MANAGEMENT REPORT 2018

Banco Davivienda S.A.

REPORT OF THE BOARD OF DIRECTORS
AND THE PRESIDENT TO THE
GENERAL SHAREHOLDERS ASSEMBLY

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CONSOLIDATED FINANCIAL STATEMENTS

INDIVIDUAL FINANCIAL STATEMENTS

HOUSING PROJECTS AND OTHER BUILDINGS

In April of 2018, **Domo i** opened its doors, **our innovation centre design to develop new experiences for our customers** and to accelerate our transformation projects.

Domo i, is our meeting point to enhance our relations between our staff and allies with the academy, the government and private companies, key agents of the innovation and entrepreneurship environment.

Aware of the necessity to promote sustainable building and the responsible use of different resources, we implemented new techniques which allow us to acquire better air quality, inner space, water and energy efficiency.

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LETTER FROM THE CEO

Our achievements are possible through the **support of thousands of multipliers** with whom we work side by side to transform and improve the lives of all.

DEAR SHAREHOLDERS:

The world economy grew slightly slower in 2018 compared to the previous year. This slowdown can be seen in the growth of developed countries and emerging economies. The World Bank reports that global growth was 3.0% compared to 3.1% for 2017. Despite the international situation, we expect that Colombia's growth by the end of the year locates around 2.7%, up from 1.8% last year.

Recent years have been challenging for the Colombian financial sector as a result of the increase in lending risk levels, which have brought the financial system to increase its provision expense,impacting profitability. Nonetheless, we have maintained a constant record of positive results, accompanied by a solid strategy centered on risk management, efficiency in operations and service quality.

In 2018, we were consolidated as the second largest lender in Colombia: gross loans grew 11.0% in annual terms, and our market share increased by 40 basis points (bps) during the year, closing at 14.84%. This success is mainly explained by the positive dynamics of mortgage and commercial lending. The year closed with profits of 1.4 trillion[1], 9% higher than those registered on 2017. The average return on equity (ROE) located at 12.9% for the year, and the capital adequacy ratio closed at 11.93%, both within expected levels for our activities.

▷ MAIN CONSOLIDATED RATIOS

(IN TRILLION PESOS, EXCEPT PERCENTAGES)

	2017	2018	Annual Variation
Gross financial margin	5.5	6.0	8.3%
Provision Expenses	2.0	2.1	5.0%
Net financial margin	3.5	3.9	10.2%
Operating expenses	3.2	3.4	7.0%
Net Profit	1.3	1.4	9.0%
Efficiency	46.60%	46.47%	Δ 13 pbs
ROAE	12.45%	12.91%	Δ 45 pbs
ROAA	1.32%	1.35%	Δ 4 pbs

The net Profit for the end of the year closed at **$1.4 trillion pesos.**

1. $ = Colombian Pesos (COP)

INNOVATION

The business of financial services is changing at great speed worldwide. Consumers are looking for simple, reliable and user-friendly services that adapt better to their needs and tastes.

esearch and innovation are the foundations on which transformation can be achieved rapidly. We have therefore paid great importance to the opening of "**Domo i**" in April, 2018. This is Grupo Bolívar's Innovation Centre, from which we are designing new experiences for customers and moving forward in digital transformation projects through different programs in our innovation model: research, methodology, prototype activities, innovation cells, intellectual property, experimentation, start-ups, incubators and implementation.

This year we opened the "**Domo i**", initiated **Experimenta** and strengthened the alliance with "**Plug and Play**", one of the accelerators with greatest impact on the global innovation ecosystem.

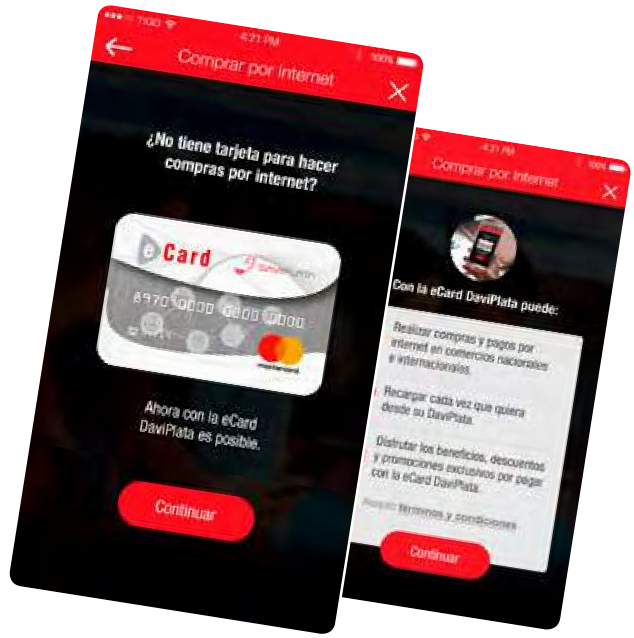
The Domo seeks to enhance our innovation model as an exclusive space. This will allow us to be more effective in achieving innovation and co-creation results through the interaction with start-ups, universities, other industries and the Government. We will continue to use it to develop successful projects for our organization, our customers and society.

Furthermore, I am happy to report that, as a result of design processes made by **innovation cells** (teams of multidisciplinary students, focused on designing disruptive solutions with design methods and business models during their work-study programs), **we have submitted our first application for a patent** along with the Superintendence of Industry and Trade.

Additionally, this year we also launched "**Experimenta**", the first ecosystem in Colombia to connect us to the University community, and an excellent opportunity for students to help to co-create solutions which will improve digital experiences.

Finally, we enhanced the alliance with "**Plug & Play**" (including the logo), one of the accelerators with greatest impact in the world innovation ecosystem. This relationship has allowed us to underpin our global exploration of start-ups, and to have direct contact with high-impact, entrepreneurial enterprises and technology in Silicon Valley, all of which have led us to discover best practices in disruptive products development.

We continue going forward in our goal of **Mobile Banking,** which allows our customers to execute all of their operations from their cell phone.



DIGITAL TRANSFORMATION

New technologies have allowed us to optimize and create new processes in the bank.

These technologies, which leverage the bank´s growth, have allowed us to launch new features, services and products for customers, aiming to transform Davivienda into a fully digital bank.

In May 2018 we launched "**Crédito Móvil**", our first 100% digital mobile loan, which complements our offer of digital products for retail banking, and allows customers to make a unsecured personal loan application, document-free and in just five minutes, receiving the money immediately in their account. At the end of the year we had disbursed more than $630 billion, **which represents 23 times** the monthly average disbursements made through our traditional channels

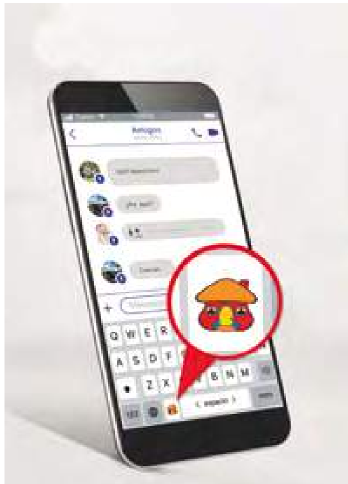
We also broadened the coverage of "**Cuenta Móvil**", our digital savings account which allows any Colombian who is not a bank customer to join us and open an account through the mobile app.

These 100% digital products allowed that **74% of unsecured personal loans** are granted through a mobile phone, and that **50% of accounts** opened to be processed through that channel. With these initiatives, we continue to make progress in the goal of mobile banking, which will allow customers to perform all operations through their mobile phones.

Sales force has played an important role in this transformation. Today, customer advisers are available to provide assistance through digital means to offer these mobile products. As a consequence, simpler and more agile experiences are provided in offices.

Furthermore, in the last quarter of 2018 the Bank added **Payroll advances** to the product-portfolio for employees in Colombia. This is a revolving loan limit for customers with payroll accounts, which allows clients to receive a percentage of their next salary in advance. This product is available through digital channels and by the end 2018, 20% of active payroll accounts had this service enabled.

Leverage to the sales of our products in our digital channels, this year we accomplish to increase the number of clients that use this digital channels, from 28% in 2017 to 40% in 2018.



As a result of the innovative service **"La tecla de la casita roja"**, we were awarded the International prize **Model Bank 2018,** in the category *Consumer Channel Innovation*.

DAVIPLATA

One of the foundations of Davivienda's digital transformation is Daviplata, which has earned its place as the main innovative platform for financial services in the country, and the main mobile platform for financial inclusion, with more than 4.77 million customers.

During 2018, we complemented DaviPlata's offer, positioning it as a new payment method in the market and opening the opportunity for our clients to make payments in associated establishments by simply scanning a QR code. Furthermore, DaviPlata users are allowed to transfer money to other banks in Colombia free of charge. Therefore, we are promoting electronic interbank transactions in Colombia and the reduction of cash use.

Regarding the **"Tecla de la Casita Roja"**, we broadened the services available to customers. Today, in addition to transferring money through social networks,our customers can as well make requests for collection, send remittances, split bills, and top-up airtime simply and safely.

As a result of this innovative service, we were awarded the International prize **Model Bank 2018**, in the category Consumer Channel Innovation. This recognition identifies the technological practices that generate successful and innovative solutions in banking and is awarded by Celent, a company which offers research and advisory services for the financial industry.

DaviPlata continues to be a leading product, delivering an innovative offer of value, promoting social progress and increasing the level of banking coverage in Colombia. Additionally, we are a strategic ally of the Government, family compensation offices , and companies in the payment of subsidies, payrolls, and instalments.

In 2018, there were **3.7 million payments of subsidies** delivered through DaviPlata to around 865 thousand beneficiaries of the program "Más Familias en Acción" (More Families in Action) and "Jóvenes en Acción" (Youth in Action). Furthermore, we continue to support more than **10 thousand businesses** in payroll payment and distribution, and **family compensation offices** with instalments distribution, benefiting **517 thousand individuals**, and achieving a 61% growth over 2017. This, has positioned DaviPlata as a digital, is easy-to-use product, accessible for everyone.

By the end of the year we expanded DaviPlata to El Salvador, endorsed by the law of financial inclusion which promotes the use of electronic deposits and simplified accounts across the country. This initiative aims to facilitate access to financial services for those at the base of the pyramid. Our customers can use this platform to transfer money, receive remittances, receive payroll payments, withdraw and deposit in banking correspondents and Davivienda ATMs. Moreover, customers are allowed to top-up bile air-time, pay for utilities, and shop in affiliated establishments.

Davivienda, leaders in mortgage financing and construction loans. 1 out of 3 households of social housing (VIS) sold in Colombia in 2018, is financed by Davivienda.

RETAIL BANKING

We continue working to create value for our organization and for society, and we maintain our commitment to support our customers in fulfilling their dreams of having their own homes through our products.

We are the leaders in mortgage financing and construction loans in Colombia. This is how the Bank contributes towards Colombians economic development.

The consolidated balance of the mortgage portfolio increased 16.4% annually , closing at **$21 trillion**. It is important to highlight the results registered in Colombia, where the mortgage loans increased 16.7%, totalling **$16.9 trillion**, which represents a 39 bps increase in market share[2].

Mortgage disbursements in Colombia increased by **4.7 trillion**, 10% higher than 2017, bringing our market share to 27%.

In Colombia we are also leaders in loan placement for social housing (VIS), with a **35%** of market share. At the residential housing (>VIS) level, we have a **12%** share, and a **54%** share in leasing. Besides, we have also maintained our leadership in Government programs addressed to families in the most vulnerable segments. MiCasaYa[3], with 27%, the FRECH-II program[4], with 30%; and Non-social housing FRECH, with 32%.

2. Market share as of November 2018, Source: Finance Superintendence of Colombia

3. Market share as of November 2018, Source: Asobancaria

4. Reserve Fund for the Stabilization of Mortgage Loans: a Government aid program managed by the Central Bank to facilitate new social housing financing in urban areas, covering part of the interest rate agreed for a home-purchase loan

$4.9 trillion

First place in construction loans in Colombia, with **36%** of market share.

Further, consumer loans closed with a consolidated balance of **$22.3 trillion**, which represents a growth of 7.9% compared to 2017. In particular, unsecured personal fixed-rate and payroll loans presented good dynamics, growing 13.5% and 8.9% respectively. Unsecured personal loans' performance was boosted by **"Crédito Móvil"**, our first fully digital credit product, which reached a balance of more than **$540 billion** by the end of 2018, after only six months in the market.

WHOLESALE BANKING

The consolidated portfolio of companies increased by 12.7%, achieving a balance of $44.6 trillion.

Consolidated wholesale banking increased 12.7%, reaching $44.6 trillion of balance. The Colombian portfolio showed a growth of 11%, totalling $33.5 trillion in 2018, and maintaining a market share of 12.8%[5]

The construction loan portfolio in Colombia grew 16%, to a total of $4.9 trillion; this result represents an increase of market share of 246 bps[6]; disbursements grew 9%, totalling **$3.6 trillion**. As a result, our share in the system was **36%**, placing us at the top once again.

5. November 2018 source: Asobancaria

6. Market share at November 2018: source, SF

25.9% Growth of mutual funds under management. Total: **$8.54 trillion.**

WEALTH MANAGEMENT

During 2018, mutual funds were one of the preferred vehicles for our customers to manage their investments.

At the end of the year, assets under management (AUMs) in mutual funds grew **25.9%,** 10.7% higher than the sector's growth, increasing from $6.78 trillion to **$8.54 trillion** managed by Fiduciaria Davivienda and Davivienda Corredores. With this result our market share rose from 10.3% at the end of 2017 to 11.7% in 2018. Funds with greater dynamism were Fondo Superior (managed by Fiduciaria Davivienda), with a **$685 billion** balance increase compared to 2017; and the Real Estate Investment Fund (FICI), managed by Davivienda Corredores, which reported balance of **$434 billion** at the end of December, 351 billion higher over 2017.

Regarding voluntary pension funds, the sector experienced a slowdown in growth. Despite this, through Dafuturo we achieved a **$160 billion** increase in managed funds, 11.4% higher when compared to 2017; and a 24 bps increase in market share, closing at 7.4%.

INTERNATIONAL BANKING

In international banking, our results were also positive, closing 2018 with a profit of US$85.0 million[7] and a 25.2% increase

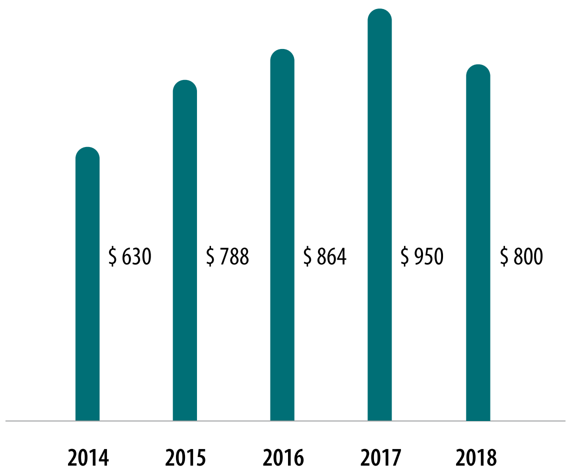
Assets totalled **US$8,089 million**, 4.2% higher than last year. Gross loans totalled **US$5,555 million**, with an increase of US$328 million, **6.3%** higher over 2017. Consumer loans stand out with an annual growth of 7.7%, the commercial portfolio with 6% and the mortgage book with 5.5%. Commercial loans weigh 55% of the total gross portfolio, and personal loans 45%. In terms of risk, loans closed with a quality ratio of 2.02%, and a coverage level of 123.1%.

As a result, the International operation generated profits[8] of **US$85 million**, 25.2% higher than the one of 2017.

Assets of the International Operation totalled **US$8.1 billion.**

7. USD: United States Dollars.

8. Profit from each country as reported from local books.



HISTORICAL DIVIDENDS PER SHARE

DISTRIBUTION OF DIVIDENDS

In 2018, we distributed 32.6% of Individual Profits generated in 2017 , which represents a $361 billion payment.

The amount paid out was **$800 per share**, for a total of $361 billion, distributed among more than 20 thousand shareholders. This payment represented 32.6% of the Bank's individual profits for the year.

SUSTAINABILITY

Good things multiply!
Who can make successful changes alone?
Any action needs other hands to take part in it to be sustainable

Among the jointly achieved goals, we are pleased to announce that, for the second successive year, we were part of the **RobecoSAM Sustainability Annual Report**, and for the fifth year, we were part of the **Dow Jones-DJSI (Sustainability Index)** , in the emerging markets category. That report only includes 15% of the best companies in terms of sustainability of each of the 58 sectors evaluated, also recognizing the ones with the best practices.

As part of the actions taken in 2018, we aligned our initiatives and programmes with the UN's **Sustainable Development Goals**, in order to generate a significant contribution as agents of change and promoters of development in the regions where we have presence. The result was the prioritization of 15 goals and 43 targets, which we will achieve through 15 initiatives that are part of our sustainability strategy.. For further information, please visit our 2018 Sustainability Report.

We also re-evaluated our strategic considerations in sustainability, taking into account relevant issues in Colombia and in our subsidiaries outside the country. This process included our commitments, the expectations of our stakeholders, the sector's definition of strategic matters, and the Dow Jones Sustainability Index evaluation. The result was that 14 relevant issues were raised, covering the main lines of action of the organization.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Our commitment is to continue contributing for a better future for all, in countries where we have a presence, generating shareholder value through the ecosystems of the business to provide value to the community and the environment. We will continue to move forward on the fronts defined in our strategy for sustainability, enhancing our contribution to sustainable development objectives, managing opportunities for improvement identified as a result of our assessment in the Dow Jones Sustainability Index, and initiating a process of impact measurement, identifying how our actions affect the communities in which we are present.

Welcome to a 2019 with hundreds of more multipliers!

RELEVANT ISSUES

- Corporate risk management
- Innovation and digital transformation
- Economic growth
- Ethics and transparency
- Corporate governance
- Management of human talent
- Financial education
- Financial inclusion
- Environmental products and programs
- Value chain management
- Environment and Social Risk Management System (SARAS)
- Operational eco-efficiency
- Strategic philanthropy
- Human rights.

In 2018, we were recognized as one of the **most sustainable banks in the world.**

FINANCIAL EDUCATION

We develop our strategy with an attempt to vouch financial education as an added value for business in Colombia and Central America.

We developed two major initiatives in 2018:

"He gastado" (What I've spent)

This customized tool for financial advisement on the **Davivienda app** allows our customers to see how they are managing their money, and can keep control of it. It allows them to analyze and take decisions based on variations in their income and expenses, which they can find organized by categories. With the support of graphics; they can create budgets, identify the dates with more transactions, and record other income, expenses and their investment items to obtain a complete vision of their finances.

The combination of a healthy growth and greater yields will allow us to offer greater value to our shareholders in the next few years.

Accessible financial education

In our portal **"**Mis Finanzas en Casa"**, (My finances at home)**, the visually and hearing impaired can access to financial education. They can learn about banks, money management, savings, safe transactions, and the law of *habeas data* on a platform that meets international standards.

In 2018 we continued to consolidate financial education through the portals: Mis Finanzas en Casa (My finances at home), Mis Finanzas para Invertir (my finances for investing) and Mis Finanzas para Mi Negocio (Finances for my business), the social networks, on-site and and virtual lectures, interactive SMS use, and specialized content for customers and users of **"**Haga Cuentas" *(Do the math)*. This has reached children and young adults, companies in different segments, our customers of mortgage, vehicles, credit cards, consumer credit, Colombians abroad, investors and DaviPlata.

In Central America, we broadened coverage of *Mis Finanzas en Casa* in each country.

The challenge continues, and we will keep working on specialized content in digital and innovative products for other segments of the population in Colombia and Central America.

IN 2019 WE WILL CONTINUE WORKING TOWARDS BECOMING A FULLY DIGITAL BANK.

Our efforts in digital transformation will improve the Bank's efficiency in the next few years. Productivity will increase, and we will allow us to help our customers in their different financial needs in Colombia and in the countries where we operate. Furthermore, the pace of change in the financial system continues to be demanding, and it is imperative to continue moving forward in our agenda.

The combination of a healthy growth and greater yields will allow us to offer greater value to our shareholders in the next few years.

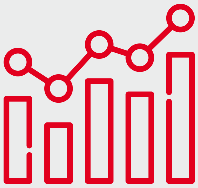
On behalf of the officers and allies of the Bank, I would like to thank you for your trust, which has enabled us to satisfy the financial needs of more than 10 million families and businesses in Colombia and Central America.

Efraín E. Forero Fonseca
CEO, Banco Davivienda S. A.

MAIN FIGURES 2018

CONSOLIDATED FIGURES

(IN TRILLION PESOS, EXCEPT PERCENTAGES)



	2017	2018	Variation
Assets	100.8	**110.7**	9.9%
Gross loans	78.2	**87.8**	12.3%
Allowances	(2.3)	**(3.7)**	60.6%
Deposits	63.3	**68.4**	8.0%
Equity	10.9	**11.4**	4.8%
Profit	1.3	**1.4**	9.0%
Capital Adequacy Ratio	12.34%	**11.93%**	Δ 40 pb
Tier I	7.54%	**7.98%**	Δ 44 pb

	Banco Davivienda	Subsidiaries	Total
Customers*	9,541,385	790,043	**10,331,428**
Municipalities**	1,127	50	**1,177**
Branches	571	154	**725**
Employees	12,554	4,803	**17,357**
ATMs	2,127	494	**2,621**

* Includes DaviPlata.

** Includes presence of customers of Daviplata in municipalities in Colombia.

RISK RATINGS

INTERNATIONAL RATINGS

BBB-	Standard & Poor's debt rating Stable outlook (investment grade)
BBB	Fitch Ratings debt rating Stable outlook (investment grade)
Baa3	Moodys debt rating Negative outlook (investment grade)

NATIONAL RATINGS

AAA	BRC Standard & Poor's long-term debt rating
AAA	Moodys debt rating Negative outlook (investment grade)

MAIN INDIVIDUAL FIGURES

(IN TRILLION PESOS, EXCEPT PERCENTAGES)

	2017	2018	Variation
Assets	78.5	**86.0**	9.6%
Grow loans	61.3	**68.1**	11.0%
Allowances	(3.0)	**(3.7)**	23.3%
Deposits	48.6	**52.0**	7.0%
Equity	9.5	**10.3**	8.4%
Profit	1.1	**1.2**	7.8%
Capital Adequacy	15.60%	**15.10%**	Δ (50) pb
Tier I	9.04%	**9.63%**	Δ 59 pb

	2017	2018
Customers*	8,671,199	**9,541,385**
Municipalities	737	**886**
Branches	585	**571**
Employees	12,630	**12,554**
ATMs	1,953	**2,127**

* Includes DaviPlata

MACROECONOMIC **ENVIRONMENT**[9]

Colombia grew 2.7%, higher than the regional average and than the one of 2017.

COLOMBIAN ENVIRONMENT

The world economy grew slightly slower in 2018 compared to the previous year. The slowdown occurred both in developed and emerging economies. According to the World Bank, global growth fell from 3.1% in 2017 to 3% in 2018. Although the United States accelerated, Japan and Europe slowed down. Within emerging countries, there was an important slowdown in China.

As a result of positive growth in the US, low unemployment rates and inflation above the target during most of the year, the US monetary authorities increased the interest rate on four occasions; the ceiling for the monetary policy rate ended the year at 2.5%.

Latin America also slowed down, the region presented a growth close to 0.6%, mainly influenced by Argentina, which its contraction is estimated on -2.8%, after growing 2.9% in 2017. Mexico and Brazil experienced low stable growth: 2.1% and 1.2% respectively. It is estimated that Colombia grew 2.7%, which was higher than the regional average.

Latin America slowed down, presenting a growth close to **0.6%.**

In effect, Colombia's growth was higher than 2017. Among the reasons that explain this behavior are improved oil prices, a flexible monetary policy, and the recovery of household consumption after a year severely affected by the increase in value-added tax (IVA). Although oil prices fell sharply in the last quarter, the average over the year for WTI was US$ 65.3, up from US$ 50.85 in 2017. The average central bank base rate fell from 6.1% in 2017 to 4.35% in 2018.

The average exchange rate (COP/USD) closed at $2,955.8, very similar to 2017 ($2,950.6). However, falling oil prices at the end of the year caused the increase in the rate, up to $3,249 at the end of the year, higher than the $2,984 reached in 2017. Another factor that helped to increase the exchange rate in 2018 was the lower level of foreign investment inflows, in particular portfolio investment. In effect, total foreign investment fell 25.3%, while portfolio investment fell 53.4% over 2017.

Regarding monetary policy, the flexible approach was the result of modest economic growth and better inflation performance, which closed at 3.18%[10]. Both food inflation and non-food contributed to this result. Although the first one accelerated during the year, it was lower than the overall inflation. Non-food inflation, on the other hand, finished the year at a higher rate than total inflation, but with a notable slowdown compared to the beginning of the year.

9. Document of the Economic Studies Department with information available at January 16, 2018

10. Source: DANE

GROSS DOMESTIC PRODUCT

Information available from the DANE (National Administrative Department of Statistics) about the growth in the Colombian economy shows that in the fourth quarter of 2018 the GDP grew 2.8% compared to the same quarter of 2017. With this result, the Colombian economy achieved a real annual growth rate of 2.7%, up from the 1.4% registered in 2017.

