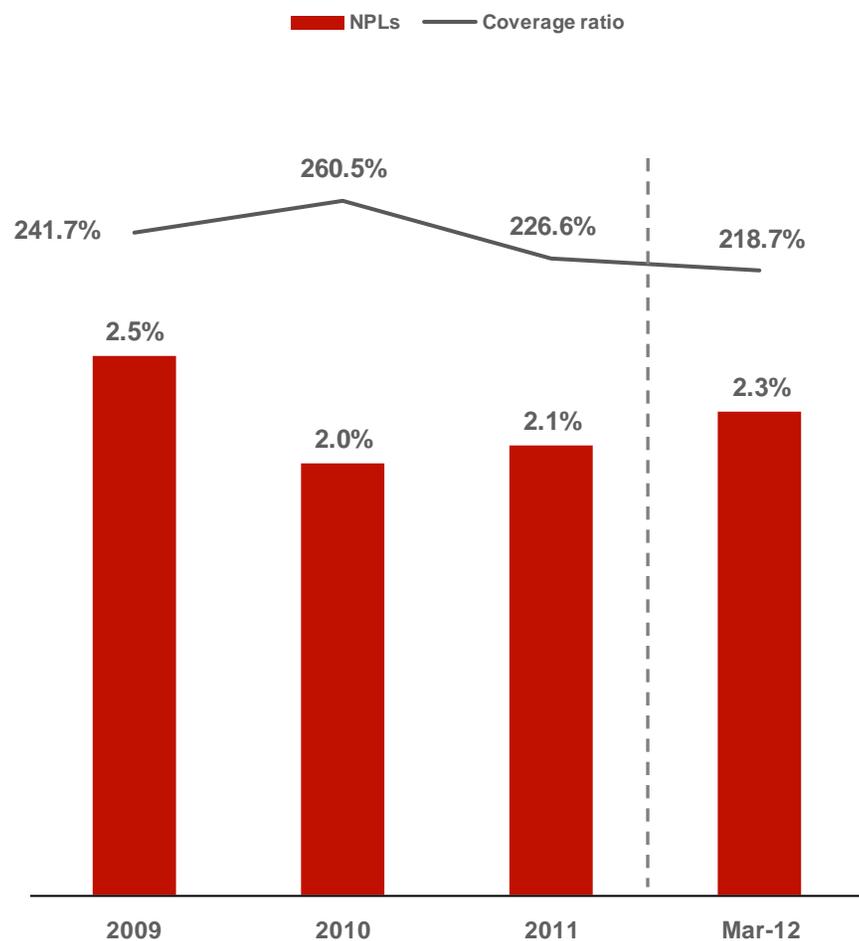
## Top-notch risk management and asset quality

- > Conservative approach to risk management
- > Healthy and diversified loan portfolio
- > Solid capitalization and financial metrics

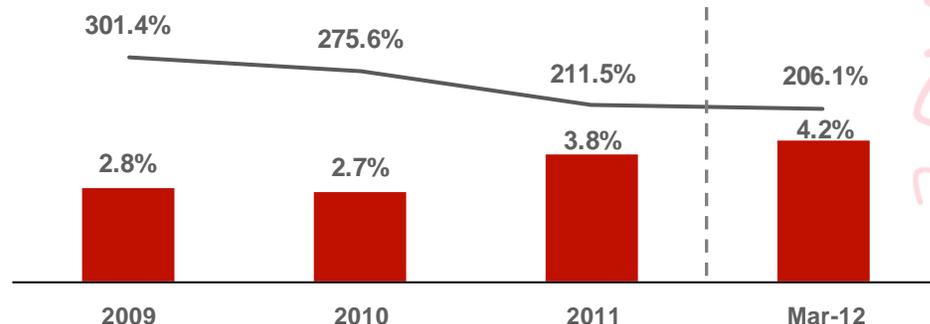


# Healthy and diversified loan portfolio

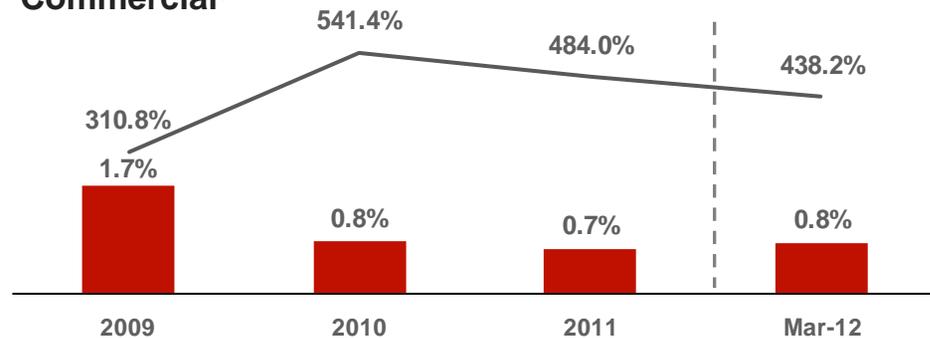
## NPLs<sup>1</sup> & Coverage ratios<sup>2</sup>



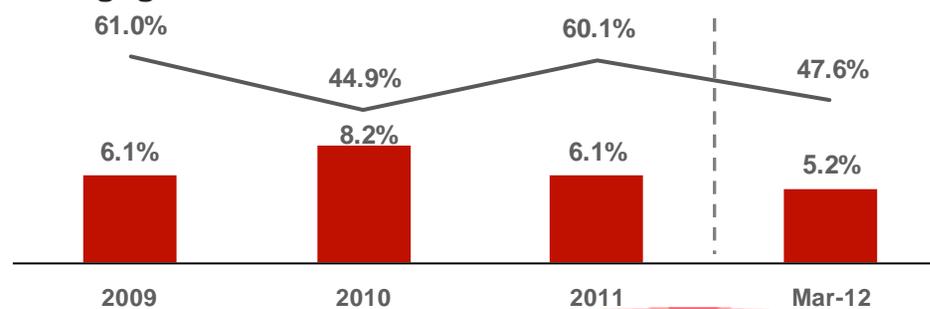
### Consumer



### Commercial<sup>3</sup>



### Mortgage



Source: Davivienda financial statements

<sup>1</sup>Non-performing loans based on past due classification which consist of commercial loans +90 days past due, consumer and mortgage loans +60 days past due, and microcredit loans +30 days past due

<sup>2</sup>Allowance for loan and accrued interest losses as a percentage of non-performing loans