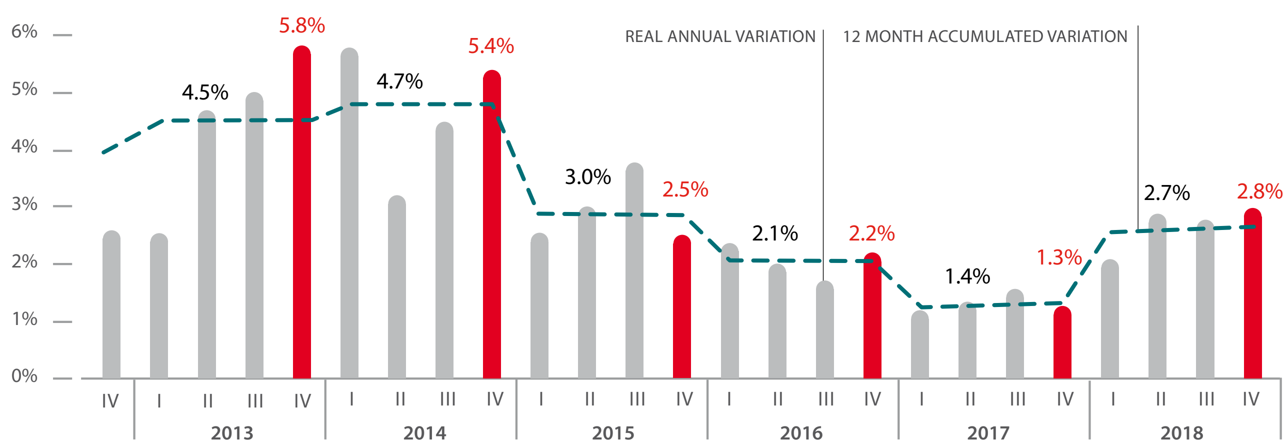
Internal conditions such as the re-allocation of household spending after the VAT increase in 2017, and positive external shocks such as the revival of oil prices and other commodities, allowed activity in the Colombian economy to recover slowly.

In terms of areas of activity, the most dynamic sectors during 2018 were professional, scientific and technical activities which grew 5.2%, followed by public administration, social security, health and education, up 4.2%. The only sector with decrease was mining and quarries (-0.8%).

The analysis of aggregate demand components indicates that final internal demand had an annual growth of 3.8% in 2018. This variation was higher than that reported for the same period of 2017 when the demand grew 2.4%. Within domestic demand, household consumption grew 3.5% in real annual terms, government spending 5.8% and investment 3.3%. During 2017 the variations of these components were 2.1%, 3.7%, and -3.1% respectively.

GDP GROWTH IN COLOMBIA

(REAL VARIATION AGAINST THE SAME QUARTER OF THE LAST YEAR)



Source: Dane

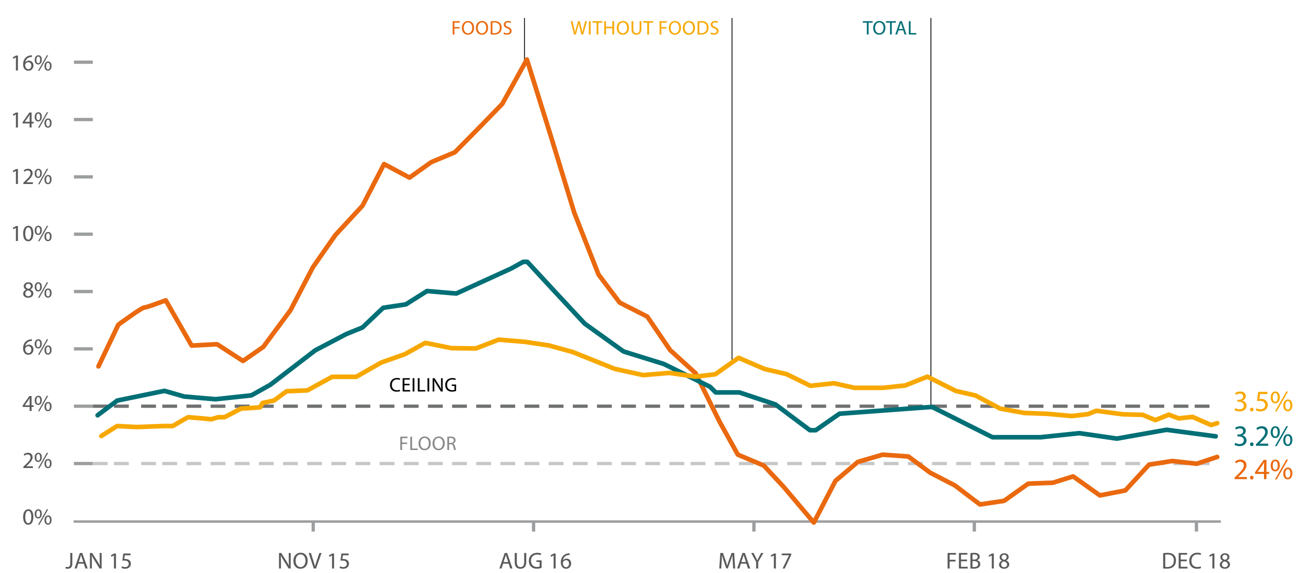
Variables related to the external sector showed positive real variations. Exports grew 1.2%, and imports were more dynamic increasing 7.9%. In the same period of 2017, exports grew 2.7% and imports 1.3%. This shows that foreign trade flows have maintained their favourable dynamics throughout the two years.

INFLATION

2018 closed with an inflation of 3.18%, within the target range after three years in which it was higher than the top of the target range (4%). This figure is 91 bps lower than the one observed in 2017 (4.09%) and reflects the continued adjustment to lower prices during the year.

2018 closed with an inflation of **3.18%**, within the Colombian Central Bank target range.

ANNUAL INFLATION



Source: Dane

The minimum monthly wage was established in **$828,166** for 2019. The increase was 2.82% over total inflation.

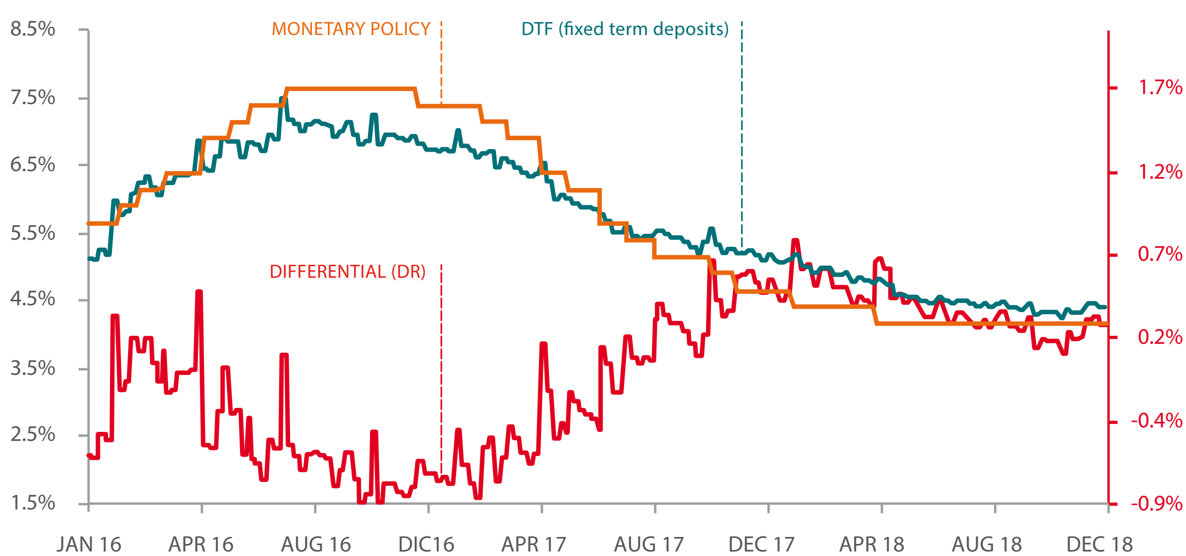
Lower inflation was basically the result of two events: first, the inflation in tradable and non-tradable goods went down as a consequence of the adjustment of the general VAT (value-added tax) rate in early 2017, prices indexation to lower inflation, and relative stability in the exchange rate; and second, there was no inflation in food during the whole year, both in perishables and in non-perishables. In general, inflation reports were good throughout the year, confirming expectations and dissipating doubts of pressures which might shifted it from the long-term target (3%).

Regarding the minimum wage increase, parties agreed 6%, which translated into a monthly of $828,166 for 2019. The increase was 2.82% over total inflation.

MONETARY POLICY AND INTEREST RATES

In 2018, the central bank maintained it´s intervention rate relatively steady, making only two reductions of 25 bps each, both in the first half of the year, consistently with a more stable inflation and a stronger economic performance. As a consequence, the monetary policy rate fell from 4.75% at the beginning of the year to 4.25% after April.

▷ INTEREST RATES



Source: Central Bank

FISCAL POLICY

In 2018, tax revenues totalled $144.4 trillion, a growth of 6.0% compared to 2017. This result was driven by the increases of 16.8% in income tax collections, 8.2% in VAT collections, and 8.4% in import taxes (customs duties and value added tax). This performance was the result of actions taken by the tax and customs authority DIAN and the acceleration in economic activity, despite the income tax reduction for legal entities approved in Law 1819/2016, which came into force in 2018.

By the end of the third quarter of 2018, gross public debt represented 47.9% of GDP, higher than the level of 45.6% for the same period of 2017. This was mainly due to the debt management operations and the issue of external debt made by the government during the third quarter of the year, aiming to guarantee the financing of investment spending and to compensate maturities for 2019.

Gross tax revenues totalled **$144.4** **trillion,** 6.0% higher compared to 2017.

LEY DE FINANCIAMIENTO (FINANCING LAW)

The approval of the Financing Law in Congress was an important event in fiscal terms: the main objective was to generate funds required to finance the budget of $259 trillion approved for 2019. The following were particularly important measures:

• **Income tax for individuals:** The income tax scheme was simplified, the tax rate for individuals with a monthly income of more than $24.7 million was increased, the inflationary component deduction of interests received was eliminated, the amount of exempted income from voluntary pension contributions was capped and the tax applicable to non-taxable dividends was modified. A wealth tax was created for those with assets higher to $5 billion between 2019 and 2021, at a rate of 1% annual.

• **Income tax for legal entities**: There is a gradual reduction in the income tax rate[11], and in presumptive income. The surcharge on financial entities is of 4% for 2019, 3% for 2020 and 2% for 2021. There are also value-added and commerce tax discounts for productive fixed assets acquisitions, and preferential rates for income from the "orange economy" and from productive investments in the agricultural sector.

• **Value-added and consumption taxes:** Changes were made to the tax on beer and soft drinks[12], VAT on the first sale of housing was replaced with a 2% tax on the sale of real property, and the simplified regime was eliminated, maintaining a cap on the value of the property.

Additionally, a "simple regime" was created to replace the single tax system; a new opportunity was opened up to normalize unreported assets, re-establishing regimes for mega investments and Colombian holding companies, amongst other things.

Finally, the new administration did not change fiscal targets established for the Government: a deficit of 3.1% of the GDP in 2018 and of 2.4% in 2019.

The approval of the **Financing Law** in Congress was an important event in fiscal terms.

11. Rates for legal entities were reduced as follows: 33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022.

12. The Budget law approved a multiphase IVA for beer and soft drinks, i.e. tax is now payable in both production and distribution. Tax was formerly payable only on the production phase.

EXCHANGE RATE

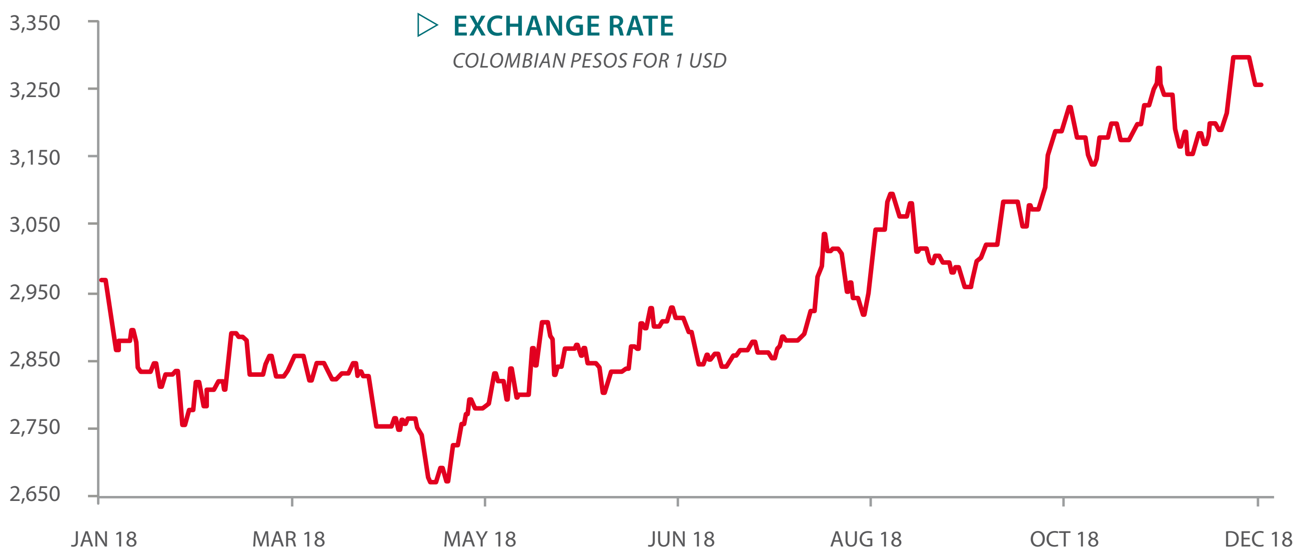
During 2018 the average exchange (COP/USD) was $2,955.81, which is similar to 2017 ($2,950.60). There was a peso appreciation between January and April 2018, which reached the lowest in mid-April at $2,705.30; this period coincided with the depreciation of the dollar worldwide. Subsequently, the price of the dollar in Colombia began to rise despite increased oil prices, following an appreciation of the dollar which could be seen as a consequence of strong growth in the US economy.

The dollar reached its highest level on December 27 ($3,289.60), as a result of plummeting oil prices and the appreciation of the dollar worldwide. This phenomenon coincided with a devaluation of currencies in emerging countries in general. The closing rate was $3, 249.75.

The average exchange (COP/USD) was **$2,955.81**, which is similar to 2017.

EXCHANGE RATE

COLOMBIAN PESOS FOR 1 USD



Source: Financial Superintendence of Colombia

INTERNATIONAL TRADE[13]

In 2018, foreign trade activities continued to show a positive performance, following the trend of the preceding year.

In the period between January and November of 2018, exports totalled US$38,400 million, presenting a growth of 13.4% in 2017. This behavior was driven by fuel exports for US$ 22,175 million, representing a growth of 23.4% over 2017. By contrast, exports of agricultural products, foods and beverages, totalled US$6,739 million, a fall of 0.9% compared to the first 11 months of 2017. This is mainly due to a fall of 9.4% in coffee exports.

In the same period, imports totalled US$47,047 million with an increase of 10.9%. This result shows an acceleration compared to the 3.9% reported for the same period of 2017.

Finally, in the same 11 months, the Colombian economy reported a trade deficit of US$ 6,517, 1.4% higher than in 2017.

Exports totalled **US$38.4 billion.** Imports totalled **US$47 billion.** (Jan. - Nov. 2018)

FINANCIAL SECTOR

During 2018, the profitability of the financial system, in terms of return on assets[14] (ROA), recovered compared to 2017; At the end of November, it was 1.8%. Return on Equity[15] (ROE) also increased compared to 2017, closing at 13.4%.

From mid-2016, the growth in both gross loans and deposits was similar. There was a slight decline year over year in both cases, of 5.8% in the portfolio, and 5.3% in deposits.

The economy as a whole was on a recovery trend compared to 2017. Despite this, portfolio grew more slowly. Commercial portfolio (the highest share of the total) presented nominal variations between 1.5% and 3.5%, closing in December with an annual growth of 2.9%, the same level of 2017. Mortgage portfolio slowed down after July, and closed the year with an increase of 11.1%, which was 0.8% lower than that observed in December 2017. Consumer portfolio grew 9.1% in December 2018, 1% down on 2017.

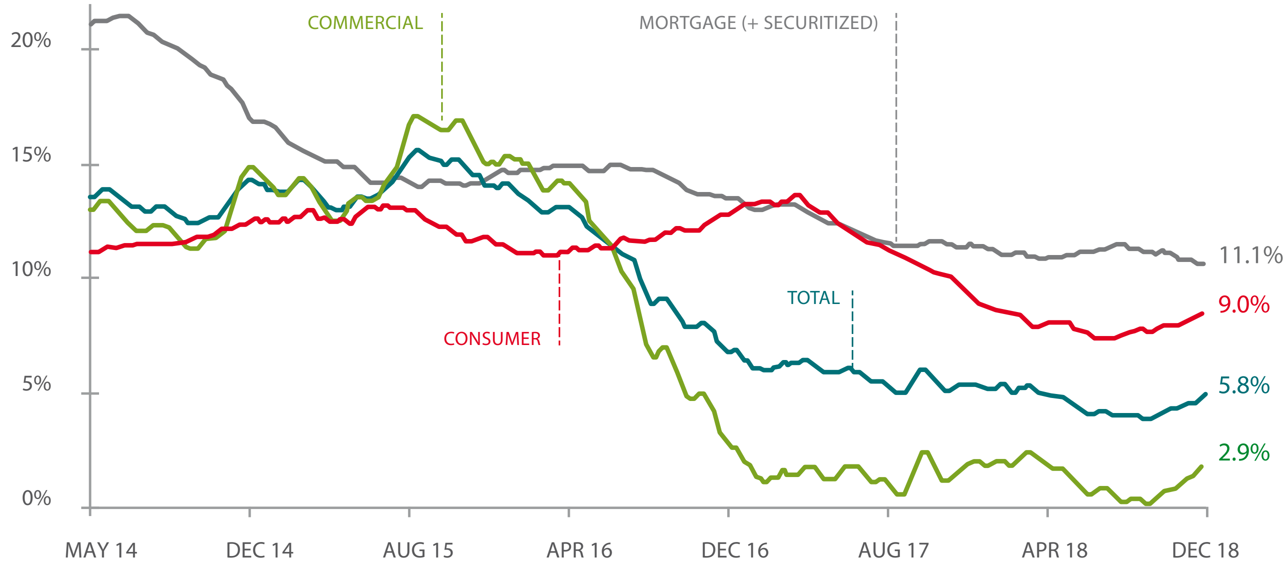
13. In this report imports are measure CIF and exports are measure FOB

14. ROA = Profit for 12 months/ Average assets 12 months

15. ROE = Profit for 12 months / Average equity 12 months

GROSS LOANS IN THE FINANCIAL SYSTEM

NOMINAL VARIATION (Y/Y (4))



Source: Central Bank

As of December 2018, deposits grew 5.3%, which represents a fall of 1.3%, compared to December 2017, mainly due to the performance of term deposits. In 2018 growth was 2.1%, 4.7% less than the observed in 2017 (over 10%). This deterioration was partially countered by a recovery in savings and checking account deposits, which, unlike 2017, they were not negative. At the end of December, the nominal variations in these deposits year on year were 8.3% and 5.3%, respectively.

The economy showed a recovery trend in 2018.

THE MACRO SITUATION: CENTRAL AMERICA

ECONOMIC ACTIVITY

In the third quarter of 2018, accumulated economic growth was slowing down in Costa Rica, Honduras and Panama compared to the same period in 2017. By contrast, El Salvador was accelerating.

The entire region, as a whole, was encountering difficulties in intraregional trade activities due to the conflict in Nicaragua which prevented the transportation of merchandise, from Costa Rica and Panama, to Honduras and El Salvador, and vice versa.

In particular, Costa Rica reported a deterioration in the consumer confidence, high levels of uncertainty in expectations over the approval of a tax reform, and strikes by workers from public offices, which produced an economic slowdown.

In Honduras, there was less dynamism in the agro sector, due partly to lower international coffee prices and prices of other agro-products, and partly to negative results in the shrimp and fish-farming industries.

In Panama, the construction sector was the main reason for the economic slowdown because of completions of large-scale projects and in particular, a labour strike in the second quarter from the end of April to the end of May.

By the contrary, in El Salvador highlights an accelerated growth in the first quarter, being the highest annual rate since the second quarter of 2016. As a result, the record of the end of the third trimester was better than the previous year. The dynamics of the first quarter are explained by the construction industry, and in increased private consumption.

ANNUAL GDP GROWTH

(IN PERCENTAGE)

	2017	2018-I	2018-II	2018-III	2018 (I al III Trim.)	Projection 2018*
El Salvador **	2.3	3.2	2.5	2.1	2.6	2.4
Honduras **	4.8	3.2	4.1	3.1	3.4	3.6
Costa Rica ***	3.2	2.9	2.6	2.1	2.5	2.7
Panama	5.3	4.0	3.1	3.6	3.6	4.6

* *World Economic Outlook, FMI, Davivienda,*
** *Annual variations over non seasonally adjusted series*
*** *Annual variation cycle trend.*

Source: Central Banks of each country, the Statistical Office in Panama.

INFLATION

Inflation in the region slowed in 2018, due to lower pressure on the price of agro products and fuels.

EL SALVADOR

In 2018, annual inflation was 0.4% in El Salvador, 2% lower than the reported for 2017. Food, non-alcoholic beverages and transport were the items that most pushed downwards.

HONDURAS

Annual inflation in Honduras in 2018 was 4.2%, under the 4.7% recorded in 2017, but within the established Central Bank´s target range (3.0%-5.0%). The lower increase in prices was due mainly to a slowdown in prices of food and non-alcoholic beverages.

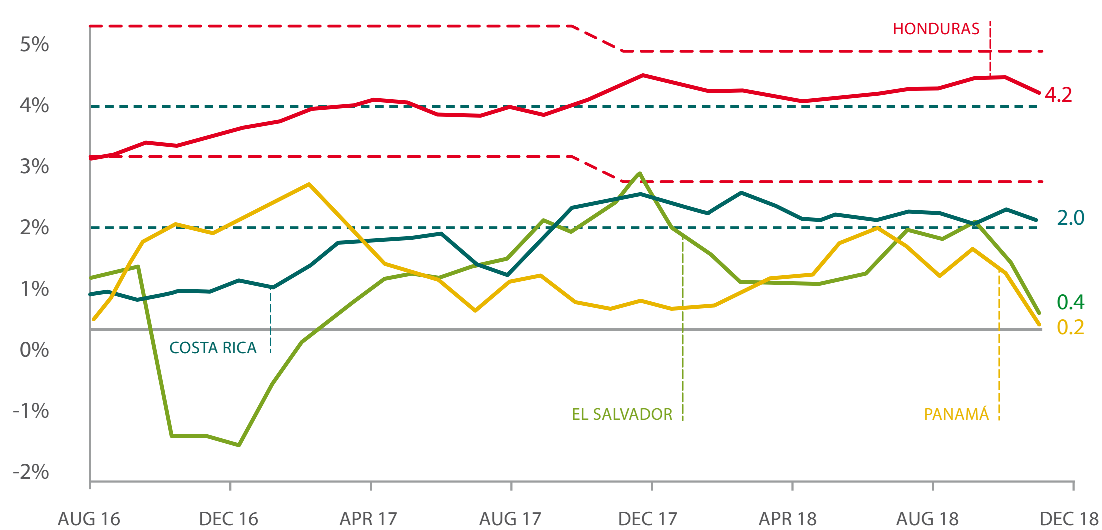
COSTA RICA

Annual inflation was 2% in Costa Rica, within the Central Bank's target range of 2.0%-4.0%. This lower level compared to 2017 contrasts with expectations of year-on-year inflation which reported increases particularly in November, with the greater volatility of the exchange rate.

PANAMA

Panama's annual inflation was 0.2%, 0.5% down on 2017 due mainly to a reduction in fuel, lubricant and ticket prices.

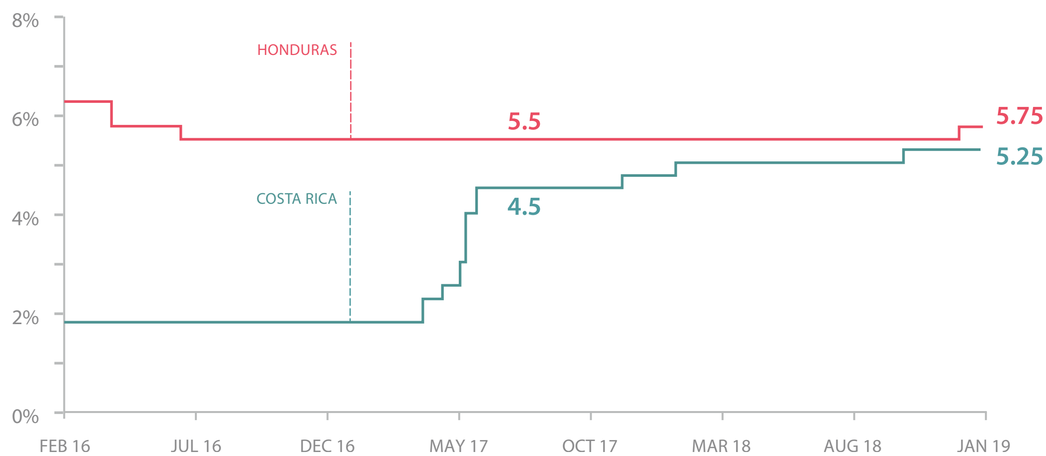
▷ ANNUAL INFLATION



Source: Central Banks of each country and National Statistical Offices

MONETARY FINANCIAL AND FISCAL POLICIES

▷ MONETARY POLICY BASE RATE



Source: Central Banks

EL SALVADOR

For the period January-November, El Salvador fiscal deficit was -1.7% of GDP, higher by -1.5% than the same period in 2017. Total revenues for the period analysed showed a slowdown, growth went from 5.6% in 2017 to 3.9% in 2018. The record of total revenues is explained by a contraction in non-tax revenues; in contrast, tax revenues accelerated, with growth of 7.22% between January and November 2018.