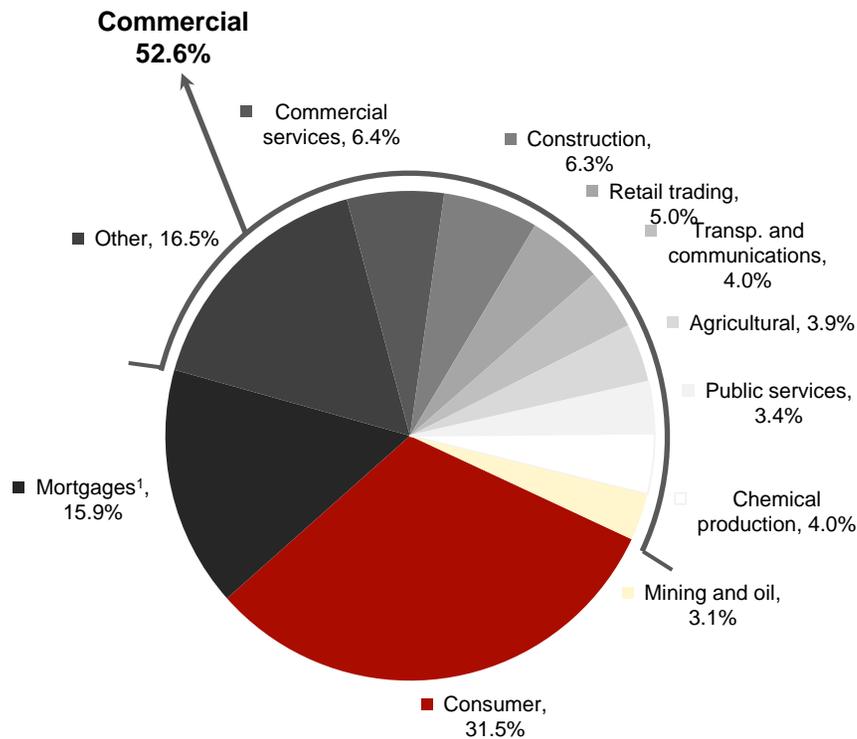
<sup>3</sup>Includes housing leasing

Source: Davivienda financial statements



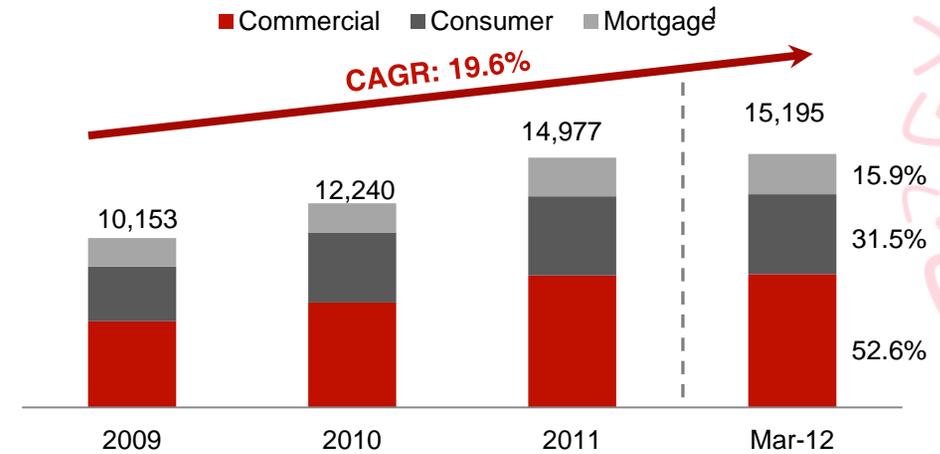
# Healthy and diversified loan portfolio (cont'd)

## Loan portfolio



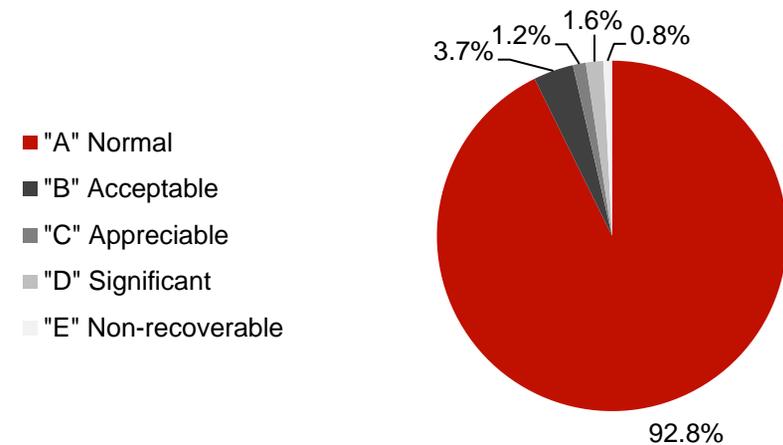
<sup>1</sup>Includes housing leasing  
Source: Davivienda financial statements

## Loan evolution by business segment



Source: Davivienda financial statements

## Loans breakdown by risk category

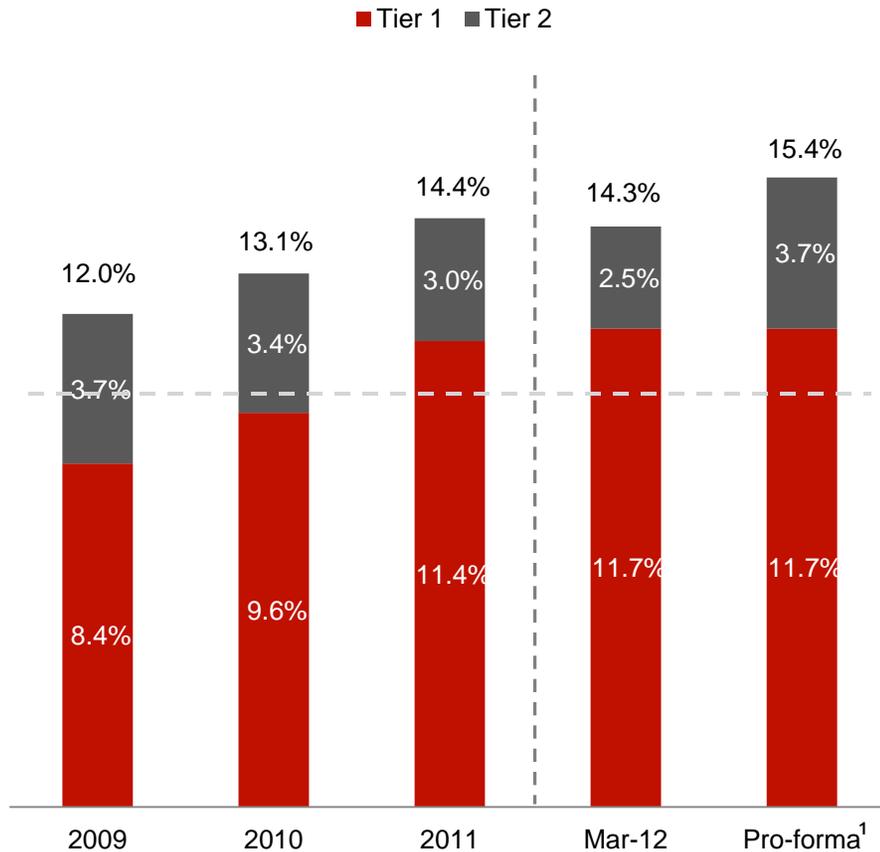


Source: Davivienda financial statements

# Strong capitalization that will further strengthen with the bond issuance

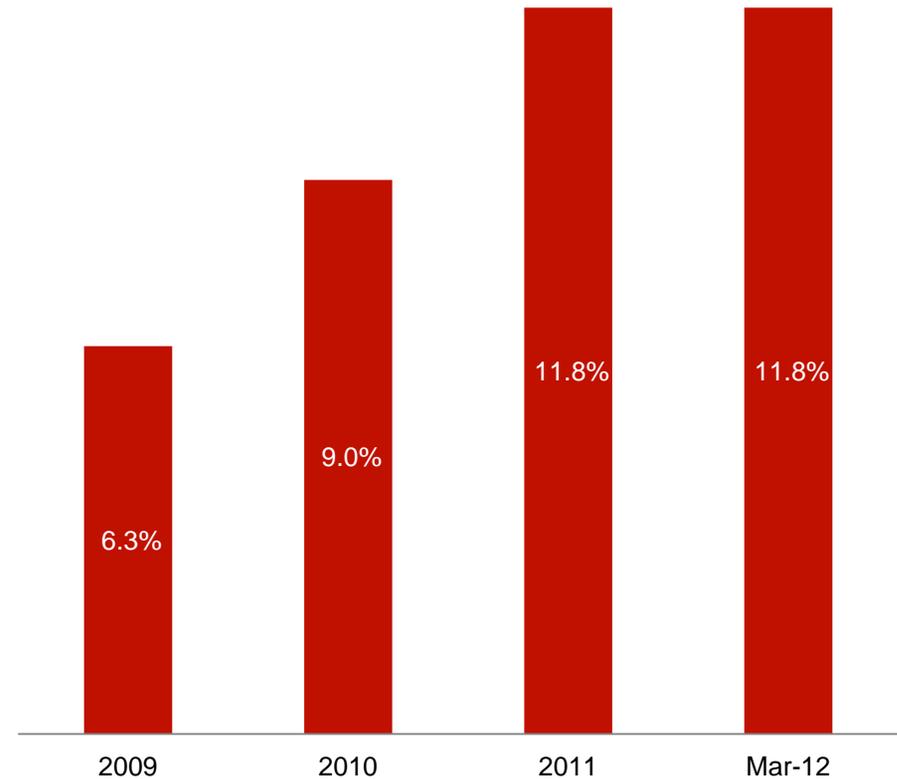
## Total regulatory capital evolution

Regulatory Capital = 9.0%



<sup>1</sup>Pro-forma for local bond offering in May 2012  
 Note: Under local regulation  
 Source: Davivienda financial statements