In terms of total expenditures, there was an acceleration compared to 2017, totalling 8.7% between January and September, compared to 4.7% in the past year. The component which drove total spending up was capital expenditure, with an annual increase of 18.3%.

At November 2018, debt represented 69.8% of GDP, slightly above the level of 69.7% at the end of 2017.

In December, the issue of external debt was approved to finance the 2019 budget and to fund a maturity of US$ 800 million of foreign external debt in November 2019. This was an important step given by the Government, given that in recent years, there has been a dependence on domestic financing, which in El Salvador is generally a short-dated solution.

HONDURAS

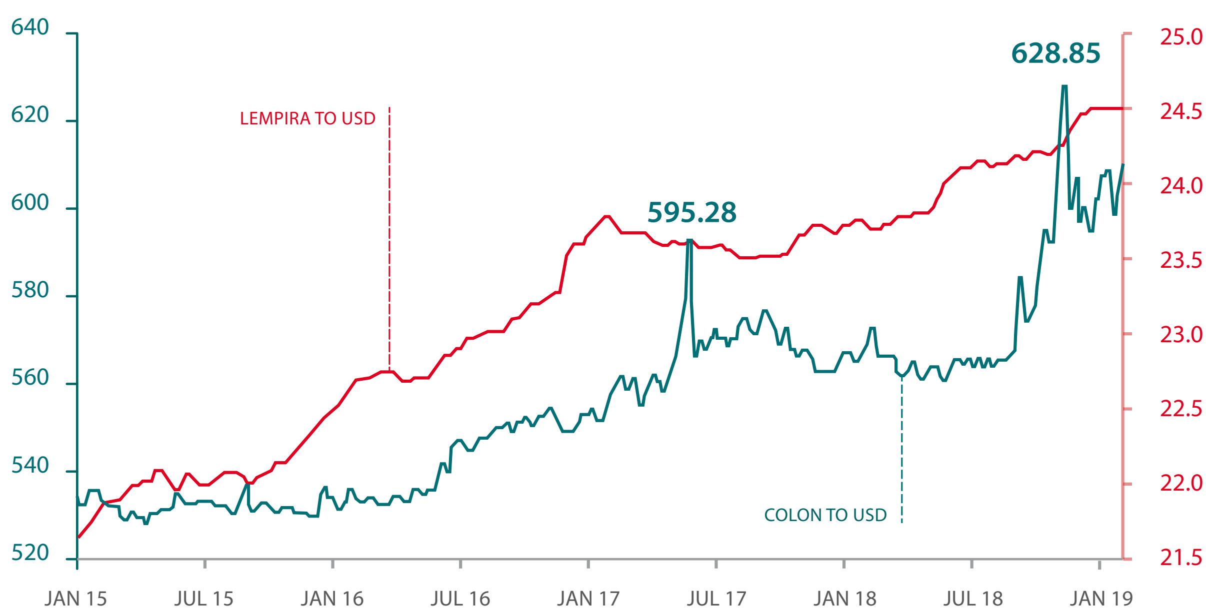
The monetary policy base rate in Honduras was maintained at 5.50% over the year, and increased to 5.75% at the beginning of 2019. According to the Central Bank, the increase was due to currency balance and an increase in expectations of inflation, which medium-term forecasts suggested would exceed the ceiling set by the Central Bank (target range, 3.0%-5.0%). The lempira devalued 3.18%.

The accumulated deficit between January and September was -0.1% of GDP in 2018, lower than the level of -0.6% for the same period of 2017. Total revenues slowed, to total growth of 5.6% in 2018 compared to 11.8% in 2017. The change was due to a slowdown in tax revenues, and contraction of non-tax revenues.

In line with total revenues, total expenditure also slowed, from growth of 10.1% in January-September 2017 to 2.2% for the same period in 2018. This took place in current spending, including debt servicing, and capital investment.

The third quarter of 2018, public debt represented 46.3% of GDP, slightly below the level of 47% reported at the close of 2017.

EXCHANGE RATE



Source: Central Banks

The monetary policy rate in Costa Rica was increased to **5.25%.** The Costa Rican colón devalued **6.9%** in 2018.

COSTA RICA

In 2018, the monetary policy base rate in Costa Rica was increased from 4.75% to 5.25%. According to the Costa Rica Central Bank, the increases were caused by the devaluation of the exchange rate and the increased expectations on inflation.

The Costa Rican *colón* devalued 6.9% in 2018. However, there was high volatility in the second half of the year, related to expectations of approval for a tax reform. The maximum level in the year was ¢ 628.9, and the minimum ¢ 564. Volatility during the year led the Central Bank to intervene in the market by selling dollars to reduce international reserves, and to use other mechanisms to improve transparency in the exchange market.

Preliminary figures for the fiscal deficit in 2018 showed a slowdown in total spending compared to 2017, and a similar track record for total revenues. The finance ministry estimated that the deficit had been reduced to -6% of GDP in 2018 from -6.2% in 2017.

Within expenditure items, there was a particular slowdown in tax revenues, growing only 4% in 2018 compared to 5.4% in 2017, due to low tax collections on exports and imports, and lower rates of growth in taxes on income and profits, and sales and consumption. The economic slowdown affected tax collections across the board.

Total spending slowed, with growth of 3.5% compared to 9.1% year on year in 2017. The items expenditure which were most reduce were capital spending and current transfers. A reduction of investments in highway construction, as part of the reduction in capital spending, after the completion of the Bajos de Chilamate – Vuelta Kopper project.

Debt rose to 53.7% of GDP, and closed at a higher level than those of 2016 (48.9%)

PANAMA

The fiscal deficit at the end of the third quarter of 2018 was -5.2% of GDP, showing an increase from -3.2% for the same period of the previous year. This larger deficit is due to lower tax collections, and higher government spending.

Total revenues contracted in the period analysed, by 2.7%; compared to 6.3% in 2017. The contraction was due to tax and non-tax revenues, and the economic slowdown contributed to low levels of collection.

In terms of total spending, the annual increase in the first nine months of 2018 was 17.3%, compared to 3.7% for the same period of 2017. The increase took place not only in current spending but also in capital expenditure. However, the greatest acceleration was experienced in capital expenditure, with an annual increase of 31.3%, compared to a contraction of 3.3% in 2017. The Government of Panama explained that the increase in public investment was due to projects such as Metro Panama, highway maintenance, decentralisation of the President's office, and urban renewal.

Public investment grew in 2018, due to projects such as Metro Panama, highway maintenance, and urban renewal.

FISCAL SECTOR

(DATA ACCUMULATED TO DECEMBER: ANNUAL VARIATIONS)

	Current incomes		Current expenses		Deficit (% GDP)		Debt (% GDP)	
	2017	2018	2017	2018	2017	2018	2017	2018
Honduras (data at Sept. 2018)	11.8	5.6	10.1	2.2	-0.6	-0.1	47.7*	46.3
El Salvador (data at Nov 2018)	5.7	3.6	4.7	8.7	-1.5	-1.7	69.7*	69.8
Costa Rica	3.9	3.8	9.1	3.5	-6.2	-6.0**	48.9	53.7**
Panama (data at Sept. 2018)	6.3	-2.7	3.7	17.3	-3.2	-5.2	37.8**	39.3***

* Data at December 2017
** Preliminary figures
*** Data at December 2018

Source: Central Bank and/or Finance Ministry of each country

RATINGS OF SOVEREIGN DEBT

Rating	Moody`s	S&P	Fitch
Medium investment grade	A1 A2 A3	A+ A A-	A+ A A-
Low investment grade	Baa1 Baa2 Panama (pos) Baa2 Colombia (neg) Baa3	BBB+ BBB Panama (pos) BBB BBB- Colombia (est)	BBB+ BBB Panama (est) BBB Colombia (est) BBB-
No investment grade	Ba1 Costa Rica Ba2 Costa Rica (neg) (w) Ba3 Ba3	BB+ BB BB- Costa Rica (neg) BB- Honduras (est)	BB+ BB Costa Rica (neg) BB- BB-
Highly speculative	B1 Honduras (est) Ba2 Costa Rica (neg) B2 B3 El Salvador (est)	B+ Costa Rica (neg) B+ B B- El Salvador	B+ Costa Rica (neg) B+ B B- El Salvador (est)
In Risk of default	Caa1 El Salvador (est) Caa2 Caa3	CCC+ El Salvador (pos) CCC CCC-	CCC+ CCC CCC-

Source: Bloomberg

EL SALVADOR

El Salvador's risk rating in 2018 was raised by Moody's and Standard & Poor's from Caa1 to B3, and from CCC+ to B-, respectively. These increases were the result of improved fiscal positions during the past year. In particular, there was the approval of foreign debt which would allow eurobond maturities to be refinanced for November 2019. Fitch Ratings did not change its ratings.

HONDURAS

There were no changes to the credit ratings of Honduras in 2018. Moody's and Standard & Poor's stayed at B1 and BB-, respectively.

COSTA RICA

Uncertainties regarding the approval of the tax reforms and their dimensions, in the face of the size of the deficit, caused an impact on investor confidence, and in access to financing for local government. The ratings reacted downwards in 2018 with the deterioration in debt metrics, the deficit, and the debt burden. Moody's reduced its rating from Ba2 to B1, Standard & Poor's from BB- to B+, and Fitch from BB to B+.

All the rating agencies put out negative prospects, because Costa Rica is still facing challenges in the approval of new packages which will allow public spending and the fiscal deficits to be reduce, and to make debt sustainable in the medium term.

PANAMA

Panama's credit rating stayed at Baa2, BBB and BBB by Moody's, Standard & Poor's and Fitch, nonetheless Standard & Poor's improved prospects to Positive, indicating that the next review will probably bring a change of rating upwards.

FINANCIAL SYSTEM

During 2018, the growth of the system's portfolio accelerated. Profitability ratios increased. Likewise, liquidity and coverage levels remained strong.

COLOMBIAN FINANCIAL SYSTEM

During 2018, the system's portfolio grew accelerated, and at the same time quality deteriorated in all modalities of credit, especially commercial, which increased its PDL by 140 bps. Profitability indicators have improved, while liquidity levels and portfolio coverage remain strong. The challenge of continuing to match capital ratios to meet future Basel III requirements remains.

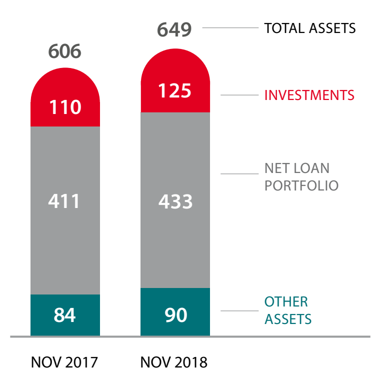
ASSETS

Annual growth of assets was 7.2%, driven by increased investments (up 12.9%), portfolio continues to be the largest element in assets, with 67%.

▷ DETAILS OF ASSETS

(IN TRILLION PESOS)

	Nov. 2018	Annual Var 2017-2018	Share	
			2017	2018
Total assets	649	7.2%	100%	100%
Investments	125	12.9%	18%	19%
Net loan portfolio	435	5.6%	68%	67%
Other assets	90	7.0%	14%	14%



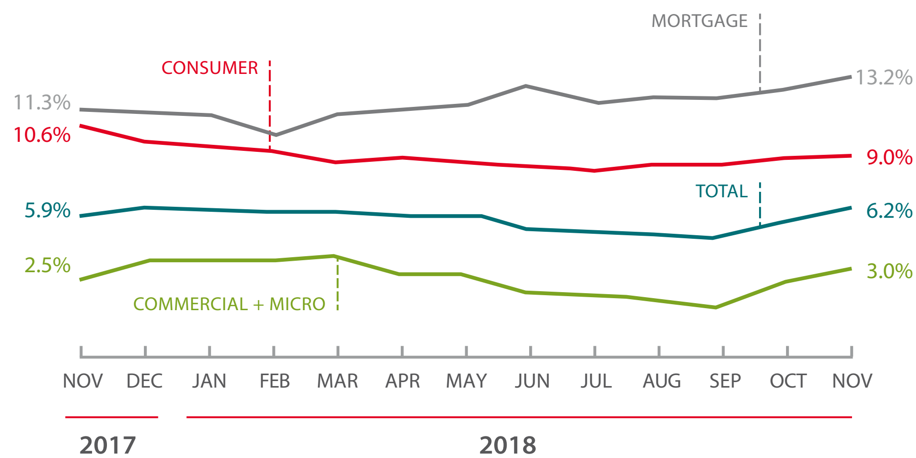
Source: Financial Superintendence of Colombia

CREDIT PORTFOLIO

The portfolio of credit institutions increased slightly with the pace of annual growth: 5.9% in November 2017 increased to 6.2% in November 2018.

Although consumer portfolio growth fell from 10.6% in November 2017 to 9% in the following year, it is still the largest contributor to the portfolio, providing 2.5% of total portfolio growth. Commercial portfolio had the largest share of the total (56%), although they only contributed 1.7% overall growth.

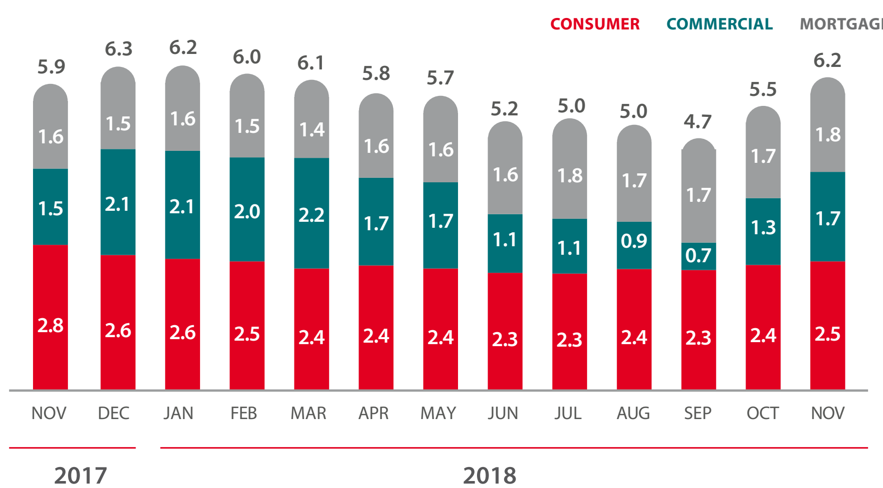
▷ ANNUAL GROWTH, GROSS LOANS



Source: Financial Superintendence of Colombia. Calculations: Davivienda

▷ CONTRIBUTION BY MODALITY TO THE GROWTH OF THE GROSS PORTFOLIO

(IN PERCENTAGE)



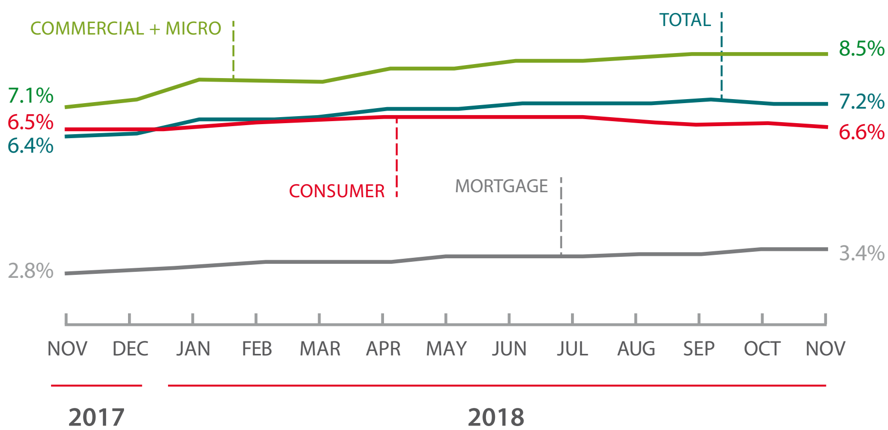
Source: Financial Superintendence of Colombia

PDL

The PDL indicator for the sector was 7.2% compared to 6.4% in the previous year. All modalities of credit showed deterioration, in particular, commercial portfolio which increased 140 bps due to contractions in sectors of the economy such as transport and mining, which has meant that some debtors have had problems of prompt debt payment.

The PDL ratio for the Financial Sector was **7.2%.**

QUALITY BY RATING



Source: Financial Superintendence of Colombia

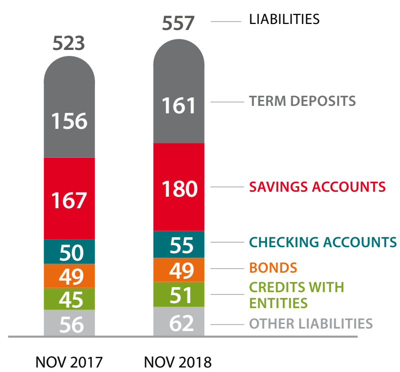
FUNDING

Despite the modest dynamism of savings accounts within the system´s liabilities, they continue to be the principal source of funding of banks in Colombia, accounting for 32% of the total. This source of funding is characterised by its low cost and stability over time.

Bonds, which represents 9% of liabilities, were an important source of deposit-taking for the banks, allowing them an appropriate match of asset and liability of funding. Following the pattern of lending, funding also grew, as an annual rate of 6.5% in the period analysed.

Bank borrowings, the source of longer term funding to support the rediscounted portfolio, achieved annual growth of 15%.

Savings accounts continue to be the principal funding source of credit institutions in Colombia.



STRUCTURE OF LIABILITIES

(IN TRILLION PESOS)

	Nov. 2018	Annual Var 2017-2018	Share 2017	Share 2018
Liabilities	557	6,5%	100%	100%
Term Deposits	161	3%	30%	29%
Savings accounts	180	7%	32%	32%
Checking accounts	55	10%	10%	10%
Bonds	49	0%	9%	9%
Credits with entities	51	15%	9%	9%
Other liabilities	62	11%	11%	11%

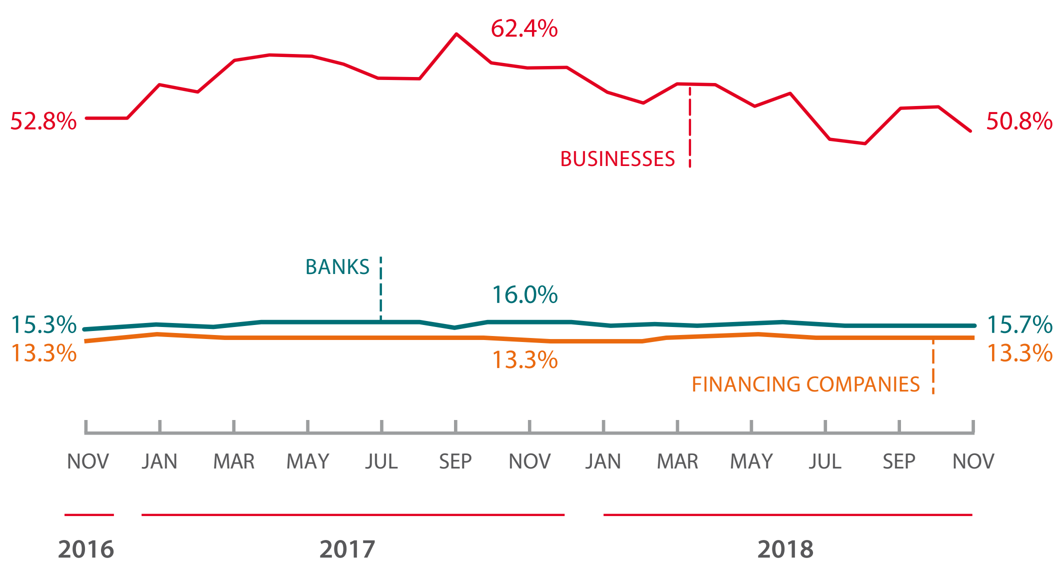
Source: Financial Superintendence of Colombia

EQUITY AND CAPITAL ADEQUACY RATIO

Due to the efforts of the entities to maintain comfortable levels of capital to respond to liquidity needs, individual capital ratios were maintained well above the minimum of the regulatory 9%.

CAPITAL ADEQUACY RATIO

(IN PERCENTAGE)



Source: Financial Superintendence of Colombia

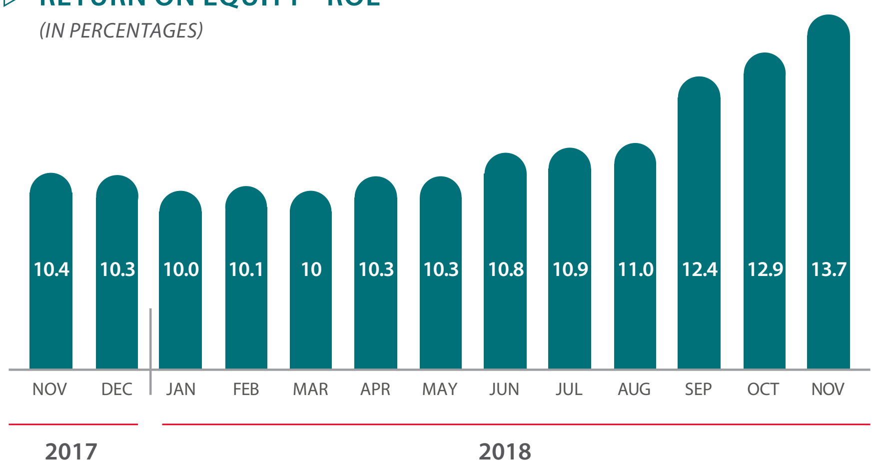
The Individual Capital Adequacy Ratio located well above the minimum regulatory of 9%.

PROFITABILITY

In 2018 the profitability indicators for the system increased in both assets and equity. These is explained by the annual growth of 50.19% in the net profits of the banks, due to non-operating income reported by one entity in particular during September.

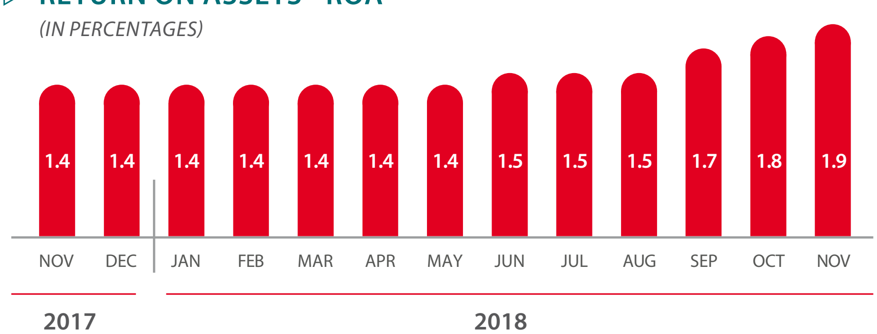
RETURN ON EQUITY - ROE

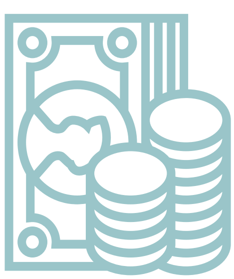
(IN PERCENTAGES)



RETURN ON ASSETS - ROA

(IN PERCENTAGES)





Source: Financial Superintendence of Colombia

CENTRAL AMERICAN FINANCIAL SYSTEM

EL SALVADOR

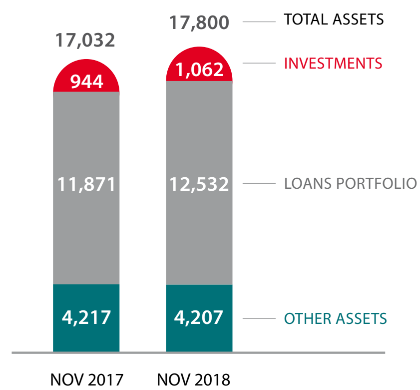
ASSETS

Assets grew 4.5%. portfolio represented 70% of total assets growing 6%. This growth was accompanied by an increase of 4.0% in deposits, and 12.5% in investments.