## TCE (as % of RWA)<sup>1</sup>



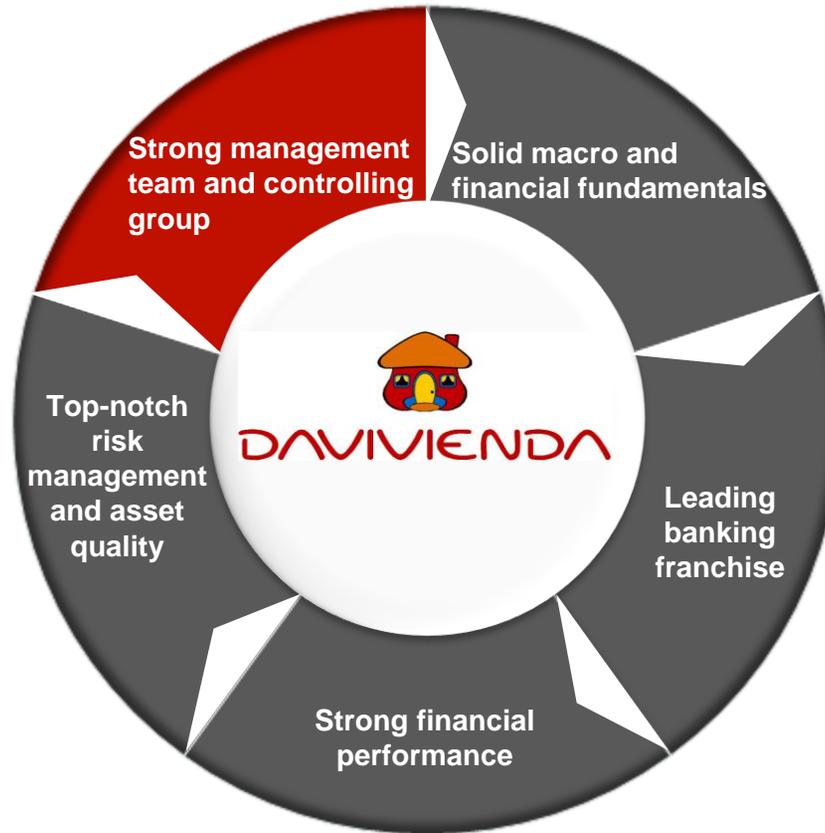
<sup>1</sup> TCE: Tangible Common Equity (Equity less intangibles)  
 Source: Davivienda financial statements.



# Investment Highlights

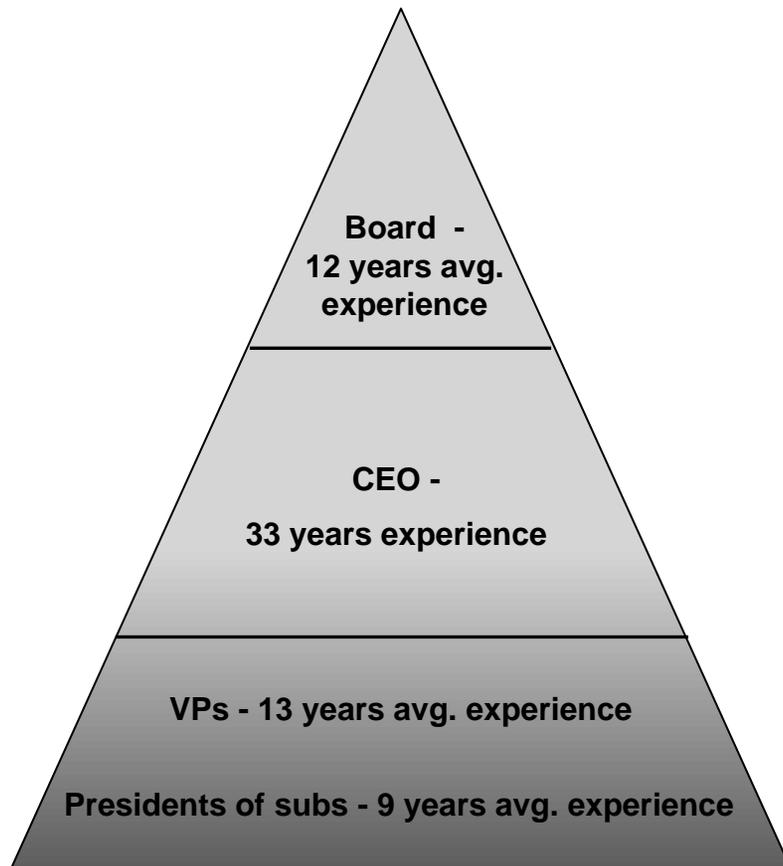
## Strong management team and part of a leading local conglomerate

- > Seasoned management team with a long track record in the industry
- > Controlled by Grupo Bolivar, one of Colombia's largest and most successful conglomerates