DETAILS OF THE ASSETS

(IN MILLION DOLLARS)

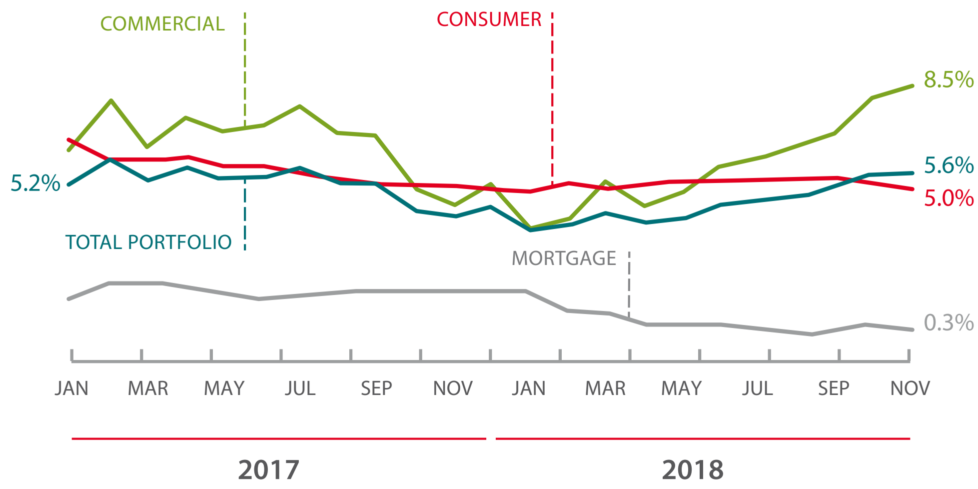
	Annual Var 2017 - 2018	Share	
		2017	2018
Total assets	5%		
Investments	13%	6%	6%
Loans Portfolio	6%	70%	70%
Other assets	0%	25%	24%



Source: SSF

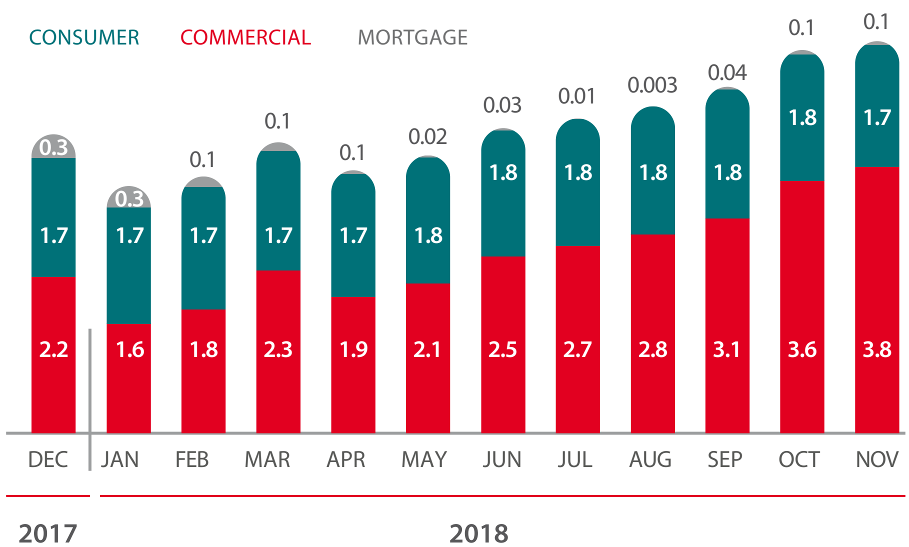
LOANS

ANNUAL GROWTH OF GROSS PORTFOLIO BY MODALITY



CONTRIBUTION PER SEGMENT TO THE ANNUAL GROWTH OF THE GROSS PORTFOLIO

(IN PERCENTAGE)

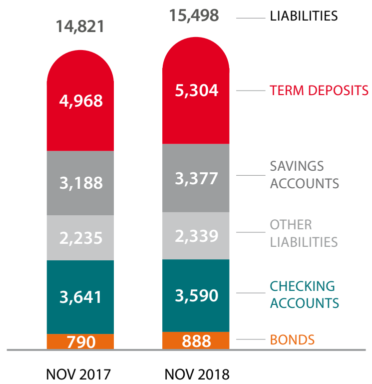


Term deposits increased **6.8%** and savings accounts **5.9%.**

FUNDING

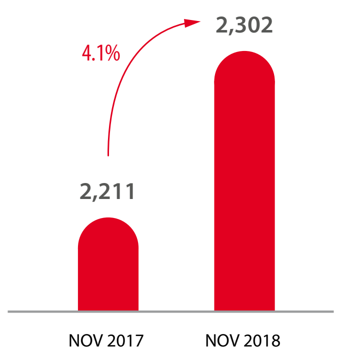
Liabilities grew 4.6% driven by an increase of 4% in deposits. Term deposits increase 6.8% and savings accounts 5.9%, while checking accounts fell 1.4%. At the same time, financial debt grew 6.8%.

LIABILITIES STRUCTURE
(IN MILLION DOLLARS)



	Annual Var 2017 - 2018	Share	
		2017	2018
Liabilities	5%		
Term Deposits	7%	34%	34%
Savings accounts	6%	22%	22%
Checking accounts	-1%	25%	23%
Bonds	13%	5%	6%
Other liabilities	5%	15%	15%

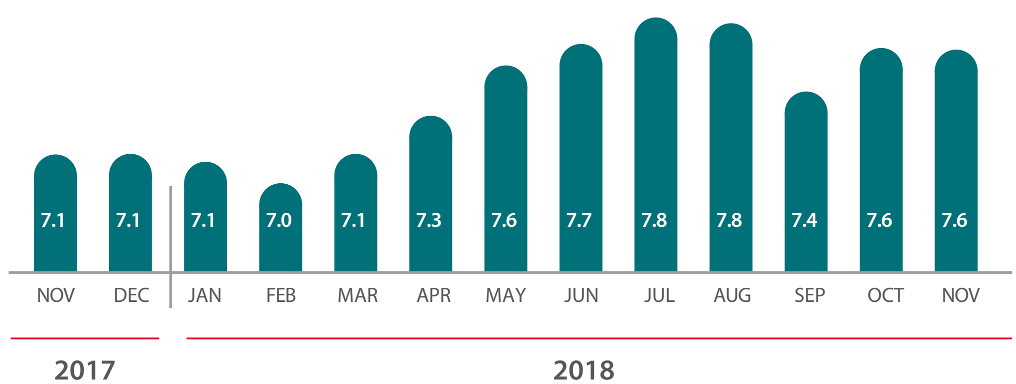
EQUITY



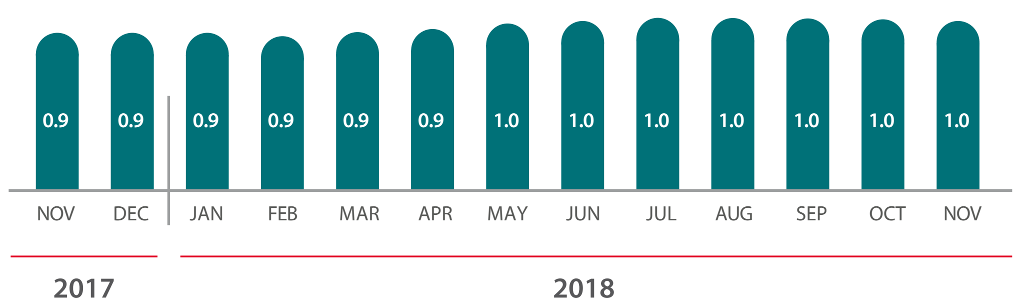
EQUITY
(IN MILLION DOLLARS)

PROFITABILITY

ROE - 12 MONTHS
(IN PERCENTAGE)



ROA - 12 MONTHS
(IN PERCENTAGE)



HONDURAS

ASSETS

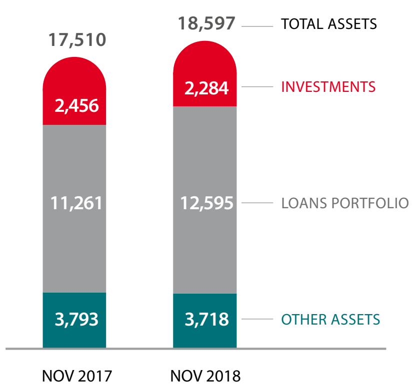
Assets grew 6.2%, and total portfolio represented 63% of total assets growing by 11.8%; investments and other assets decreased 7.0% and 2.0%, respectively.

DETAILS OF THE ASSETS

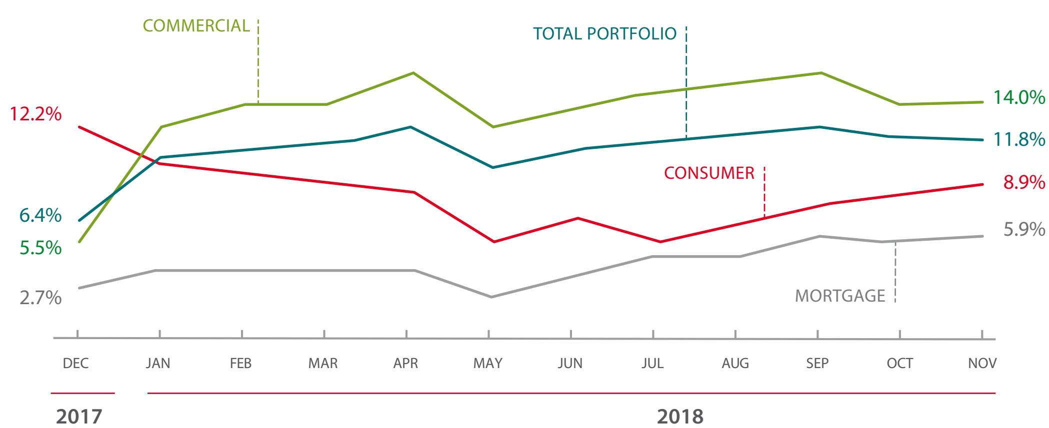
(IN MILLION DOLLARS)

	Annual Var 2017 - 2018	Share 2017	Share 2018
Total assets	6%		
Investments	-7%	14%	12%
Loans Portfolio	12%	64%	68%
Other assets	-2%	22%	22%

Source: CNBS

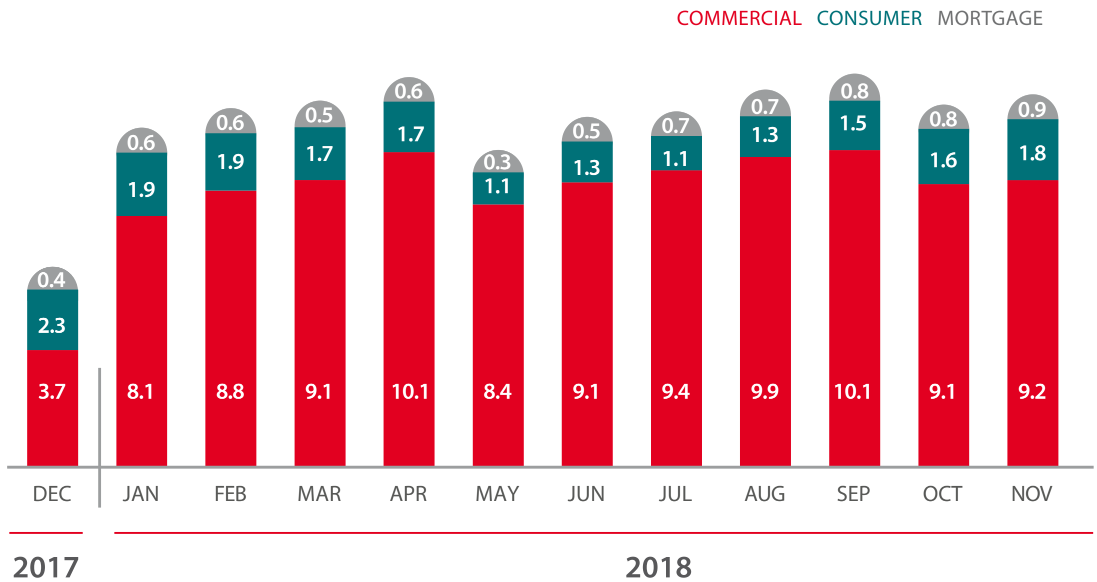


ANNUAL GROWTH OF GROSS PORTFOLIO BY MODALITY



CONTRIBUTION PER MODALITY TO THE ANNUAL GROWTH OF THE GROSS PORTFOLIO

(IN PERCENTAGE)



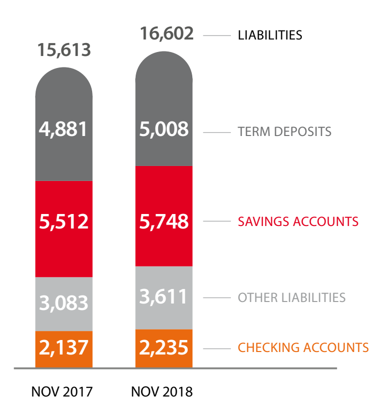
FUNDING

Liabilities grew 6.3%; 31% of this growth is explain by term deposits and 35% from savings (up 4.3%). checking accounts represented 13%, with growth of 4.7%; and other liabilities, accounting for 22%, increased by 17%.

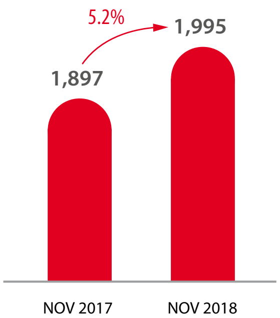
LIABILITY STRUCTURE

(IN MILLION DOLLARS)

	Annual Var. 2017 - 2018	Share	
		2017	2018
Liabilities	6%		
Term Deposits	3%	31%	30%
Savings Accounts	4%	35%	35%
Checking Accounts	5%	14%	13%
Other liabilities	17%	20%	22%



EQUITY

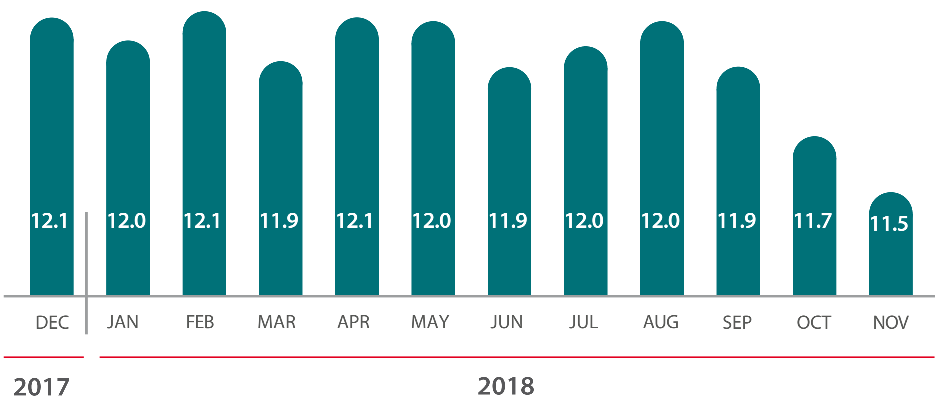


▷ **EQUITY**
(IN MILLION DOLLARS)

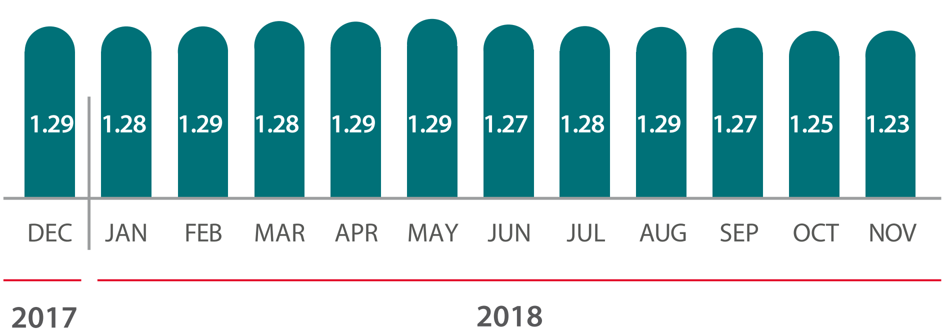
Savings accounts weigh **35%** of total liabilities, while term deposits account for **31%.**

PROFITABILITY

▷ **ROE - 12 MONTHS**
(IN PERCENTAGE)



▷ **ROA 12 MONTHS**
(IN PERCENTAGE)



COSTA RICA

ASSETS

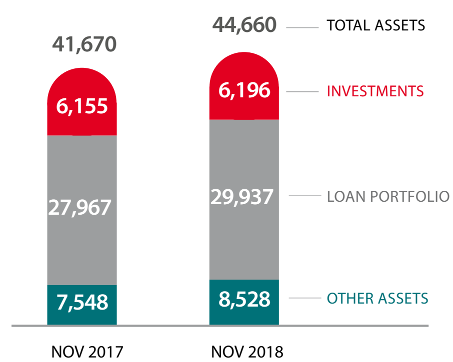
Assets grew 5%. Total portfolio represented 67% of total assets, and it's contribution represented an important influence on the performance of total assets. Loans grew 7%, investments grew 1%, and other assets grew 13%.

DETAIL OF THE ASSETS

(IN MILLION DOLLARS)

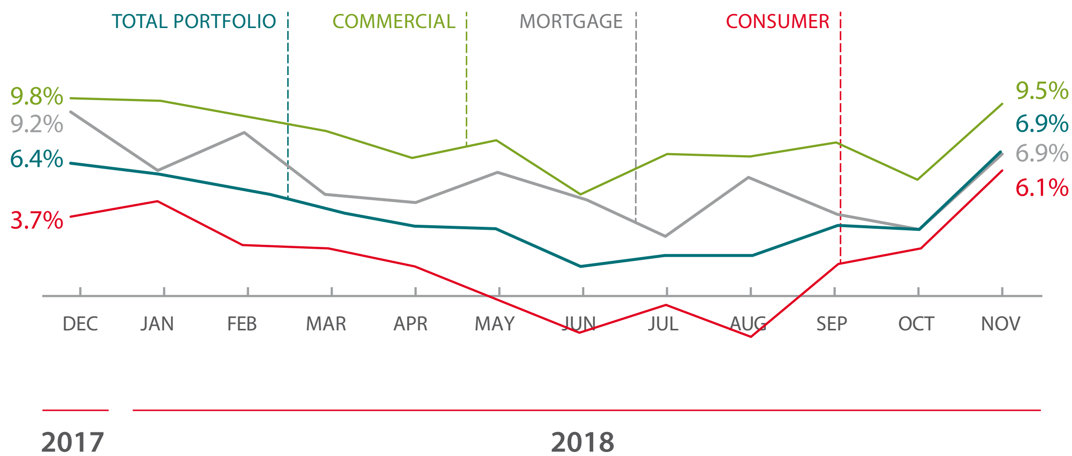
	Annual Var 2017 - 2018	Share 2017	Share 2018
Total assets	7%		
Investments	1%	15%	14%
Loan Portfolio	7%	67%	67%
Other assets	13%	18%	19%

Source: Sugef



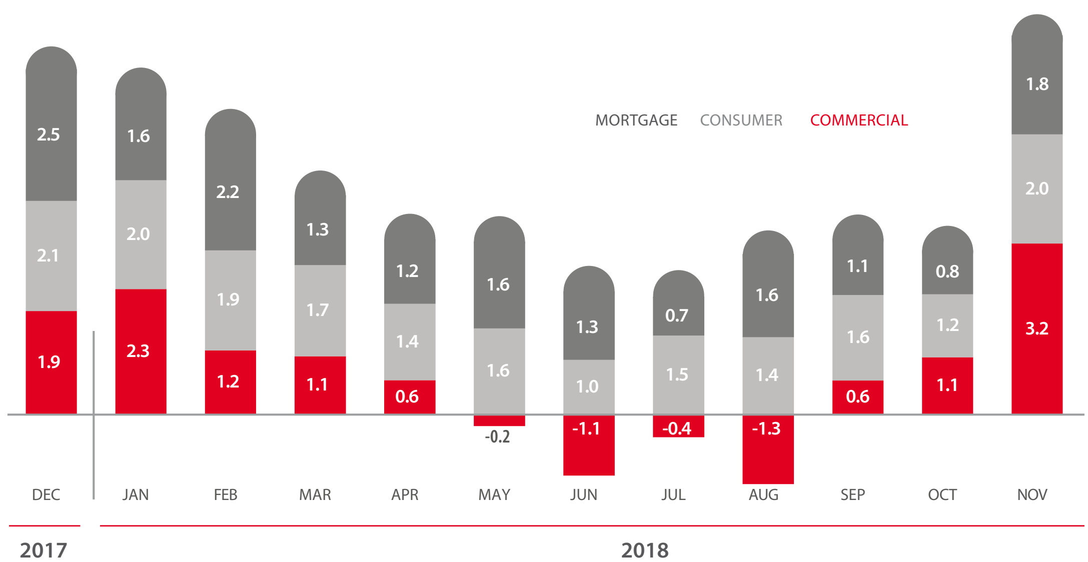
LOANS

ANNUAL GROWTH OF GROSS PORTFOLIO BY MODALITY



CONTRIBUTION PER MODALITY TO THE ANNUAL GROWTH OF THE GROSS PORTFOLIO

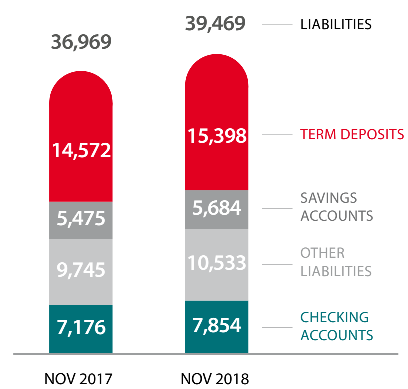
(IN PERCENTAGE)



FUNDING

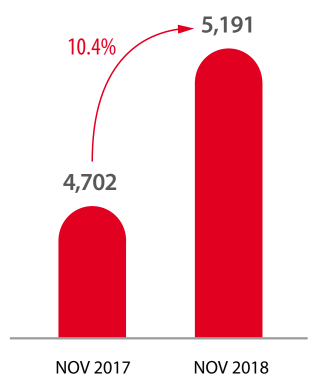
Liabilities grew 7%. Term deposits represented 39% of total liabilities, growing by 6%; savings accounts represented 14% of the total, and grew 4%; checking accounts represented for 20%, growing 9%; and other liabilities represented 27%, growing 8%, all these compared to 2017.

Term deposits account for **39%** of total liabilities, checking accounts represent the **20%**.



	Annual Var 2017 - 2018	Share	
		2017	2018
Liabilities	7%		
Term Deposits	6%	39%	39%
Savings accounts	4%	15%	14%
Checking accounts	9%	19%	20%
Other liabilities	8%	26%	27%

EQUITY



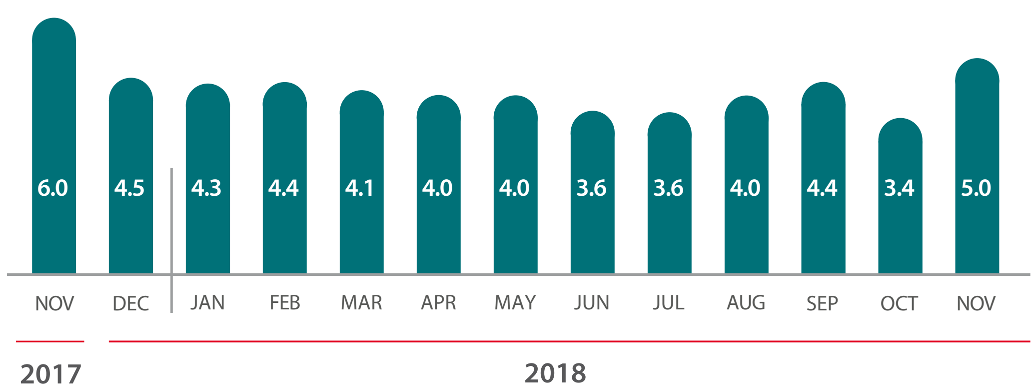
EQUITY

(IN MILLION DOLLARS)

PROFITABILITY

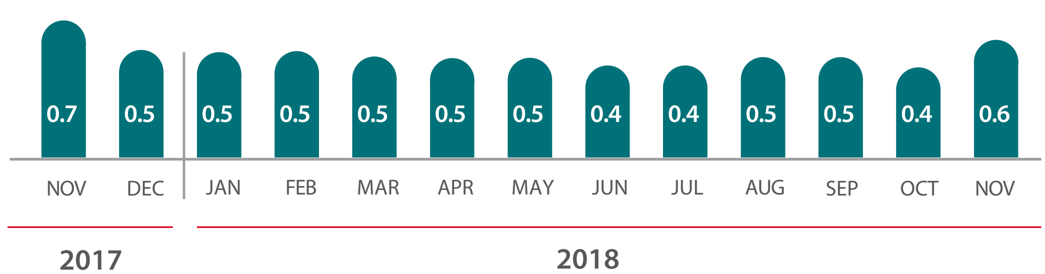
ROE12 MONTHS

(IN PERCENTAGE)



ROA 12 MONTHS

(IN PERCENTAGE)



PANAMA

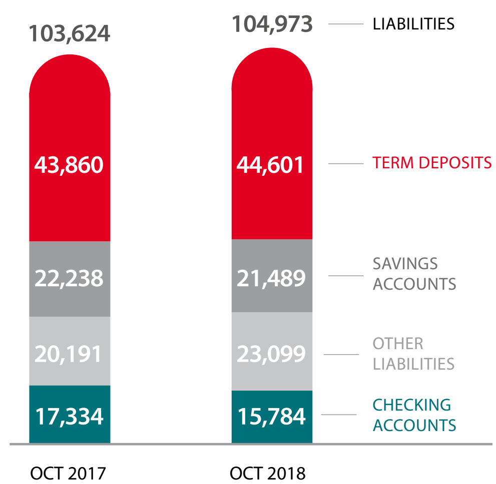
ASSETS

Assets grew 1%. Total portfolio represented 65% of total assets, and was the largest item influencing annual performance of total assets. Loans grew 3%, and investments and other assets fell 2%

DETAILS OF THE ASSETS

(IN MILLION DOLLARS)