# Experienced management and high standards of Corporate Governance

Davivienda boasts a seasoned management team with a long and successful track record in the industry



Source: Davivienda management

## Management

- > Top-notch management team has successfully steered the Company through different economic cycles
  - Management's strength has been recognized by peers and institutions through numerous awards and accolades

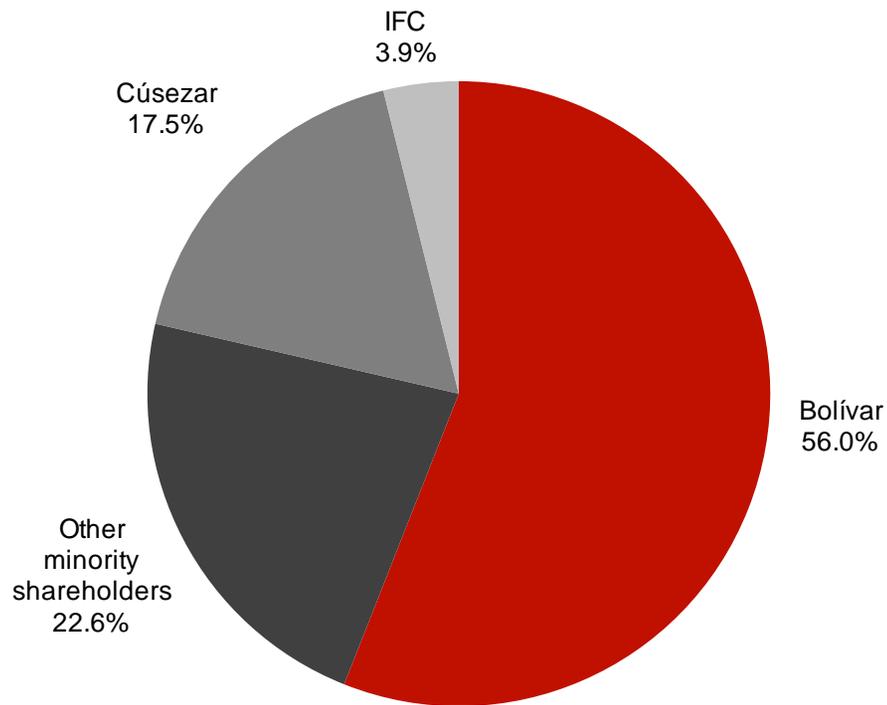
## Corporate governance

- > Davivienda maintains high standards of corporate governance
  - Board of Directors comprised of 5 Principal Directors and 5 Alternate Directors: 2 out of 5 Principal Directors are independent
  - Active participation of board members in main committees (Audit Committee, Corporate Governance Committee and Compensation and Nominating Committee)
  - Management and risk planning for Davivienda is controlled by a centralized risk unit at parent level in Grupo Bolivar
  - Longstanding relationship of the Company with the IFC (initial investment in 1973) emphasizes Davivienda's high corporate governance standards



# Subsidiary of Grupo Bolivar, one of Colombia's leading conglomerates

## Davivienda's shareholder structure



Source: Davivienda management

## Sociedades Bolivar overview

- > One of Colombia's most important economic conglomerates
  - Over 70 years of experience
  - Presence in 6 Latin American countries
  - Presence in the financial service, insurance, and construction industries
    - Third largest banking group in the country and absolute leader in retail banking
    - Constructora Bolívar is the largest construction company of social housing (vivienda de interes social)
    - Seguros Bolívar is Colombia's second-largest insurance company
- > Sociedades Bolivar participates in the consortium that recently acquired ING's Latam pension business



# Investment Highlights

## Strong management team and controlling group

- > Seasoned management team with a long track record in the industry
- > Controlled by Grupo Bolivar, one of Colombia's largest and most successful conglomerates

## Top-notch risk management and asset quality

- > Conservative approach to risk management
- > Healthy and diversified loan portfolio
- > Solid capitalization and financial metrics



## Solid macro and financial fundamentals

- > Colombian financial sector is poised for growth due to strong economic fundamentals and low banking penetration
- > Robust regulatory framework

## Leading banking franchise

- > Leader in consumer banking
- > Strong brand recognition
- > One of the most innovative financial institutions in Colombia

## Strong financial performance

- > Strong and consistent profitability
- > Solid and healthy growth across assets, loans, deposits and equity
- > Stable and diversified sources of funding
- > Highest NIM among peers