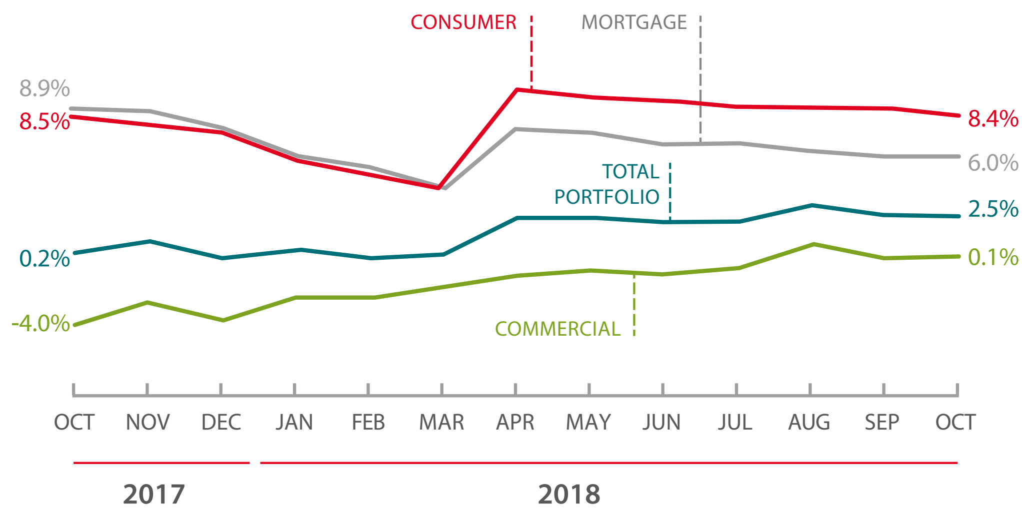
	Annual Var 2017 - 2018	Share 2017	Share 2018
Total assets	1%		
Investments	-2%	18%	18%
Loan Portfolio	3%	63%	65%
Other assets	-2%	18%	18%



Source: SBN

LOANS

ANNUAL GROWTH OF GROSS PORTFOLIO BY MODALITY



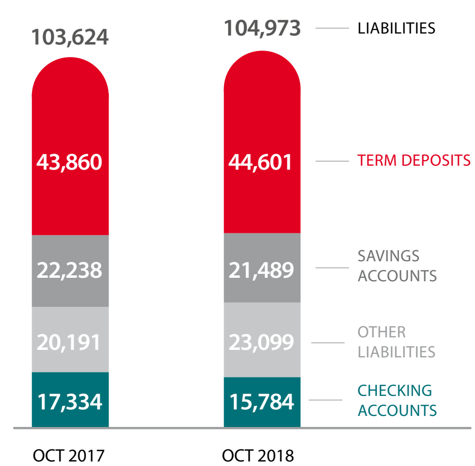
FUNDING

Liabilities grew 1%. Term deposits represented 42% of liabilities, but were down 3% in total; savings represented 20%. Checking accounts represented 15%, but fell in volume by 9%

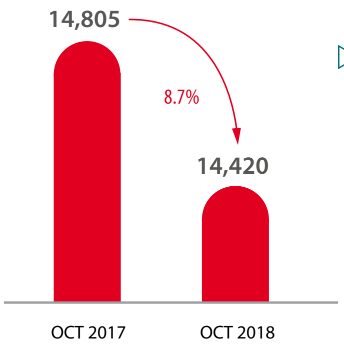
LIABILITY STRUCTURE

(IN MILLION DOLLARS)

	Annual Var 2017 - 2018	Share	
		2017	2018
Liabilities	1%		
Term deposits	2%	42%	42%
Savings accounts	-3%	21%	20%
Checking accounts	-9%	17%	15%
Other liabilities	14%	19%	22%



EQUITY

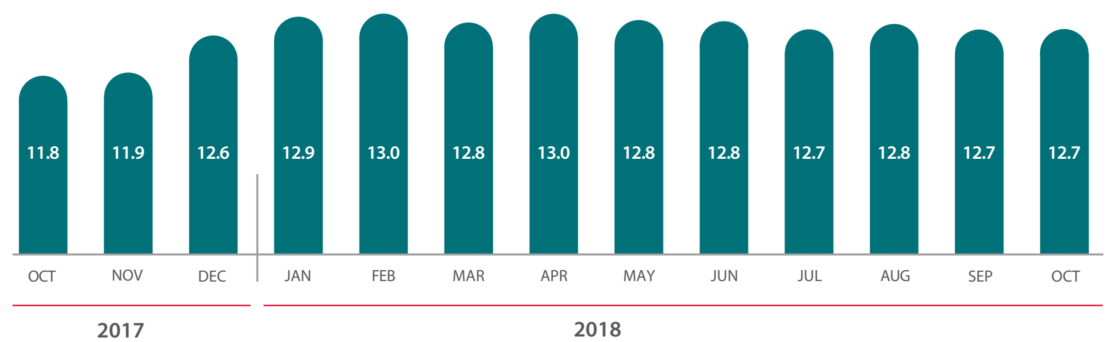


EQUITY
(IN MILLION DOLLARS)

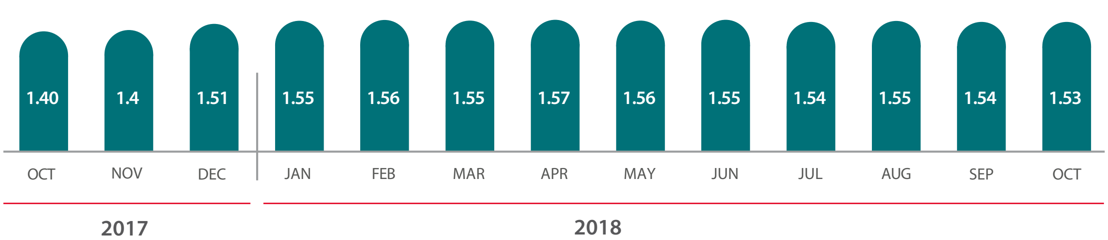
Term deposits represented **42%** of liabilities, savings represented **20%**, Checking accounts represented **15%.**

PROFITABILITY

ROE 12 MONTHS
(IN PERCENTAGES)



ROA 12 MONTHS
(IN PERCENTAGES)

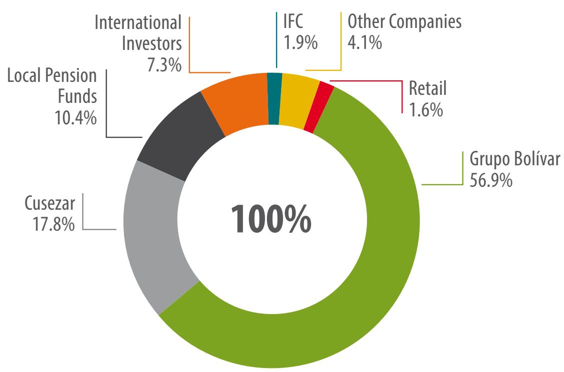


GOVERNMENT
AND STRUCTURE

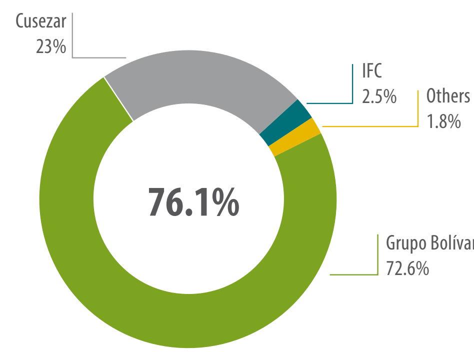
The call to the General Shareholders' Meeting, rights and obligations of shareholders and shares' characteristics, were published in a timely manner to shareholders and the market.

BANCO DAVIVIENDA / OWNERSHIP STRUCTURE 2018

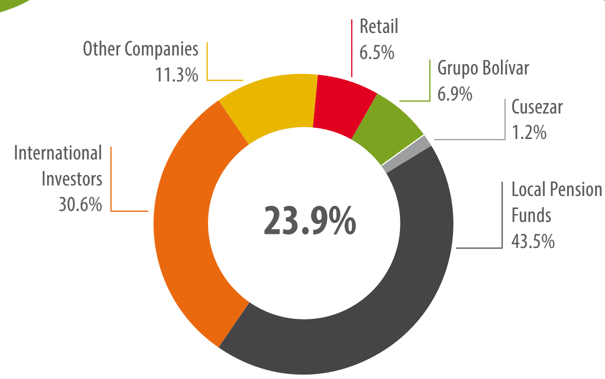
TOTAL SHARES OUTSTANDING 451,670,413



TOTAL ORDINARY SHARES 343,676,929



PREFERRED SHARES 107,993,484



BOARD OF DIRECTORS

The composition of the Board for the period 2017-19 is as follows:

	Principal Members	Substitute Members
First	**Carlos Guillermo Arango Uribe** Chairman	Roberto Holguín Fety
Second	**Javier José Suárez Esparragoza**	Olga Lucía Martínez Lema
Third	**Álvaro Peláez Arango** Independent member	Federico Salazar Mejía
Fourth	**Andrés Flórez Villegas** Independent member	Víctor Enrique Flórez Camacho
Fifth	**Karl Voltaire** Independent member	Héctor Gómez
Fiscal Auditor	**KPMG S.A.S.**	
Financial Consumer Ombudsman	**Carlos Mario Serna Jaramillo** Serna Consultores & Asociados	

ORGANIZATIONAL STRUCTURE OF THE BANK

	Colombia	Costa Rica	El Salvador	Panama	Honduras	MIami
Banks	DAVIVIENDA	DAVIVIENDA Costa Rica (1) 100%	DAVIVIENDA El Salvador (4) 98.2%	DAVIVIENDA General 100% DAVIVIENDA International 100%	DAVIVIENDA Honduras 94.2%	DAVIVIENDA 100%
Insurance		DAVIVIENDA Seguros S.A. 51% DAVIVIENDA 100%	DAVIVIENDA El Salvador (4) 100%		DAVIVIENDA Honduras 88.6%	
Trusts	Fiduciaria DAVIVIENDA 94.7%					
Broker Agents	DAVIVIENDA Corredores 95.7%	DAVIVIENDA 100%	DAVIVIENDA 100%	DAVIVIENDA Corredores 100%		
Leasing		DAVIVIENDA 100%				

GENERAL SHAREHOLDERS MEETING

During 2018, The General Shareholders Meeting met at the following times:

Date	Type of meeting	Minute Number	Number of represented shares
14 March	Ordinary	125	342,085,836 Quorum 99.828%

The meeting was held in compliance with the applicable regulations and necessary information for shareholders' decision making was provided.

Notification of the meeting, the rights and obligations of shareholders, characteristics of shares and regulations of the meeting were published to shareholders and to the market in general through the web page *www. davivienda.com.*

The meeting was transmitted online to the Bank's shareholders, complying with the recommendation of the **Code of Best Practices for Corporate Governance**, the Country Code, which establishes that electronic media are of great help for information disclosure.

It should be noted that the Bank's shareholders and investors have an exclusive service channel, the Investor Relations Office, in Av. El Dorado # 68C - 61, Edificio Torre Central Davivienda, Office 901, Bogotá. They also have contact lines (571) 220-3495, (571) 338-3838 and 018000123838. There is also a webpage link for comments, and the email addresses atencionainversionistas@davivienda.com and ir@davivienda.com.

In addition, in compliance with current regulations, the Bank's relevant information was published in a timely manner on the Financial Superintendence website.

Our shareholders and investors have an exclusive service channel, the **Investor Relations Office**.

DAVIVIENDA'S
FINANCIAL REPORT

As of December 2018, assets closed at **$110.7 trillion**, and liabilities closed in **$99.3 trillion**.

CONSOLIDATED FINANCIAL REPORT

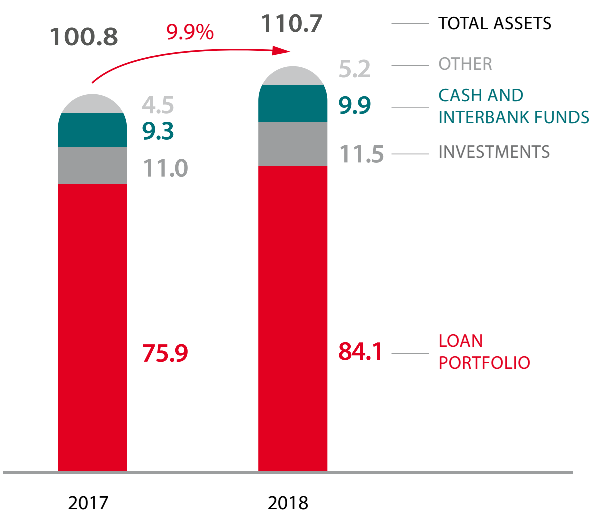
The figures presented below correspond to the consolidated results obtained as of December 31st, 2018, and are compared with the results of 2017, both under full IFRS accounting.

ASSETS ANALYSIS AND STRUCTURE

By the end of December 2018 total assets closed at $110.7 trillion, 9.9% more than the previous year, mainly due to the performance of the net portfolio, which increased $8.2 trillion, 10.8% higher than the result of 2017, reaching a share of 76.0% of total assets.

Net investments increased 3.9%, closing at $11.5 trillion, which accounts for 10.4% of total assets; cash and interbank funds closed at $9.9 trillion, 6.4% higher compared to the end of 2017.

$21 trillion
Mortgage portfolio, an increase of 16.4% over last year.



CONSOLIDATED DAVIVIENDA / ASSETS BEHAVIOR
(IN TRILLION PESOS)

The consolidated loan portfolio registered an annual growth of 12.3%, mainly driven by the performance of the commercial and mortgage portfolios.

The mortgage portfolio closed at $21 trillion, an increase of 16.4% over 2017. In Colombia, mortgage loans grew 16.7%, reaching a balance of $17.1 trillion, mainly due to the Bank's active participation in mortgage loans in social and traditional housing financing.

Consumer portfolio increased 7.9% on relation to 2017, mainly driven by the growth in credit cards and payroll operations in Colombia.

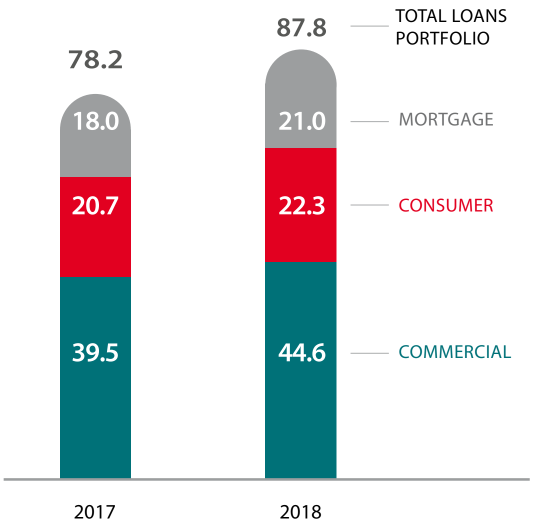
Finally, the commercial portfolio closed at $44.6 trillion, an additional 12.7% compared to the same period of 2017.

Gross loans in terms of pesos accounted for 73.3% of the total consolidated portfolio and foreign currency weighted 26.7%.

The COP to USD exchange rate closed at $3,250, resulting in a devaluation of 8.91% compared to the one of December 2017 ($2,984).

CONSOLIDATED DAVIVIENDA / GROSS LOANS

(IN TRILLION PESOS, EXCEPT PERCENTAGES)



	2017	2018	Variation	
			$	%
Commercial	39.5	44.6	5.0	12.7%
Consumer	20.7	22.3	1.6	7.9%
Mortgage	18.0	21.0	3.0	16.4%
Gross Loans Portfolio	**78.2**	87.8	**9.6**	**12.3%**

90 days Past-Due Loans (PDL) closed at 3.93%, 117 bps more than 2017, mainly due to the portfolio deterioration as a consequence of specific situations in the transport and infrastructure sectors.

The commercial PDL closed at 4.62%, an additional 207 bps compared to 2017, mainly as a result of cases in the mentioned sectors. Consumer PDL closed at 2.55%, 8 bps lower than 2017. Finally, the mortgage PDL closed at 3.92%, 57 bps higher than the one registered in 2017.

2018 closed with a Total Coverage level[16] of 124.9% of past-due loans.

16. Coverage: P&L Provisions + Equity Reserves / Past due loans > 90 days

DAVIVIENDA CONSOLIDATED / PDL AND COVERAGE RATIOS

(IN PERCENTAGES)

	2017	2018
Consumer PDL	2.63	2.55
Commercial PDL	2.55	4.62
Mortgage PDL	3.35	3.92
Total PDL	**2.76**	3.93
Total coverage	**162.3**	124.9

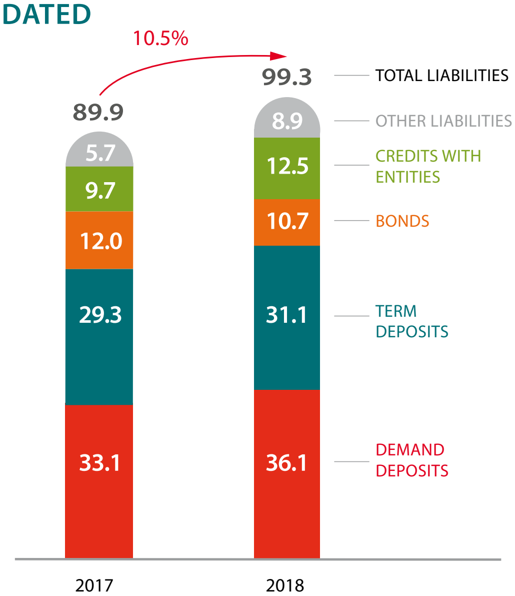
PDL: Past due loans > 90 days / Gross Loans.
Coverage: P&L Provisions + Equity Reserves / Past due loans > 90 days

LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities grew 10.5% over 2017, closing at $99.3 trillion, mainly explained by an increase of 8.9% in demand deposits. Gross loans to funding sources ratio closed at 97.2%, compared to 92.9% in 2017. Demand deposits represented 39.9% of funding sources, term deposits 34.4%, bonds 11.8%, and credits with other entities 13.8%.

DAVIVIENDA CONSOLIDATED / LIABILITIES

(IN TRILLION PESOS, EXCEPT PERCENTAGES)



Gross loans to funding sources ratio closed at **97.2%** in 2018.

DAVIVIENDA CONSOLIDATED / FUNDING SOURCES
(IN TRILLION PESOS, EXCEPT PERCENTAGES)

	2017		2018		Variation	
	Amount	Share	Amount	Share	Amount	Percentage
Savings Accounts	24.0	28.6%	26.6	29.5%	2.6	10.7%
Checking accounts	9.1	10.8%	9.5	10.5%	0.4	4.1%
Term Deposits	29.3	34.9%	31.1	34.4%	1.8	6.1%
Bonds	12.0	14.3%	10.7	11.8%	(1.3)	(11.0%)
Credits with entities	9.7	11.5%	12.5	13.8%	2.8	29.0%
Funding sources	**84.2**	**100.0%**	**90.4**	**100.0%**	**6.2**	**7.4%**

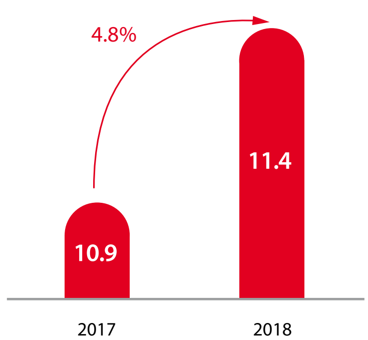
EQUITY ANALYSIS AND STRUCTURE

Total regulatory capital of Davivienda amounted **$11.8 trillion** in 2018.

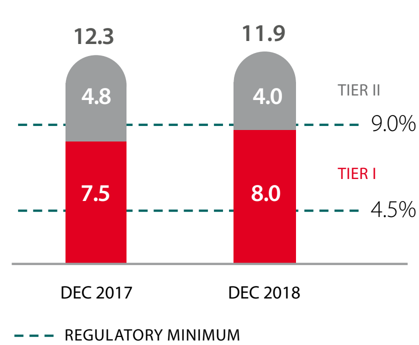
Equity closed at $11.4 trillion, 4.8% higher than 2017, mainly due to higher profits.

Total regulatory capital amounted $11.8 trillion. Risk weighted assets totalled $94.7 trillion, and VaR (Value at Risk) closed at $370 billion. As a consequence, the Capital Adequacy Ratio closed at 11.93%, in relation to the regulatory 9% for the total ratio; and a Tier I ratio of 7.98%, compared to the 4.5% required by the Colombian regulation.

EQUITY
(IN TRILLION PESOS)



CAPITAL ADEQUACY RATIO
(IN PERCENTAGES)



INCOME STATEMENT

Profits as of December 2018 totalled $1.4 trillion, 9.0% higher over the accumulated as of December 2017.

DAVIVIENDA CONSOLIDATED / RESULTS AS OF DECEMBER 2018

(IN BILLION PESOS, EXCEPT PERCENTAGES)

	December 2017	December 2018	Growth	
			Amount	Percentage
Financial income	9,338	9,510	172	1.8%
Loan income	8,667	8,862	195	2.2%
Investment income	593	547	(45)	(7.7%)
Interbank Funds and Overnight	78	101	22	28.3%
Financial expenses	3,844	3,558	(286)	(7.4%)
Gross financial margin	**5,494**	**5,951**	**457**	**8.3%**
Provision expenses	1,975	2,075	99	5.0%
Net financial margin	**3,519**	**3,877**	**358**	**10.2%**
Operating income	1,216	1,296	81	6.6%
Operating expense	3,190	3,414	224	7.0%
Net changes and derivatives	104	145	41	39.3%
Other income and net expenses	39	(28)	(68)	(172.5%)
Operating margin	**1,688**	**1,876**	**188**	**11.2%**
Taxes	405	478	73	18%
Net Profit	**1,283**	**1,399**	**116**	**9.0%**

Profits as of December 2018 totalled **$1.4 trillion.**

Accumulated gross financial margin reported an annual growth of **8.3%.**

These results were the consequence of higher portfolio interest income related to the growth in the mortgage and consumer portfolios, lower financial expenses, and a higher operating margin.

By December 2018 the accumulated gross financial margin reported an annual growth of 8.3%, mainly as a result of higher loan income, and lower funding costs.

6.5%
Net Interest Margin (NIM).

10.2%
Annual increase of the net financial margin.

$1.9 trillion
Operating margin, 11.2% above the one of 2017.

The increase of 2.2% in the loan income was mainly due to the growth in retail banking, where the consumer portfolio income increased 3.1% due to the growth in this portfolio's balance (7.9%), particularly in Colombia, where it grew 5.9%. In relation to mortgage loans, revenues reached $2.1 trillion, 8.8% higher than the one registered in 2017. Finally, the commercial portfolio income closed at $3.6 trillion, decreasing 1.9% over the year.

The investment portfolio income decreased 7.7%, closing at $547 billion. Financial expenses reduced by 7.4% as a consequence of lower expenses on term deposits, which declined 3.1% over 2017, and savings deposits expenses equally declined 31.1% over the same period.

The net interest margin (NIM) expanded 10 bps over 2017, reaching 6.49% as of December 2018.

The net financial margin reported an annual increase of 10.2% manly due to expansion of the gross financial margin, and an increase of 22.5% in provision expenses during the year.

Net provision expenses grew $99,4 billion, closing at $2.1 trillion, which represents a 5.0% increase when compared to the previous year. This was due to the higher provision expenses for commercial portfolio related to the behavior of specific corporate customers, and increased provisions in the consumer portfolio. As a result, the 12-month Cost of Risk[17] as of the end of 2018 was 16 bps lower than the one presented in 2017, declining from 2.53% to 2.36%.

The operating margin closed at $1.9 trillion, 11.2% above the one of 2017, due to the growth of operating income, and a higher income from Changes and Net Derivatives which increased 39.3% compared to 2017.

Operating expenses closed at $3.4 trillion, 7% higher than those registered in 2017, mainly due to higher operating expenses which increased 6.4%. As a result, the efficiency ratio[18] showed an improvement of 13 bps, when decreasing to 46.5% in December 2018, from 46.6% in December 2017.

Taxes totalled $478 billion, 18% higher than those registered in 2017. As a result, net profits closed at $1.4 trillion, 9.0% higher than 2017, this resulted in a Return on Average Equity of 12.9%.

17. 12-month Cost of Risk: Net provision expense (12 months) / Gross loans

18. 12-months Efficiency = Operating Expenses (12 months) / (Gross financial margin + Net operating expenses excluding dividends + net exchange and derivatives + other income and expenses (net) (12 months))

$86 trillion
Banco Davivienda's assets as of December 2018.

11%
Gross loans and retail banking growth.

INDIVIDUAL FINANCIAL REPORT

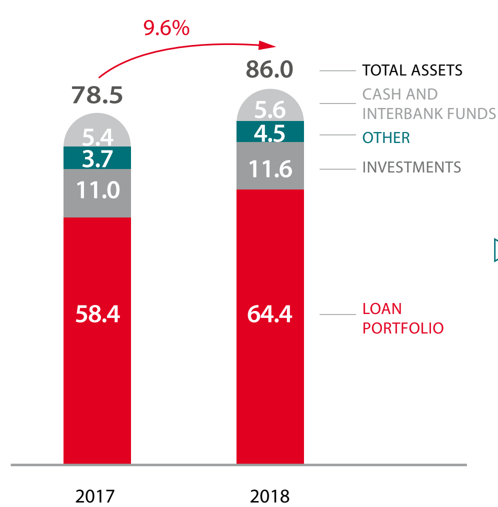
ASSETS ANALYSIS AND STRUCTURE

As of December 2018, Banco Davivienda reported assets of $86 trillion, increasing 9.6% in relation to 2017. This was mainly due to the performance of net portfolio, which increased $6 trillion, 10.4% above 2017.