# Appendix



# Key financial highlights

## Key indicators summary

(US\$ in millions)

Balance Sheet	2009	2010	2011	Mar-12	CAGR 2009 - Mar-12 <sup>1</sup>
<b>Assets</b>	<b>\$14,597</b>	<b>\$16,523</b>	<b>\$20,456</b>	<b>\$20,895</b>	<b>17.3%</b>
Cash & banks	895	940	1,861	1,738	34.3%
Investments, net	2,553	2,451	2,648	3,020	7.8%
Loans, net	9,528	11,589	14,256	14,436	20.3%
Goodwill	767	708	659	653	(6.9%)
Other assets	853	836	1,031	1,047	9.5%
<b>Liabilities</b>	<b>\$13,092</b>	<b>\$14,531</b>	<b>\$17,780</b>	<b>\$18,161</b>	<b>15.7%</b>
Deposits	10,235	10,797	12,848	13,422	12.8%
Bonds	1,218	1,720	2,065	1,955	23.4%
Interbank loans	288	32	41	91	(40.0%)
Borrowings from banks	781	1,339	1,985	1,803	45.0%
Other liabilities	569	643	841	889	21.9%
<b>Shareholders equity</b>	<b>\$1,505</b>	<b>\$1,992</b>	<b>\$2,676</b>	<b>\$2,734</b>	<b>30.4%</b>
<b>Liabilities and equity</b>	<b>\$14,597</b>	<b>\$16,523</b>	<b>\$20,456</b>	<b>\$20,895</b>	<b>17.3%</b>

Source: Davivienda financial statements.

Note: Consolidated financial statements converted into US dollars at the rate of COP\$1,792.07 which is the representative market rate calculated on March 31, 2012, as reported by the SFC



# Strong and consistent generation of net income

## Income statement and key ratios

(US\$ in millions)

Income statement	2009	2010	2011	Mar-11	Mar-12
Net interest income	\$1,015	\$1,082	\$1,277	\$291	\$356
Allowance, net of recoveries	(397)	(205)	(346)	(67)	(113)
Net interest income after allowance	618	877	931	225	243
Net fees and commissions	345	355	375	91	99
Total non-interest income and dividend income	258	199	218	54	80
Administrative and operating expenses	(563)	(660)	(692)	(158)	(168)
Income before tax and non-controlling interests	314	417	458	121	154
Taxes	(51)	(90)	(101)	(24)	(33)
Non-controlling interests	(5)	(3)	(4)	(1)	(1)
Net income	257	323	352	96	120

Key ratios <sup>1</sup>	2009	2010	2011	Mar-11	Mar-12
ROAA <sup>2</sup>	1.9%	2.1%	1.9%	2.4%	2.5%
ROAE <sup>3</sup>	22.3%	19.6%	15.2%	20.1%	20.1%
NIM <sup>4</sup>	8.8%	8.0%	7.9%	8.3%	8.3%
Efficiency ratio before provision <sup>5</sup>	48.8%	57.7%	53.3%	53.6%	46.3%

Source: Davivienda financial statements

Note: Consolidated financial statements converted into US dollars at the rate of COP\$1,792.07 which is the representative market rate calculated on March 31, 2012, as reported by the SFC

<sup>1</sup>Ratios calculated on the basis of monthly averages and in local currency

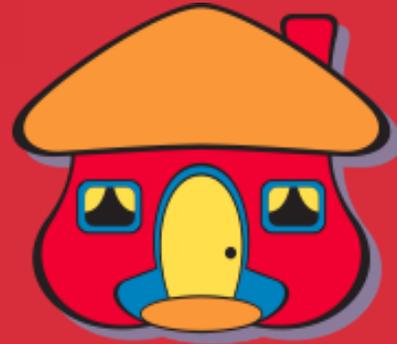
<sup>2</sup>Net interest income divided by average interest-earning assets

<sup>3</sup>Net income divided by average total assets. Figures for March 31, 2012 have been annualized for the purpose of comparison

<sup>4</sup>Net income divided by average shareholders' equity. Figures for March 31, 2011 have been annualized for the purpose of comparison

<sup>5</sup>Non-interest expenses less good will amortization, divided by the sum of net interest income and total non-interest income





# DAVIVIENDA

Roadshow Presentation

June 2012