Net investments presented a growth 5.5%, closing at $11.6 trillion, while cash and interbank funds closed at $5.6 trillion, 2.8% higher than 2017.

As of December 2018, gross loans grew 11.0%, which located Banco Davivienda in the second largest Colombian bank by gross loans, with a market share close to 15% in the Financial System. Retail Banking performance stands out, reaching a balance of $34.6 trillion and an 11% growth over 2017.

Mortgage loans presented a dynamic behavior, with annual growth of 16.7%. Particularly, there was growth in Governmental programs for home



BANCO DAVIVIENDA / ASSETS BEHAVIOR
(IN TRILLION PESOS)

acquisition, addressed to middle and low income families. The Bank continues to be the leader in placement of mortgage portfolio in Colombia, with a market share around 25.0%.

Consumer portfolio reported an annual growth of 6.0%, fixed-rate credit and payroll segments stand out, with increases of 16.0% and 6.0% respectively.

Wholesale banking closed with a balance of $33.5 trillion, 11.0% higher than the previous year, mainly due to the growth of construction segment, which increased 14.8%, and corporate portfolio with a 12.6% growth over the year.

The PDL by days of delinquency[19] closed at 3.86%, presenting a deterioration of 109 bps compared to 2017, mainly due to specific cases of the commercial portfolio in Colombia.

BANCO DAVIVIENDA / GROSS LOANS

(IN BILLION PESOS, EXCEPT PERCENTAGES)

	2017	2018	Variation	
			Amount	Percentage
Wholesale banking	**30,148**	**33,467**	**3,318**	**11.0%**
Corporate	17,834	20,088	2,255	12.6%
Construction	4,235	4,862	627	14.8%
Companies	1,446	1,592	145	10.0%
SMEs	6,634	6,925	291	4.4%
Retail banking	**31,198**	**34,617**	**3,419**	**11.0%**
Consumer	16,713	17,716	1,003	6.0%
Mortgage	14,485	16,901	2,416	16.7%
Total	**61,346**	**68,084**	**6,737**	**11.0%**

16.7%
Annual growth of mortgage loans.

Commercial portfolio PDL presented the highest increase (220 bps) closing at 4.57%, mainly due to specific customers of the transport, energy and infrastructure sectors.

Mortgage portfolio closed at 2.84%, 34 bps higher than 2017. This deterioration occurred mainly in Colombia's portfolio, as a result of mortgage loans disbursed to independent individuals, leasing operations, and securitizations for $248 billion, performed during the year.

The consumer portfolio PDL closed at 3.49% as of December 2018, 20 bps lower than that reported at the end of 2017, attributable to a favorable response of unsecured personal loans, credit cards and payroll to policy changes implemented in Colombia.

The coverage ratio[20] for Past-Due Loans closed at 139%. This lower level (compared to 2017) was due to a deterioration in the commercial and mortgage portfolios.

19. PDL by days of delinquency: (Consumer > 60 days, Commercial and Microcredit > 90 days; Mortgage and leasing > 120 days) / Gross Loans

20. Coverage: Provisions / Past due loans by days of delinquency

BANCO DAVIVIENDA / PDL AND COVERAGE RATIOS

(IN PERCENTAGES)

	2017	2018
Consumer PDL	3.61%	3.49%
Commercial PDL	2.37%	4.57%
Mortgage PDL	2.36%	2.84%
Total PDL	**2.71%**	**3.86%**
Total Coverage	**179%**	**139%**

PDL by days of delinquency: (Consumer > 60 days, Commercial and Microcredit > 90 days; Mortgage and leasing > 120 days) / Gross Loans
Coverage: Provisions / Past due loans by days of delinquency

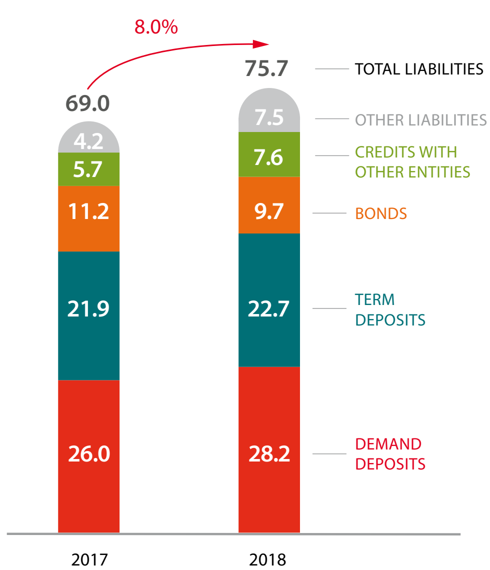
$75.7 trillion
Total Davivienda's liabilities as of 2018.

LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities totalled $75.7 trillion, growing 9.8% compared to 2017, mainly due to an increase in 8.7% of demand deposits, which closed at $28.2 trillion, and term deposits, which increased 3.7% reaching $22.7 trillion.

Gross loans to funding sources ratio closed at 99.8%.

Savings deposits represented 33.1% of total funding sources, checking accounts represented 8.3%, term deposits 33.3%, bonds 14.2%, and credits with other entities 11.2%



BANCO DAVIVIENDA / LIABILITIES BEHAVIOR

(IN TRILLION PESOS)

BANCO DAVIVIENDA / FUNDING SOURCES

(IN BILLION PESOS, EXCEPT PERCENTAGES)

	2017		2018		Variation	
	Amount	Share	Amount	Share	Amount	Percentage
Savings Accounts	$20,273	31.3%	$22,579	33.1%	$2,306	11.4%
Checking accounts	$5,699	8.8%	$5,661	8.3%	($38)	(0.7%)
Term Deposits	$21,894	33.8%	$22,697	33.3%	$803	3.7%
Bonds	$11,179	17.3%	$9,665	14.2%	($1,513)	(13.5)
Credits with other entities	$5,664	8.8%	$7,624	11.2%	$1,960	34.6%
Funding sources	**$64,708**	**100.0%**	**$68,226**	**100%**	**$3,518**	**5.4%**

EQUITY ANALYSIS AND STRUCTURE

At December 2018, the Bank's equity closed at $10.3 trillion, $799 billion more than those registered in December 2017.

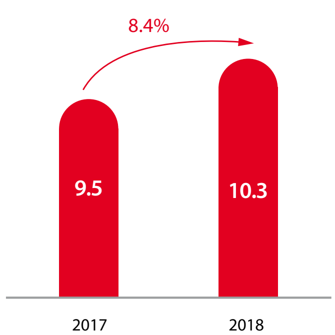
Likewise, by December 2018, the Total Regulatory Capital amounted $11.5 trillion, while risk weighted assets totalled $72.6 trillion. Taking into account a Value at Risk (VaR) of $312 billion, these figures result in a total capital adequacy ratio of 15.1%, compared to the 9% regulatory minimum; and a Tier I of 9.63%, compared to a regulatory of 4.5%.

$10.3 trillion Bank's equity in 2018.

15.1% Total capital adequacy ratio compared to the 9% regulatory minimum.

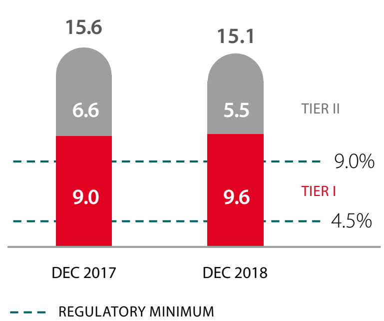
EQUITY

(IN TRILLION PESOS)



CAPITAL ADEQUACY RATIO

(IN PERCENTAGE)



INCOME STATEMENT

The accumulated net profit as of December 2018 totaled $1.19 trillion, an increase of 7.8% compared to $1.11 trillion as of December 2017.

BANCO DAVIVIENDA / RESULTS AS OF DECEMBER 2018

(IN BILLION PESOS, EXCEPT PERCENTAGES)

	December 2017	December 2018	Growth	
			Amount	Percentage
Financial income	7,562	7,702	140	1.9%
Loan Income	7,076	7,281	205	2.9%
Investments Income	424	358	(66)	(15.6%)
Interbank funds and overnight	61	63	2	2.0%
Financial expenses	3,225	2,857	(369)	(11.4%)
Gross financial margin	**4,337**	**4,846**	**509**	**11.7%**
Provision expenses	1,777	2,177	400	22.5%
Net financial margin	**2,560**	**2,668**	**109**	**4.2%**
Operating income	1,064	1,182	118	11.1%
Operating expenses	2,377	2,553	176	7.4%
Net changes and derivatives	68	90	22	32.7%
Other income and net expenses	66	31	(35)	(53.4%)
Operating margin	**1,380**	**1,418**	**38**	**2.8%**
Taxes	272	223	(48)	(17.8%)
Net Profit	**1,108**	**1,195**	**86**	**7.8%**

$1.19 trillion Accumulated net profit as of December 2018.

These results were obtained as a consequence of higher interest portfolio income related to a growth in mortgage and consumer portfolios, a reduction in financial expenses and an increase in operating income. Average Return on Equity was 12.2%.

The accumulated gross financial margin at December 2018 showed an annual increase of 11.7% as a result of lower funding costs, given an adjustment of interest rates following decisions on monetary policy.

The growth in loan income was 2.9%, mainly due to the increase in retail banking, in which mortgage portfolio income presented a growth of 13.3%, as a consequence of an increase in portfolio balances (16.7%). In relation to consumer portfolio, income grew at an annual rate of 4.6%. Finally, commercial portfolio income declined 4.7% compared to 2017, mainly affected by the repricing of asset rates.

Income from investments decreased 15.6%, closing at $358 billion, while financial expenses fell 11.4% as a consequence of lower costs in savings deposits (a decrease of 31.1% compared to 2017), and term deposits which decreased 3.1% over the year.

2.9%
Growth in loan income.

The net financial margin increased 4.2% in annual terms with an expansion of the gross financial margin and an increase of 22.5% in provision expenses during the year.

Net provision expenses increased $400 billion, to close at $2.2 trillion, 22.5% higher than those presented in 2017, mainly due to higher provision expenses in the commercial portfolio related to specific corporate customers, and increased consumer portfolio provisions. Thus, 12-month Cost of Risk[21] as of December 2018 was 29 bps higher than 2017, increasing from 2.9% to 3.2%.

The operating margin closed at $1.4 trillion, 2.8% higher than 2017, mainly due to an increase in operating income, and a greater profit from exchange and derivatives operations.

Operating expenses closed at $2.6 trillion, 7.4% higher than those registered in 2017, mainly explained by an increase in operational costs, which grew 5.6%. The efficiency ratio[22] improved by 82 bps, from 45.3% on December 2017 to 44.5% on December 2018.

Taxes closed at $223 billion, 17.8% less than 2017. As a result, net profit rose to $1.2 trillion, 7.8% higher over 2017, and the return on average equity closed at 12.2%.

21. 12-month Cost of Risk: Net provision expense (12 months) / Gross loans.

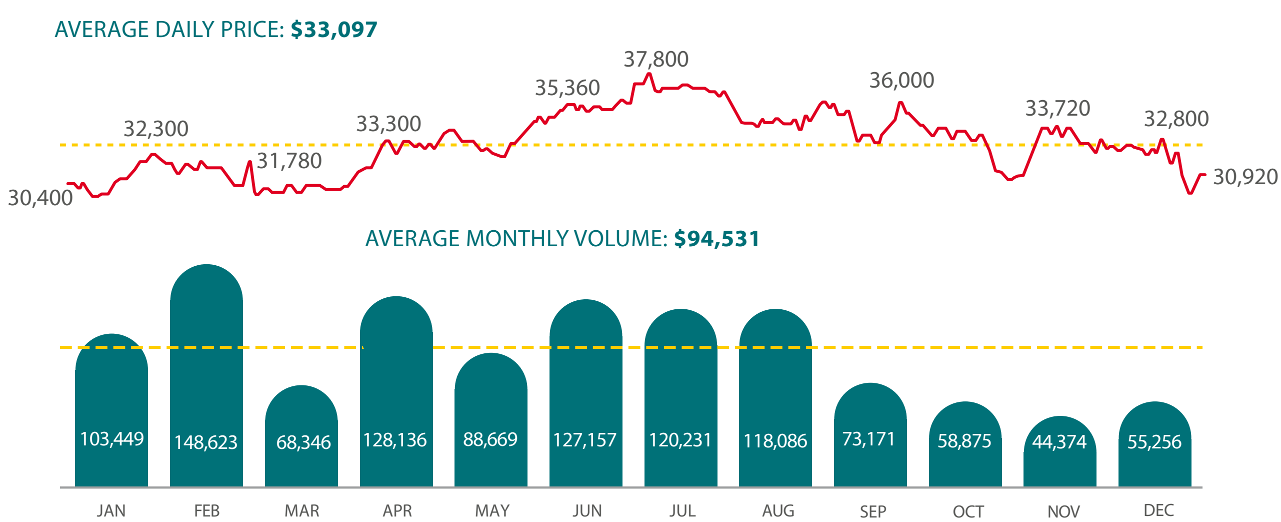
22. 12-months Efficiency = Operating Expenses (12 months) / (Gross financial margin + Net operating expenses excluding dividends + net exchange and derivatives + other income and expenses (net) (12 months))

$94.5 billion

Average monthly trading volume during the year.

SHARE EVOLUTION

At the end of 2018, Banco Davivienda had 451.7 million shares outstanding[23], the same amount as of 2017. Of these 23.9% were preference shares traded on the Colombian stock market, 43.5% were owned by local pension funds, 30.6% belonged to foreign investors, 19.6% to Colombian investors other than pension funds, and 6.5% to retail. The average monthly volume traded for the shares during the year totalled $94.5 billion, corresponding to a daily average of $4.7 billion. 2018 closed with a price of $30,920, 3.3% higher than the close of the previous year.



Source: Colombian Stock Exchange and Centralized Depository of Securities. Davivienda estimates.

23. At the close of 2017 the figure was 451,670,413 shares outstanding, of which 343,676,929 were ordinary and 107,993,484 were preferred shares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RESULTS OF THE OPERATION **BY SEGMENTS AND PERSPECTIVES**

The operating segments are components of the matrix that include results of the countries where we have presence.

OPERATION SEGMENTS

The Bank determines the presentation of its business operating segments based on the way in which information is organized and received; These segments are components of the Bank dedicated to financial and banking activities which generates income and expenses, and from which an effective rendering of accounts is ensured, for an optimal measurement of assets, liabilities and results, that are regularly evaluated and verified by the Strategic Committee, headed by the Bank's CEO (MITDO - Maximum Instance for Making Operational Decisions), for a correct decision-making, an appropriate allocation of resources, and related assessment of performance. Taking into account this structure, the Bank's operation segments were therefore determined as follows:

- Activities of individuals and businesses, which are reported separately at the level of assets, liabilities, income and expenses.
- Results which are regularly evaluated by the MITDO.
- The relationship which provides differentiated financial information.

The results of the different countries where Davivienda has presence, are classified and presented in the following segments established by the Bank:

RETAIL BANKING

This segment includes all products and services offered to individuals. Davivienda provides a wide variety of products and services focused on meeting customer needs, among which there are savings, investment and financing products.

WHOLESALE BANKING

This segment includes products and services offered to companies. It provides financial and transactional solutions in local and foreign currency, savings, investment and financing products, aiming to cover the needs of these type of customers across a wide range of sectors of the economy.

ALM DISCRETE FINANCIAL INFORMATION

The ALM (assets and liabilities management) Discrete Financial Information segment corresponds to segments of assets, liabilities, income and treasury expenses equal or greater than 10% of assets, which are presented in aggregate terms, as well as the management of mismatches and liabilities, and any effects of re-expression related to the exchange rate, or due to a Treasury position or the Bank Book. For this reason, the results of the segment reflect not only the outcome of a business line, but also corporate decisions on issuances management and the Bank's financing. Even so, the Bank's liquidity resources are managed and monitored by management, along with other segments. Taking this into account, we present the basic dynamics in the segment.

INTERNATIONAL OPERATION

This segment corresponds to the Bank's international operations: therefore, it includes financial information from the subsidiaries abroad, located in El Salvador, Honduras, Costa Rica and Panama. These subsidiaries obtain their income from a variety of financial products and services offered in each country, based on an effective offer of integral value for multi-Latin customers, with great focus on quality and service.

In the following section we present the results by segments of Banco Davivienda S.A. consolidated, prepared under International Financial Reporting Standards (IFRS), following the guidelines established by senior management.

RESULTS BY SEGMENT 2018

▷ RESULTS BY SEGMENT / JANUARY - DECEMBER 2018

(IN MILLION PESOS)

Income statement	Retail	WholeSale	ALM Discrete Financial Information*	International**	Eliminations and Standardizations	Total Consolidated Bank
Interest income	4,615,637	2,612,954	485,316	1,726,515	69,220	9,509,642
Interest expense	(330,219)	(1,521,195)	(1,005,205)	(721,361)	19,824	(3,558,156)
Net FTP***	(1,109,782)	593,455	516,327	-	-	-
Portfolio allowances and accounts receivable net	(1,413,309)	(759,598)	(4,222)	(234,017)	336,404	(2,074,742)
Net financial margin	**1,762,327**	**925,616**	**(7,784)**	**771,137**	**425,448**	**3,876,744**
Commissions, services and insurance income, net	553,855	182,318	277,061	312,353	(55,757)	1,269,830
Result from investments in associates, net	-	-	7,597	-	-	7,597
Dividends	-	-	18,975	-	-	18,975
Operational expenses	(1,593,061)	(727,023)	(390,689)	(776,858)	73,742	(3,413,889)
Changes and derivatives, net	-	-	90,047	51,112	4,279	145,438
Other income and expenses, net	(10,939)	27,266	13,654	22,445	(80,848)	(28,422)
Operating margin	**712,182**	**408,177**	**8,861**	**380,189**	**366,864**	**1,876,273**
Income taxes and related taxes	(92,621)	(148,262)	(15,145)	(105,410)	(116,334)	(477,772)
Net profit	**619,561**	**259,915**	**(6,284)**	**274,779**	**250,530**	**1,398,501**
Assets	**34,686,601**	**32,013,132**	**19,832,762**	**24,877,735**	**(686,292)**	**110,723,938**
Liabilities	**14,096,905**	**35,122,169**	**26,667,747**	**21,958,046**	**1,469,175**	**99,314,042**

* ALM: Assets and Liabilities Management.
** International: Results of international subsidiaries without eliminations and standardizations.
*** Net FTP: It refers to the costs of transferring resources between segments, which are assigned in a systematic and coherent manner, and managed within the entity.

RESULTS BY SEGMENT / JANUARY - DECEMBER 2017

(IN MILLION PESOS)

Income statement	Retail	WholeSale	ALM Discrete Financial Information*	International**	Eliminations and Standardizations	Total Consolidated Bank
Interest income	4,283,583	2,746,334	549,119	1,535,912	223,068	9,338,016
Interest expense	(353,452)	(1,861,053)	(1,010,622)	(635,133)	16,458	(3,843,802)
Net FTP***	(1,096,015)	567,580	528,435	-	-	-
Portfolio allowances and accounts receivable net	(1,311,013)	(464,891)	(1,243)	(186,168)	(12,047)	(1,975,362)
Net financial margin	**1,523,103**	**987,970**	**65,689**	**714,611**	**227,479**	**3,518,852**
Commissions, services and insurance income, net	541,437	204,589	239,655	255,196	(36,620)	1,204,257
Result from investments in associates, net	-	-	4,350	-	-	4,350
Dividends	-	-	7,262	-	-	7,262
Operational expenses	(1,499,640)	(665,461)	(351,240)	(738,047)	64,038	(3,190,350)
Changes and derivatives, net	-	-	67,836	31,523	5,057	104,416
Other income and expenses, net	(35,827)	12,393	89,943	6,785	(34,105)	39,189
Operating margin	**529,073**	**539,491**	**123,495**	**270,068**	**225,849**	**1,687,976**
Income taxes and related taxes	(52,443)	(201,042)	(50,342)	(71,304)	(29,864)	(404,995)
Net profit	**476,630**	**338,449**	**73,153**	**198,764**	**195,985**	**1,282,981**
Assets	**31,276,464**	**28,985,966**	**18,686,234**	**23,944,542**	**(2,121,918)**	**100,771,288**
Liabilities	**13,010,859**	**33,491,128**	**22,619,237**	**21,099,514**	**(333,316)**	**89,887,422**

* ALM: Assets and Liabilities Management.
** International: Results of international subsidiaries without eliminations and standardizations.
*** Net FTP: It refers to the costs of transferring resources between segments, which are assigned in a systematic and coherent manner, and managed within the entity.

During 2018, methods of calculation of transfer prices underwent changes based on adjustments to best practices. In order to make the results comparative, methods were applied historically. This situation represents differences with the figures presented at the end of 2017 in previous reports. Further, there is an annual review of customer segmentation; and, where necessary, new classifications are made with changes in business units.

RETAIL BANKING

Accumulated profit to December 2018 in this segment totalled $619,561 million, presenting a growth of 30% on comparison to the previous year, mainly due to an increase in interest income, which rose 7.8%. Retail banking profits represented 44.3% of the Bank's total profit, compared to 37.2% in 2017.

The net financial margin for retail banking by December 2018 increased 15.7% compared to 2017, and represents, $239,224 million this was principally explained by an increase in interest income, which increased $332,054 million compared to 2017. This as a result of the growth presented by mortgage portfolio, fixed consumer loans and means of payment lines, which grew 13.81%, 11.7% and 9.37%, respectively.

Provision expenses affected the financial margin; this is mainly due to a growth of 7.8% compared to the preceding year. That increase had its greater effect in mortgage portfolio, with an increase of 190.11%, principally due to rollovers in the residential leasing and VIS+ housing loans. Fixed consumer loans increased 20.6%. The growth in provisions for mortgages and fixed consumer business is as well justified by risk policy adjustments which target was to maintain a healthy growth in the portfolio.

Income for services by December 2018 increased 2.3%, or $12,417 million in relation to 2017. This growth was mainly due to movements in means of payment lines (5.36%) and payroll loans (25.14%).

Finally, operating expenses grew 6.2%, or $93,421 million compared to December 2017. There was an important growth in expenses (8.9%) in the areas related to collection with an increase in support expenses across the bank due to the new phase of asset mobilization, and increases in the tax expenses, in particular, Bank Transaction Tax (4X1000), and deposits insurance.

Further, transaction expenses presented an important increase caused by the implementation of digital strategies, incurring in additional expenses such as biometric authentication, cloud services, and transaction monitoring engines. Fixed consumer costs grew 71.6% due to selling expenses, related to the number of products disbursed (sold), with the growth of the mobile credit initiative.

$619.6 billion

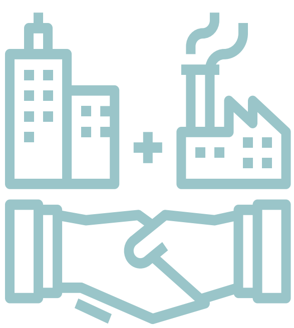
Accumulated profit of the retail banking segment as of December 2018.

WHOLESALE BANKING

At December 2018, the net profit for this segment presented a reduction of 23.2%, or $78,5 billion. Profits for the Wholesale banking represented 18.5% of the Bank's total profit.

As of December 2018, the net financial margin decreased 6.3%, or $62.4 billion, with a fall of 4.9% in interest income compared to 2017 ($133.4 billion) Principally due to an increase in non-performing loans, which meant a reduction of 180 bps, and furthermore a fall in the principal reference rates. Otherwise construction loans increased 8.31%, or $30.0 billion.

Lower interest expenses offset the decline in profit, with a reduction of 18.3%, or $339.9 billion. Although all banking segments reduced this expense, the main variation was registered in Wholesale Banking, which increased 19.23% compared to 2017 ($337.1 billion), mainly due to a recomposition of collection by type of costs, in which low-cost operations increased by 160 bps.



Further, the increase in loan provisions was 63.4% or $294.7 billion, and this represented an important effect in the financial margin for the segment. Once again,the most important change was in Wholesale Banking with an increase of 87.87% compared to 2017, with provisions of $204.9 billion, the main reason to explain this was that commercial loans were affected by high levels of risk as a consequence of the general economic slowdown, and the impact which tax reforms had on certain sectors of the economy.

The non-performing loan ratio (CDE loans) increased 178 bps compared to 2017, the 75% of the commercial portfolio was in an optimum risk level, while the 19% was presenting a significant deterioration in its risk level. It is important to explain that corporate loans were principally affected due to specific credit exposure to customers with financial situations in the sectors of engineering and civil works. The coverage indicator was stable along the whole year.

In relation to commissions and income by net services, there was a deterioration of 10.9%, in the case of Wholesale Banking (decreased of 15.15%), from transaction income; and the most important decrease came from ACH commissions.

Finally, operating expenses increased 9.3%, or $61.6 billion, compared to 2017, principally due to the growth in Wholesale Banking (9.39%); these expenses in turn were justified by increases in support items (16.31%) and deposit insurance (9.63%). SME banking grew 9.57%, and the main increases were related to the areas of administration (19.3%) and support (23.65%), due to leases in the new phase of as asset mobilization, to increases in the tax expense, in particular, Bank Transaction Taxes ,deposit insurance and sales expenses (5.7%), due to the number of products disbursed (sold), which doubled, with the *Crédito Móvil* initiative.

DISCRETE FINANCIAL INFORMATION ALM

Net profit from the ALM segment decreased 108.6% compared to 2017, ($79.4 billion), with a total loss of $6,283 million.

The net financial margin for the segment declined 111.8%, mainly due to the reduction of income by of 11.6%, or $63.8 billion compared to 2017, and a growth of 239% ($3.0 billion) in provisions, with an increase of $3.0 billion in international banking, due to recoveries from 2017.

Operating expenses grew 11.2% ($39.4 billion), largely due to the fact that in 2018 the Bank was in a new phase of asset mobilization, in addition to increases, particularly in the tax expense, Bank Transaction Tax, and deposit insurance. These are expenses which relate directly to collecting products.

Finally, in other incomes and expenses, there was a decrease of 84.8% ($76.2 billion) compared to 2017.

INTERNATIONAL OPERATIONS

38.2%
Net profit growth in the international segment.

Net profit from the international segment presented a growth of 38.2% ($76.0 billion), compared to 2017, and accounted for 19.6% of the Bank's total profit.

The net financial margin increased 7.9% compared to the previous year explain by a growth in income of 12.4% ($190.6 billion), while interest expenses increased 13.6% ($86.2 billion). Provisions were 25.7% higher ($47.8 billion), and partly offset the growth in the financial margin for the segment.

Commission services income grew 22.4% ($57.1 billion), which offset the growth of operating expenses that had a particular growth of 5.3% ($38.8 billion), in the previous year.

EL SALVADOR [24]

At the close of 2018 Banco Davivienda held 96.1% of Inversiones Financieras Davivienda in El Salvador. This holding company for the financial conglomerate in that country owned, in turn, 98.24% of Banco Davivienda Salvadoreño, 99.9% of the insurance companies, and 99.9% of Factoraje Davivienda, now known as "Davivienda Servicios". Indirectly and through Banco Salvador, it also held 99.9% of Valores Davivienda.

At the same date, Banco Davivienda Salvadoreño moved up to second place in the financial system by assets, with US$2.6 billion, and a market share of 14.5%. The Bank closed with gross loans of US$1,844 million, consisting of 46% commercial portfolio, 37% consumer portfolio and 17% mortgage portfolio. Consumer portfolio increased sharply, 5.4% higher in the close of the year.

▷ **LOAN GROWTH**

	Dec. 2018 / Dec. 2017
Mortgage	1.2%
Consumer	5.4%
Commercial	5.1%
Gross Loans	4.5%

The assets of Banco Davivienda increased 4.3% compared to the previous year mainly due to growth in net portfolio, 4.5% higher, and with an increase in the balance of investments.

24. Homologated Local figures

Equity closed at US$290 million, an increase of 5.1% mainly due to the growth of net income of Banks and Insurance which increased US$18 million, closing at US$308 million.

Profits of the Davivienda banking and insurance interests during the year registered US$ 28.5 million, an increase of 8.0% of the previous year, mainly due to increased investment income, of US$ 5.6 million.

Loan income in the Bank increased 4.9%, and (US$ 7.8 million), mainly due to growth in consumer portfolio, in which income increased 5.8%. Expenses registered an additional 14.5%, and provisions registered 16.6% more (US$ 2.7 million).

BANKING AND INSURANCE BUSINESS IN DAVIVIENDA EL SALVADOR / MAIN FIGURES

(IN MILLION DOLLARS, EXCEPT PERCENTAGES)

	2017	2018	Variation	
			Amount	Percentage
Assets	2,527	2,637	110	4.4%
Net loans	1,723	1,802	78.4	4.5%
Liabilities	2,234	2,329	96	4.3%
Equity	293	308	15	5.1%
Net Profit	26.4	28.5	2.1	8.0%

HONDURAS[25]

At the close of 2018 Banco Davivienda held 94.2% of Banco Davivienda Honduras and 88.6% of the insurance company. The Bank's assets totalled US$1.1 billion, with a share of 5.9% in the financial system, the sixth largest business of its kind in the country, with gross loans of US$874 million. Commercial portfolio accounted for 41% of the total, consumer portfolio for 32%, and mortgages portfolio for 27%.

Loan performance was mainly driven by the growth in commercial portfolio of US$56 million, representing san annual growth of 18.2%, and mortgage portfolio with US$11 million, up 4.9%. Consumer portfolio grew 16.8%.

LOAN GROWTH

	Dec. 2018 / Dec. 2017
Mortgage	4.9%
Consumer	16.8%
Commercial	18.2%
Loans Portfolio	13.9%

25. Homologated Local figures

The Bank's profits totalled US$ 11.6 million, presenting an increase of 23.9% compared to the previous year, mainly due to an increase in operating income which closed at US$15.9 million, 18.2% above the level of 2017.

The insurance company closed with assets of US$85 million, 1.2% higher than 2017. Liabilities totalled US$ 53 million, increasing 1.3%, and equity closed at US$ 33 million. Finally, the company wrote US$42 million in premiums, with profit of US$7.3 million during the year, increasing 35.8% over 2017.

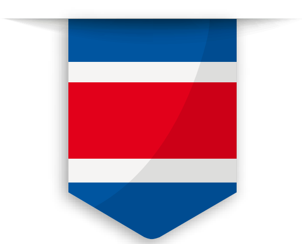
BANKING AND INSURANCE BUSINESS IN DAVIVIENDA HONDURAS / MAIN FIGURES

(IN MILLION DOLLARS, EXCEPT PERCENTAGES)

	2017	2018	Variation	
			Amount	Percentage
Assets	1,116	1,222	105	9.4%
Net loans	746	852	105	14.1%
Liabilities	956	1,058	102	10.7%
Equity	160	163	3	1.9%
Profit	14,7	19.2	4.4	28.3%

Closing rate at December 2018: US$1 = 24.21 lempiras.
Closing rate at December 2017: US$1 = 23,53 lempiras.
Average rate at December 2018: US$1 = 23.91 lempiras.
Average rate at December 2017: US$1 = 23.49 lempiras.

COSTA RICA[26]



At the close of 2018, Banco Davivienda Colombia and Banco Davivienda Panamá Internacional held 80.77% and 19.23% respectively of the Grupo del Istmo. This important group holds 99.97% of Corporación Davivienda. The Corporación in turn holds 100% of Davivienda Costa Rica, 100% of the securities exchange seat, 100% of the insurance agency now named Davivienda Corredora de Seguros, 51% of Davivienda Seguros and 100% of Davivienda Leasing.

At the same date, Banco Davivienda Costa Rica was the sixth largest bank in the country, with a market share of 6.7% and US$2.9 billion of assets. The total gross loans were US$2 billion, of which 57% were commercial, 16% consumer, and 27% mortgage. Mortgage was the portfolio with the greatest growth, closing at US$550 million, above 5.7% compared to the preceding year.

26. Homologated Local figures

LOAN GROWTH

	Dec. 2018 / Dec. 2017
Mortgage	5.7%
Consumer	5.7%
Commercial	4.0%
Gross portfolio	4.8%

The value of Banco Davivienda assets in Costa Rica closed at US$2.9 billion, 4% higher than 2017, while liabilities increased 4.0%, Closing at US$2.7 billion. Equity was US$ 259 million, presenting an increase of 4.7%.

During 2018, Banco Davivienda reported US$22.5 million of profits, with an addition of 56.4% in relation to 2017.

The portfolio income generated by the Bank increased US$27.5 million compared to 2017, and increase of 16.4%. Investment income grew 29.1%, and financial expense 17.3%. This mainly due to increased costs of portfolio, and an increase in term deposits of 15%. Finally, the provision expense increased 39.8% compared to 2017.

The insurance company reported US$21 million of assets, growth of 2% compared to the previous year. Liabilities totalled US$ 9 million, increasing 10.1%, and equity stood at US$ 12 million. Finally, the company wrote US$9 million in premiums, and made a profit of US$1.1 million in 2018.

BANKING AND INSURANCE BUSINESS IN DAVIVIENDA COSTA RICA / MAIN FIGURES

(IN MILLION DOLLARS, EXCEPT PERCENTAGES)

	2017	2018	Variation	
			Amount	Percentage
Assets	2,853	2,968	115.1	4.0%
Net loan portfolio	1,866	1,920	79.4	4.3%
Liabilities	2,593	2,697	103.8	4,.0%
Equity	260	271	11.0	4.3%
Profit	15.7	23.6	7.9	50.4%

Closing rate at December 2017: US$1 = 565.65 colones.
Closing rate at December 2018: US$1 = 598.37 colones.
Average rate at December 2017: US$1 = 562.96 colones.
Average rate at December 2018: US$1 = 573.91 colones.

PANAMA[27]

By the end of 2018 the assets of Banco Davivienda Panama were US$1,406 million, consisting of US$ 1,279 million in the General Licence, and US$126 million in the International Licence, presenting an increase of 0.05% compared to 2017.

Gross loans closed at US$846 million, mainly consisting of commercial operations (85.1%). In particular, mortgages portfolio which increased 22.9%, closing at US$93 million, representing 11% of total portfolio.

LOAN GROWTH

	Dec. 2018 / Dec. 2017
Mortgage	22.9%
Consumer	3.3%
Commercial	4.7%
Gross Portfolio	6.4%

Liabilities totaled US$1,233 million, divided between US$1,117 million in the General Licence, and US$ 116 million in the International Licence, a decrease of 0.6% compared to 2017.

Equity closed at US$173 million, of which US$162 million was under the General Licence, 2% up on 2017, and US$11 million under the International Licence, an increase of 4.7%.

By December 2018, profits closed at US$11.1 million, with an increase of 4.0% over the year principally due to the increase in investment income (up 32.7%), and lower provision expenses of US$4.6 million (24.8% bellow 2017). Operating expenses were stable during the year.

BANKING BUSINESS IN DAVIVIENDA PANAMA / MAIN FIGURES*

(IN MILLION DOLLARS, EXCEPT PERCENTAGES)

	2017	2018	Variation	
			Amount	Percentage
Assets	1,405	1,406	0.8	0.05%
Net loan portfolio	779	829	49.7	6.4%)
Liabilities	1,240	1,233	6.9	(0.6%)
Equity	165	173	7.8	4.7%
Profit	10.7	11.1	0.4	4.0%

* Includes International Licence, does not include investment and Equity Method of Accounting in Grupo del Istmo

27. Homologated local figures

INTERNATIONAL OPERATION MAIN FIGURES

INTERNATIONAL OPERATION MAIN FIGURES

(IN MILLION DOLLARS, EXCEPT PERCENTAGES)

	Assets		Δ%	Gross Loans		Δ%	Equity		Δ%	Profit		Δ%
	2017	2018	year	2017	2018	year	2017	2018	year	2017	2018	year
BANKS												
El Salvador	2,491	2,599	4.3%	1,764	1,844	4.5%	276	290	4.8%	22	24	9.6%
Honduras	1,032	1,137	10.1%	767	874	13.9%	128	131	2.1%	9	12	23.9%
Costa Rica	2,832	2,497	4.0%	1,901	1,991	4.8%	247	259	4.7%	14	22	56.4%
Panama	1,405	1,406	0.1%	795	846	6.4%	165	173	4.7%	11	11	4.0%
Total Banks	**7,761**	**8,089**	**4.2%**	**5,227**	**5,555**	**6.3%**	**817**	**853**	**4.4%**	**56**	**69**	**22.9%**
INSURANCE												
El Salvador	36	38	5.7%				18	18	1.9%	4.7	4.7	0.7%
Honduras	84	85	1.2%				32	33	0.9%	5.4	7.3	35.8%
Costa Rica	22	22	2.5%				13	13	(2.4%)	1.3	1.1	(16.0%)
Total insurance	**143**	**147**	**2.5%**				**62**	**64**	**0.5%**	**11.4**	**13.1**	**15.4%**
OTHER COMPANIES												
Other companies + Holding	**78**	**85**	**10.0**				**12**	**15**	**24.2%**	**0.4**	**2.9**	**564**
TOTAL INTERNATIONAL OPERATION												
TOTAL	**7,980**	**8,320**	**4.3%**				**892**	**931**	**4.3**	**68**	**85**	**25.2%**

RISK ANALYSIS

Davivienda's Risk Management is framed on a governance structure designed to secure strategic goals, on the basis of risk management and control, supporting business growth and opportunities exploitation.

RISK MANAGEMENT

The corporate risk model of Davivienda is constantly evolving to match the entity´s policies, based on specific elements of business risk management is defined in the document "Enterprise Risk Management" published by the Committee of Sponsoring Organizations of the Treadway Commission - COSO - in 2004, and subsequent documents such as COSO Internal Control-Integrated Framework-published in 2014; and Enterprise Risk Management-Integrating with Strategy and Performance-published in 2017.

The Corporate Risk Committee is responsible for ensuring and protecting a proper scheme of control for each risk, supervising the way in which the risk areas in the Bank are managed, and generating guarantees for the effectiveness in the control of levels of risk, always ensuring that they are within levels defined by Grupo Bolivar.

The corporate risk committee is responsible for ensuring the operation of the organization's Enterprise Risk Management (ERM) System.

AMONG ITS MAIN FUNCTIONS WE CAN LIST THE FOLLOWING:

- Evaluate the harmonic functioning of the different risk management systems, as well as the integral risk profile of the organization.
- Assurance that the risk levels in the organization match the appetite for risk established, and determine sufficient capital to attend exposure..
- Proposals for the framework of risk appetite to be approved by the Board.

The specialised risk areas are responsible for the assessment and control of risks, furthermore they are in charge of the definition of methods and proposals for policies through a structure of government which will enable the strategic objectives of the organization to be achieved.

The Corporate Risk Committee is responsible for ensuring the operation of the organization's Enterprise Risk Management System.

FRAMEWORK FOR RISK APPETITE

The framework for risk appetite approved by the Directors of Banco Davivienda determines the risks and exposure levels which the organization is prepared to assume in the execution of its business strategy.

The risks represent four major objectives:

1. Capital
2. Profitability, risk and growth
3. Equity funding
4. Stakeholder confidence

These objectives are expressed in metrics which are regularly reviewed and analysed for prompt management of risk, with solid understanding of the Bank's risk profile.

The framework for risk appetite clearly establishes the levels and types of risk which the Bank is prepared for.

OBJECTIVES

The definition of the framework for risk appetite is intended to secure the following objectives:

- Consideration of the interests of different stakeholders related to the Bank, guranting sustainability through a comprehensive and complete vision of risk management;
- Evidence of the Bank's capacity to tolerate each risk, as a framework for strategy for these levels of acceptance;
- Preparation of proactive risk management for the medium and long term which will allow the Bank to confronte and avoid levels beyond those which is prepared to assume.
- Alignment of decisions within the Bank, so these are consistent with its risk appetite.

The framework for risk appetite clearly explains the levels and types of risk in which the Bank is prepared to engage in attaining its objectives. At the same time, it is incorporated into the management and development of the budget.

STRATEGIC RISK

For Davivienda, the strategic risk is understood as the possible deviation from the expected results as a consequence of decisions with strategic nature, inadequate application of those decisions, and a lack of capacity to respond to changes in the environment.

Strategic risk management is a continuous process that incorporates the control of execution for the strategy, and therefore has a comprehensive and systematic assessment of strategic decisions in both cases, the quest to secure achievement of the Bank's strategic targets.

During 2018, the following factors of strategic risk were ratified, and presented to the Directors as part of the strategies proposed for the year 2020:

- Change of consumer behaviour in the new digital world;
- Capacity to attract and retain talent as means to deal with a new digital world;
- Capacity to access local and international financial markets, in order to guarantee the entrance for debt or capital financing (country and bank risk ratings);
- Changes in regulation that arise from new capital and liquidity requirements (e.g. Basel III);
- Local regulatory changes that have adverse effects on business dynamics and the Bank´s results (e.g. Intervention in banking commissions).

Further, during 2018 progress was made in the implementation of the strategic risk management methodology, analysing opportunities and threats in the environment, and constantly monitoring trends in world of banking, identifying best industry practices.

CREDIT RISK MANAGEMENT SYSTEM
(SARC, IN ITS SPANISH ACRONYM)

Credit risk is defined as the possibility of loss resulting from a borrower's or counterpart's failures to repay a loan or fulfill its obligations in accordance with agreed terms, generating a negative effect on the value of the Bank's portfolio.

The purpose of credit risk management is to maximize the Bank's profitability, defining and establishing effective risk levels. This target is achieved through the identification and maintenance of expected loss levels within acceptable parameters, without ignoring relevant factors or uncertainties which may affect portfolio results.

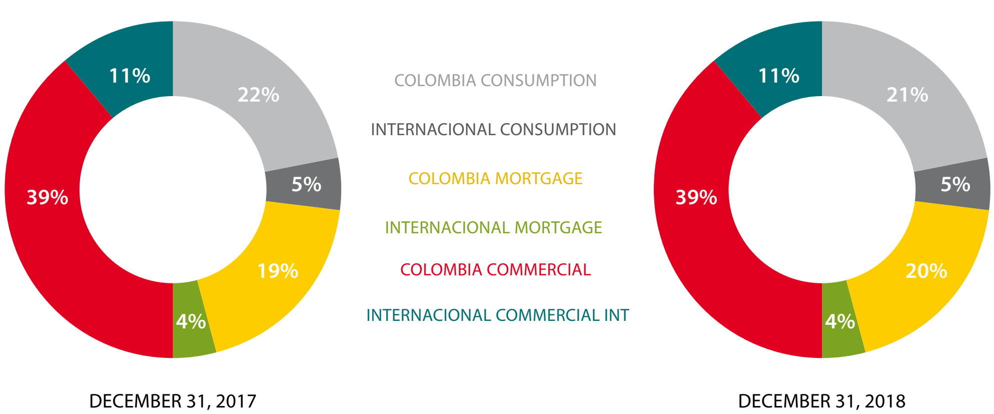
The purpose of credit risk management is to maximize the Bank's profitability, adjusting it to risk levels.

In order to maximise the Bank's profitability, and hold portfolios at a desired risk level, the Bank has continuously worked in a process of enhancement of credit risk management, designed to control and manage all stages of the cycle-origination, control, collections, and management of collaterals.

Under this premise, the Executive Risk Vice Presidency has reorganized the structure of the credit risk area, creating a Credit Risk Executive Department, which in turn has under management specific sections to attend Wholesale Banking, SMEs, and Retail Banking.

In addition, there are two transversal areas: the Credit Risk Modeling & Methodology Department, and the Risk Analytics and Management Department. Furthermore, in Central America, credit risk is managed through the Regional Unit which reports to the Risk Committees in the different banking areas involved.

By December 31, 2018 total portfolio registered a value of $87,8 trillion Davivienda Colombia contributed with 79%, and the international subsidiaries, 21% as follows:



▷ PORTFOLIO DISTRIBUTION

In 2018, our portfolio presented a growth of 12.3% compared to the previous year. Davivienda Colombia portfolio grew on average 11.4%. The greatest growth was in mortgage portfolio, increasing 16.7%, followed by commercial and consumer portfolios which increased 11.5% and 5.9% respectively. International subsidiaries rose 15.8% in Colombian peso terms.

GROSS LOANS COMPOSITION

(IN BILLION PESOS, EXCEPT PERCENTAGES)

	December 31, 2018	December 31, 2017	Variation		Share
			$	Percentage	
Davivienda Colombia	**69,581**	**62,473**	**7,108**	**11.4%**	**79%**
Commercial	34,513	30,854	3,658	11.9%	39%
Consumer	17,979	16,974	1,006	5.9%	20%
Mortgage	17,088	14,644	2,444	16.7%	19%
International Subsidiaries	**18,241**	**15,747**	**2,494**	**15.8%**	**21%**
Commercial	10,040	8,688	1,352	15.6%	11%
Consumer	4,327	3,696	631	17.1%	5%
Mortgage	3,875	3,364	511	15.2%	4%
TOTAL	**87,822**	**78,220**	**9,602**	**12.3%**	**100%**

In the follow-up carried out throughout 2018, we found that Retail Banking portfolio in Colombia was focused on an assessment which seeked to evaluate the performance of measures introduced in 2017 to contain the portfolio rollovers observed during that year. In addition, adjustments were made to profiling policies for free investment and Vehicle portfolios seeking to increase the share of lower-risk profiles. As a consequence, in addition to good performance of the credit card portfolio, the risk level observed in Retail portfolio for 2018 was stable.

In regard to Mortgage portfolio in Colombia, there was a registered increase in risk levels across the portfolio, mainly explained by the trend present in the financial system, which was in turned caused by residential leasing and VIS operations in segments close to the limit of financing percentages and terms allowed. During the course of the year we introduced policies to optimize collection management, and adjustments in strategies which we expected would improve the the portfolio's risk level.

Finally, in Retail Banking, we introduced standard risk policies from the customer's point of view.

Commercial portfolio's risk levels deteriorated as a result of specific situations with customers belonging to the infrastructure sector, who ceased to operate and repay their debts, which were acquired as part of the financial plan for those projects. In addition, there were financial evident weaknesses on specific customers belonging to the Mass Transit system.

2019's challenge: To consolidate digital granting processes in retail and SMEs banking.

With regard to international subsidiaries, the commercial segment increased its balance during the year mainly due to the performance of the bank in Honduras, which presented a growth of 18.2% compared to 2017.This results are explain by the dynamics of the local economy, largely driven by financing projects in the sugar-farming sector. Risk levels in the subsidiaries were stable, and this trend is expected to continue during 2019.

In the case of Retail Banking, subsidiaries reported a growth of 16.2% compared to 2017. In Honduras and Salvador, there was greater growth for products of payroll portfolios and credit cards. These were the segments on which the Bank has focused its strategy. Loan quality, compared to the previous year, has improved in response to adjustments in risk segments introduced at the beginning of 2018. In general terms, portfolio in Central America has performed positively, and we expect to maintain these levels.

The challenge for 2019 is focused on the consolidation of digital processes to grant loans in Retail and SME Banking. We have strengthened the research for new sources of information in order to improve application studies; furthermore we have upgraded models and methods, ensuring safe and sustained growth for the different portfolios. The construction of more robust and enhanced models will allow us to improve processes and increase our customer base developing a better understanding of it. Moreover we will consolidate the framework for credit risk appetite, and the definition of limits for concentration, growth, cost of risk and profitability of the diverse segments and strategies

MARKET RISK MANAGEMENT SYSTEM (SARM, IN ITS SPANISH ACRONYM)

The Board of directors, the Financial Risk Committee (CRF), the Investment and Risk Committees of the Collective Investment Funds and the Assets and Liabilities Management Committee (C-GAP) of each Group entity, as appropriate, are the bodies responsible for defining institutional policies in relation to the exposure to the different financial risks, taking into account that these policies must be coherent with the financial and operating structure of each of the entities, as well as with their strategy and corporate objectives. Likewise in each of the international subsidiaries there is a local Asset and Liability Management Committee ALCO, which must ratify decisions taken in the GAP ME Committee and will be responsible for the approval of the risk limit structure for the business level, and the monitoring of strategies.

For treasury market risk management, we have limits based on the business model (structural portfolios and trading portfolios), and limits by risk factor (interest rate and exchange rate). Among the measures used are the Value at Risk (VaR), the DV01 indicator, and early warning for losses. During 2018 investment portfolios reached the budget targets, with short-term conservative strategies prepared mainly due to the expectation of increased interest rates.

With regard to risk management of the exchange rate in the Bank's Book, a hedging strategy was maintained in 2018 through financial exchange coverage strategies that seek to reduce the sensitivity of the income statement and equity, from the perspective of a consolidated balance sheet. Coverage is defined based on the depth of the instrument markets for each currency and based on a prospective analysis of the economies and the market situation. As a result of this strategy, the impact of devaluation observed during 2018 was reduced in terms of consolidated capital ratios.

Davivienda uses the standard model for measurement, control and management of market risk by the Financial Superintendence of Colombia, focused on consumption and capital allocation. During 2018, the level of exposure to market prices was maintained on an average of $350 billion, according to the standard model.

In 2018, Davivienda's exposure level to market prices was in average **$350 billion,** according to the standard model.

MAXIMUM, MINIMUM AND AVERAGE VALUES OF VALUE AT RISK AS OF DECEMBER 31, 2017

(IN MILLION PESOS)

Business model	Minimum	Average	Maximum	Latest
Interest rate	173,779	193,433	215,028	173,779
Exchange rate	112,318	141,696	176,269	176,269
Shares	2,125	3,259	3,890	3,130
Collective portfolios	10,893	11,989	16,890	16,890
Value at Risk	**312,982**	**350,377**	**388,764**	**370,068**

In 2018 there was a liquidity gap in the market and a moderate growth of the portfolio, which resulted in low pressure on the liquidity reserve of Davivienda and its subsidiaries.

LIQUIDITY RISK MANAGEMENT SYSTEM (SARL, IN ITS SPANISH ACRONYM)

Liquidity risk management is executed taking into account from the balance-sheet structure, both the usual business funding needs and the support for stress situations. For the subsidiaries, situations of severe stress will be supported with liquidity from Colombia. To be aware of the exposure to liquidity risk we constantly measure the possibilities of withdrawals in stress situations, the deterioration of renewal indicators for term deposits, and other possible financial limitations. As a result, the principal risks of concentration of maturities and concentration of wholesale customers are identified, considering the volatility of the range of funding sources.

The methodologies used to estimate liquidity risk, for short-term purposes, consist of calculating cash flows of assets, liabilities and off-balance-sheet positions in different time bands, which enable permanent monitoring of liquidity gaps. For long-term management, the focus on the analysis of funding sources, composition in terms of segments or products, and the characterization of assets and liabilities which have no defined conditions of permanence.

INTERNAL CONTROL SYSTEM (SCI, IN ITS SPANISH ACRONYM)

The Bank and its subsidiaries conduct permanent reviews and updates on their controls, taking into account regulatory changes in an environment of new products, services and processes. Furthermore, we consider the materialization of events, in order to determine causes and design action plans to mitigate exposure of risks.

Policies and guidelines developed for each element of the Internal Control System contributes to guarantee the achievement of the Bank's objectives.

During 2018 we continued to strengthen the Organizational Culture developing a strategy of learning and communication which seeks to establish awareness of our Code of Ethics and the Internal Transparency Line, reinforcing the importance of making our principles and values part of the philosophy of life of all our officials; we also reinforce the relevance of the principle of self-control as a basis for monitoring processes.

In addition, we continue to optimise the Internal Control System based on the best international best practices.

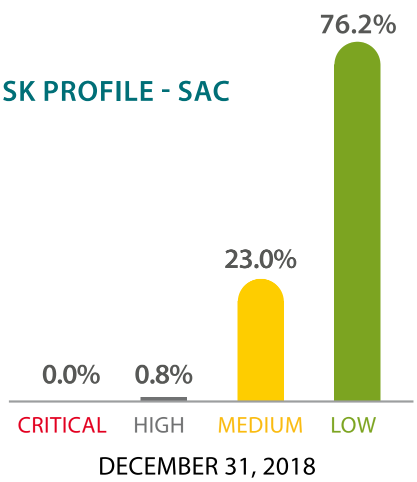
In Banco Davivienda we comply with the legal requirements established in External Circular 029 of 2014 (Part I / Title I / Chapter IV - Internal Control System) of the Financial Superintendence of Colombia, which before was the External Circular Letter 038 of 2009.

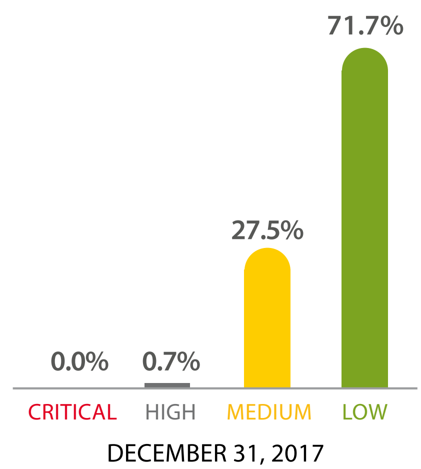
FINANCIAL CONSUMER SERVICE SYSTEM
(SAC, IN ITS SPANISH ACRONYM)

Davivienda and its subsidiaries have an increasing commitment to customer and financial consumer's satisfaction, during 2018 the Bank's strategy was designed to define new initiatives, among other things, a specialized service operating risk management, transformation of service processes to attend customers' needs, an effective method to resolve complaints and requests, the definition of processes to secure and control digital transformation. All these are instruments to make direct contributions to the objectives of service strategy and its attributes (simplicity, reliability and cordiality),moreover to comply with current regulations.

The development of this strategic plan has allowed us to perform in accordance with policy and regulation, maintaining financial consumer risks properly controlled.

▷ RESIDUAL RISK PROFILE - SAC





▷ RESIDUAL RISK PROFILE (SAC)

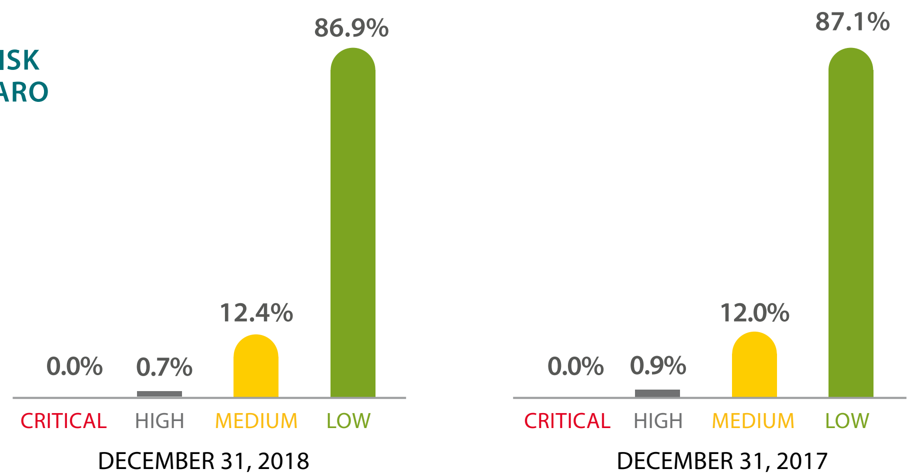
	December 31, 2018						December 31, 2017					
	Risks					Controls	Risks					Controls
	Low	Medium	High	Critical	Total		Low	Medium	High	Critical	Total	
Banco Davivienda	427	116	5	0	548	1,421	472	139	5	0	616	1,660
National Subsidiaries: (Fidudavivienda, Davivienda Corredores)	130	52	1	0	183	714	135	94	1	0	230	582
Total	**557**	**168**	**6**	**0**	**731**	**2,135**	**607**	**233**	**6**	**0**	**846**	**2,242**

OPERATING RISK MANAGEMENT SYSTEM (SARO, IN ITS SPANISH ACRONYM)

During 2018, operating risk management focused efforts on management methods, especially on those related to control, communication and training, incorporating best practices from different industries, employing the experience and capacity developed by the risk management teams. This, has contributed to the safe development of digital strategies, and in general, to the protection of business and processes inside the Bank and its subsidiaries, with better schemes of control, efficiency, and particularly, and with a stronger Culture of Risk at all levels of the organization.

In harmony with operating risk policies set by the Board of Directors, and following regulations required by each country, we have achieved adequate operating risk management.

▷ RESIDUAL RISK PROFILE - SARO



▷ OPERATING RISK MANAGEMENT SYSTEM (SARO)

	December 31, 2018							December 31, 2017						
	Processes	Risks					Controls	Processes	Risks					Controls
		Low	Medium	High	Critical	Total			Low	Medium	High	Critical	Total	
Banco Davivienda Colombia *	186	1,268	253	8	0	1,529	4,073	170	1,343	283	12	0	1,638	4,137
National Subsidiaries **	69	274	101	1	0	376	1,343	71	234	137	2	0	373	1,218
Banco Davivienda International ***	184	1,698	107	17	0	1,822	3,918	183	1,810	46	21	0	1,877	4,121
Total	**439**	**3,240**	**461**	**26**	**0**	**3,727**	**9,334**	**424**	**3,387**	**466**	**35**	**0**	**3,888**	**9,476**

* Banco Davivienda and Miami Branch
** Fiduciaria Davivienda and Corredores Davivienda
*** Davivienda Costa Rica, El Salvador, Honduras, Panama and Corredores Panama.

RISK MANAGEMENT SYSTEM FOR MONEY LAUNDERING AND FINANCING OF TERRORISM (SARLAFT, IN ITS SPANICH ACRONYM)

The Bank and its subsidiaries have implemented an Anti-Money Laundering and Terrorist Financing Control Compliance Program (AML-CFT), based on the premise of managing risk events of Money Laundering and / or Financing of Terrorism (LA / FT) and its controls, which includes its identification, measurement, control and monitoring, through the consolidation of information, implementation of a robust technological platform, use of data mining methodologies, knowledge of the client and its financial operations, risk profiling of different risk factors, the design and implementation of mitigating controls, the definition and management of segments and risk characteristics of customers, products, distribution channels and jurisdictions, generation of warning signals, analysis and monitoring of unusual transactions and suspicious transaction reports to the authorities, in order to avoid being used to give the image of legality to assets derived from illicit activities and /or to finance terrorist activities, in accordance with the provisions of the Basic Legal Circular (C.E.) 029 of 2014 issued by the Financial Superintendence of Colombia and its subsequent updates.

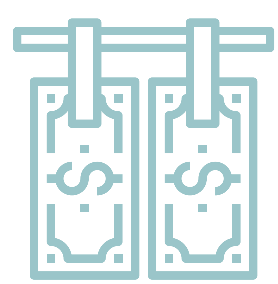
The AML-CFT compliance program is periodically evaluated by internal control entities such as Audit and Statutory Audit. The application of the compliance program in 2018 allowed the Bank to determine that the evolution of consolidated risk in these risk factors remain stable, and classify with the level of *"low"*.

As a fundamental foundation in the battle against corruption, the Bank and its subsidiaries have adopted a zero-tolerance commitment to any event of corruption through the generation of policies that precludes bribery in any form from staff, officers, customers, suppliers and other stakeholders, furthermore those that regulate events of conflict of interest which may arise in relation to a public servant or a private individual; for this purpose, the programme includes procedures and controls to secure observance of the policies.

The AML/CFT compliance programs and the Anticorruption program are supported by an organisational culture and structure, policies, controls and procedures which are known and applicable for the entire organization and that bring together the Colombian regulatory requirements, and international recommendations and best practices on the matter, particularly those of the International Financial Action Task Force (FATF)

The procedures and rules of conduct regarding the application of all the control mechanisms and instruments are incorporated into a Compliance Manual and the Code of Conduct, which are known and accessible for all officers of Grupo Bolivar's entities. The Bank and its subsidiaries carry out regular training programs addressed to staff, third parties, allies and suppliers,amongst others, as a way to create awareness and commitment in each case, for the mitigation of crime leading to money laundering, the financing of terrorism and corruption through the Group entities.

The Board of Directors have followed the legal requirement to designate a Compliance Officer and his Deputy, and they have been duly registered with the Financial Superintendence of Colombia.



The Bank and its subsidiaries have also adopted an organizational culture, policies, controls and procedures to comply with guidelines established by the Foreign Account Tax Law (FATCA), for this purpose, our entities are duly registered with the IRS and have obtained the respective Global Intermediary Identification Number (GIIN), to certify participation in said law.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (SARAS, IN ITS SPANISH ACRONYM)

The SARAS Environmental and Social Risk Management System enables the Bank to identify, evaluate,l and control environmental and social risks associated with the financed projects and activities.

The SARAS methodology takes into account local environmental and labor regulations, covering aspects such as pollution prevention, biodiversity protection, climate change and human rights.

In accordance with the policies established in Colombia with regard to amounts, terms and sensitive sectors, SARAS is applied for the granting of loans to customers in the wholesale, construction and business segments.

The system's scope and accompaniment provides a complement during the structuring and approval of loans for fourth generation (4G) infrastructure projects. Additionally, it is applied in the evaluation of strategic suppliers for the Bank.

In the Central American subsidiaries, the SARAS methodology has been adapted to the characteristics in local projects and activities belonging to the wholesale banking segment in accordance with local legislation.

The commercial, operational and risk officers involved in the SARAS process receive awareness and training on the policies of the system in order to assure guarantee their proper application.

During 2018, Davivienda continued to take part in the Green Protocol Committee, an initiative of the Colombian financial sector, the banking Association Asobancaria and the Government. This Committee promotes sustainable development in Colombia, and promote the environmental conservation and sustainable use of natural resources through the execution of strategies and common benefit tools and the socialization of good practices to institutionalize environmental and social risk management, amongst other matters, within financial entities which are also members of the initiative.

SARAS is applied in the granting process to customers in the wholesale, construction and business segments.

FRAUD RISK MANAGEMENT SYSTEM (SARFRA, IN ITS SPANISH ACRONYM)

The risk of fraud – classified as any illegal act whose characteristics may be deceit, concealment or betrayal of trust, and whose objective is the appropriation of money, goods, services or any individual advantage or benefit[28] ,has been managed by the Bank through the Fraud Risk Management System (SARFRA), in compliance with the regulatory Operating Risk Management System (SARO).

Management carried out through SARFRA covers each stage of the fraud management cycle (prevention, detection, mitigation, analysis, governance, investigation, involvement with the justice system, and dissuasion), generating controls, policies, support and reports for both management, and expenses caused by fraud, evaluated in terms of budget projections defined by the Bank; These expenses reports by materialization are implicit in the Operating Risk Management System, and are presented to the Cybersecurity and Transaction Fraud Prevention Committee, for decisions to be taken in order to the protect the organization, its customers, its stockholders and other agents involved, all these in the pursuit for balance between the fraud level to be prevented and the impact on customers and business.

In concern for the antifraud strategy for 2018, we moved forward in the protection of the Bank's digital products, incorporating online responses and analytical reports which would provide an effective response to possible events of fraud. Likewise, we incorporated robust methods of authentication such as biometrics, for involvement and generation of new customers.

With regard to physical channels, we worked on new methods and statistical models to identify patterns of fraud and new fraud modalities, giving priority to customer's experience. In Central America, Davivienda worked on the alignment of strategies for prevention and mitigation through the implementation of analytical models on available instruments, and ongoing follow-up of compliance with policies.

For 2019 we will be constructing an action plan based on the continuity of the antifraud strategy for digital products through the implementation tools for prevention, mitigation and management of fraud, and the strengthening of analytical instruments in the Bank, and our subsidiaries in Colombia and abroad.

INFORMATION SECURITY AND CYBER SECURITY

In relation to information security and cybersecurity, our efforts during 2018 were focused to enhance administration, through our capacity for protection and response to incidents, and the alignment with digital strategy. In this direction, a Cybersecurity Committee officially was installed, with a cybersecurity strategy at regional level.

Further, we implemented 48 cybersecurity plans designed to improve the Bank's security position, and we introduced technological updates on processes to maintain an overall view of assurance and cybersecurity, increasing our capacity to prevent and detect threats promptly, moreover to respond and enhance our capacity to recover from possible cyber-attacks.

MAJOR PROJECTS

Planning and institution of the expansion of our scope and provision of new services related to the Security Operations Center, allowing us to detect insecure practices, threats and cyber-attacks, moreover to provide prompt execution of activities in response to security incidents and recovery in the face of disasters, including the outsourcing of security instrument for general administration and operation.

- Design of the program and plan for protection of assets information, complemented by the implementation of tools permitting the prevention of information leaks.

28. Research document – Best anti-fraud practices - AMV

- Design of a complete fraud risk model, an authentication and verification model, and a self-service module to complement the fraud management cycle.
- Execution of special security evaluations (ethical hacking and intrusion), to evaluate the security position of the technological infrastructure.
- Institution of a project to implement the Orquestador instrument design to secure transactions through the integration of enrolment and authentication factors.
- Development for the process of identity and access to application management.
- Consolidation of the response to cyber-security incidents team (CSIT)
- Cybersecurity plans to prevent information leaks.

With regard to culture, we executed a plan to train and provide ongoing awareness through different communication channels for officers and third parties, creating consciousness and commitment to the protection of information and mitigation of associated risks.

In the area of regulatory compliance and adherence to standards, we observed and complied with security requirements of Financial Superintendence of Colombia Circular 042 of October 17, 2012, Circular 029/2014 and Circular 007/2018 on cybersecurity management.

Further, we complied with the Swift CSP Customer Security Program of services of the Bank. We also improved plans to comply with the Law 1581 of Habeas Data Protection for Personal Information. The information security area has been providing internal follow-up in the Bank to identify levels of agreement and possible risks associated with legal compliance.

Furthermore, we continued to investigate market trends and market new threats, instruments and mechanisms for control which will allow risks to be mitigated, and to maintain them at acceptable levels business, supporting the delivery of products and services with adequate levels of security for our customers.

BUSINESS CONTINUITY

In recent years, the management of business continuity has evolved to meet business needs, guaranteeing an adequate level of supply in services contracted by our customers.

The regulation of this factor has allowed us to strengthen the continuity plan for the organization, with the scheme of crisis management and the incorporation of new risk scenarios, aligned with compliance with regulatory frameworks, internal policies, and best practices.

BUSINESS CONTINUITY PLAN

The strategy supporting the plan has been updated, tested and certified in order to guarantee the legitimacy, proper functioning and prompt restoration of Bank services.

- **Technological Contingency Strategy:** Implementation of schemes for support and contingency which will provide coverage for channels and critical processes of the organization, supported by a backup technological infrastructure, implemented in the principal and alternate computer centers. This strategy remains valid with regular activation of the backup infrastructure, to ensure that it is properly working.
- **Disaster Recovery Plan:** We conducted a disaster recovery plan exercise, and incorporated some continuity plan strategies, achieving simultaneous activation of computer centers and alternate operation facilities, the activation of prices schemes and the participation of areas servicing critical processes of the organization.

Crisis management provides a prompt response to unexpected events which threaten officers, stakeholders, assets, or technological and operating infrastructure.

- **Personal strategy:** We have communication schemes which allow prompt reporting of relevant information to activate recovery schemes. We also have an emergency plan designed to protect individuals through regular training which seeks to provide awareness and knowledge. We have identified the principal officers and their deputies to support the execution of critical processes, and seek to ensure that they have the knowledge for correct execution of processes.

- **Alternate operating centre strategy:** In this space, we have logistical resources which are adequate for the normal course of business, securing efficient management and protection of individuals based on compliance with regulations. Updates are regularly made by the interdisciplinary team in order to guarantee functionality.

- **Operating contingency strategy:** We have developed alternate procedures which will allow us to provide customers with minimal services in the event of an interruption.

CRISIS MANAGEMENT

The scheme of crisis management provides a prompt response by the organization to unexpected events which they threaten officers, stakeholders, assets, or technological and operating infrastructure through the activation of established procedures for action and communication.

During 2018 we enhanced the scheme with the engagement of new risk scenarios, the incorporation of best practices, participation and leadership by management in crisis management.

RISK MANAGEMENT

In order to cover risks to which the organization may become exposed, and indeed, to affect business continuity, we have created a Bogotá Risk Mitigation Program, which brings together projects designed to make current schemes contingency more robust, and to assist recovery in the face of catastrophic events.

TRANSACTIONS WITH RELATED PARTIES, SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS

OPERATIONS WITH SHAREHOLDERS AND MANAGEMENT

The Bank's operations with shareholders and management are in line with its general policies. These operations are detailed in Note 14 to the Financial Statements.

Loans and deposits with related parties total $140 billion and $844 billion, respectively.

SPECIAL REPORT OF THE BUSINESS GROUP

Traditionally, Banco Davivienda has had business relations with companies in its own group, seeking greater joint efficiency from specializations of each company in tasks in which it has a competitive advantage.

We present a summary of the principal operations with related parties at December 31, 2018, details in Note 14 to the Financial Statements.

Assets	435,112
Liabilities	909,983
Income	470,453
Expenses	216,307

▷ **PRINCIPAL OPERATIONS WITH RELATED PARTIES AT DECEMBER 31, 2018**

(IN MILLION PESOS)

No decisions of importance were taken by Banco Davivienda, or failed to be taken, due to the influence of other entities or influence or interests of Grupo Bolívar S.A., and no decisions were taken or failed to be taken by Grupo Bolívar S.A. in the interests of the Bank.

ADMINISTRATIVE MATTERS

LEGAL STATUS

The Bank currently has no cases against it which could affect its solvency or stability. The most important cases are listed in Note 12.20 of the Financial Statements.

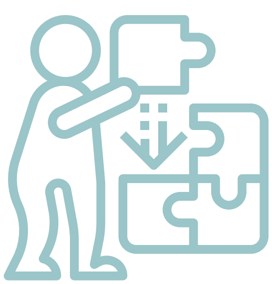
FREE CIRCULATION OF INVOICES

Banco Davivienda certifies that it complies with Article 87 of Law 1676/2013, and does not impede the free circulation of invoices by withholding or similar acts.

The bank does comply with Article 87 of Law 1676/2013

ADMINISTRATIVE SITUATION

At December 2018 the bank has 11,440 employees with indefinite-term contract, 591 with fixed term contracts, and 523 apprentices, for a total of 12,554.



INTELLECTUAL PROPERTY

At December 2018 Banco Davivienda certifies that it complies with regulations on industrial property and copyright.

PAYMENTS TO DIRECTORS AND MANAGEMENT

in 2018 payments to key personnel who have the authority and responsibility to plan direct and control Bank activities directly or indirectly, total $6,7 billion

PAYMENTS TO ADVISERS OR FACILITATORS WHO ARE RELATED PARTIES

Payments to advisers and facilitators are all reported below:

Directors' fees, $694 million

In 2018 donations were made for **$19,180 million.**

DONATIONS

In 2018 donations were made for $19,180 million

ADVERTISING AND PUBLICITY EXPENSES

Advertising expenses totalled $79,264 million, and public relations, $2,564 million

ASSETS ABROAD

Money and other assets of the entity outside Colombia totalled $1,44 trillion, and foreign currency obligations total $9,4 trillion[29].

LOCAL AND/OR FOREIGN INVESTMENTS

The detail of equity investments is disclosed in Note 12.3.7 of the Financial Statements. They total $3,78 trillion, as follows:

$1.44 trillion Money and other assets of the entity outside Colombia.

EQUITY INVESTMENTS
(IN MILLION PESOS)

International investments	3,350,357
Domestic investments	425,125
• **Subsidiaries**	361,763
• **Other**	63,362
Total	3,775,482

FORESEEABLE EVOLUTION OF BANCO DAVIVIENDA

Our rates of growth are proportionately linked to the growth in the Colombian economy. We currently expect to present important growth in commercial lending, and, on a more modest scale, in home mortgage loans. Part of this growth, in particular that of commercial lending, will be the result of Colombian Government initiatives in areas such as infrastructure, housing construction and support for industry. We will continue to support small and medium enterprise through our specialized products.

29. 1,438,188 million and 9,383,475 million respectly.

CERTIFICATION OF RESPONSIBILITY FOR FINANCIAL INFORMATION

WE CERTIFY TO SHAREHOLDERS THAT:

The separate and consolidated Financial Statements and other relevant reports for the period January 1 - December 31, 2018 contain no inaccuracies or errors that would prevent knowledge of the true situation of the equity and operations of the Bank.

The Bank has adequate systems of disclosure and control of financial information, and procedures which ensure that these are properly presented.

We likewise report that there are no significance deficiencies presented in the design and operation of internal controls which would have prevented the Bank from recording, processing, summarizing or making an adequate presentation of its financial information, as expressed in the report on the Internal Controls System.

We are grateful for the commitment of all officers and the support of our shareholders, with whom it has been possible to obtain the results disclosed.

Carlos Arango Uribe
Presidente Junta Directiva

Efraín E. Forero Fonseca
Presidente Banco Davivienda S.A.

CONSOLIDATED FINANCIAL STATEMENTS

(FREE TRANSLATION OF THE REPORT PREVIOUSLY ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

I have audited the consolidated financial statements of Banco Davivienda S.A. and its Subsidiaries (the Bank). which comprise the consolidated statement of financial position at December 31. 2018 and the consolidated statements of income. other comprehensive income. changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the consolidated financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing. implementing and maintaining the internal control relevant to the preparation and presentation of consolidated financial statements that are free from material misstatement. whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Statutory Auditor's responsibility

My responsibility is to express an opinion on the consolidated financial statements based on my audit. I obtained the necessary information and carried out my audit in accordance with International Standards on Auditing accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment. including the assessment of the risk of material misstatement in the consolidated financial statements. In making this risk assessment. the statutory auditor considers internal control relevant to the preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management. as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained provides a reasonable basis for my opinion expressed

Opinion

In my opinion. the above mentioned consolidated financial statements. taken accurately from books and attached to this report. present fairly. in all material respects. the Bank's consolidated financial position at December 31. 2018. the consolidated results of its operations. and its consolidated cash flows for the year then ended. in conformity with Accounting and Financial Reporting Standards accepted in Colombia. applied on a consistent basis with previous year. except for the application of IFRS 9. which entered into force from January 1. 2018.

Other matters

The consolidated financial statements at and for the year ended December 31. 2017 are presented exclusively for comparison purposes and were audited by another public accountant. member of KPMG S.A.S.. who in his report dated February 13. 2018. expressed an unqualified opinion thereon.

Gustavo Adolfo Roa Camargo
Statutory Auditor of Banco Davivienda S.A.
Registration 90879 - T
Member of KPMG S.A.S.

February 13. 2019

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITY FOR FINANCIAL INFORMATION

We. the undersigned Legal Representative and Chief Accountant of Banco Davivienda S.A. in compliance with the terms established in Articles 46 and 47 of Law 964/ 2005 and in accordance with the terms required in the Accounting and Financial Reporting Standards accepted in Colombia. certify the following:

We certify that the Financial Statements for the period January 1 to December 31. 2018. do not contain any defects. inaccuracies or errors that prevent the Company from knowing the true situation of assets and liabilities or the operations of Banco Davivienda S.A. and Subsidiaries. in accordance with the provisions of Article 46 of Law 964 of 2005.

In accordance with the terms of the Accounting and Financial Information Standards accepted in Colombia and taking account of the matters referred to in the Conceptual Framework. the information and statements included in the Financial Statements have been duly verified and obtained from the accounting records. prepared in accordance with the framework of standards mentioned.

Banco Davivienda S.A. and Subsidiaries have adequate systems of disclosure and control of financial information. for which the corresponding procedures have been designed to ensure that it is presented in an appropriate form. whose operational capacity is verified by the Audit and Financial Management.

Likewise. we report that there have been no significant deficiencies presented in the design and operation of internal controls that would have prevented the Bank and Subsidiaries recording. processing. summarizing or adequately presenting their financial information. Management controls have been applied to prevent the risk of fraud in processes that might affect the quality of financial information or changes in their evaluation methodology.

The Financial Statements record the assets and liabilities existing at the closing date. and they represent probable future rights and obligations. respectively. The transactions of the period were recorded and all economic facts have been recognized and correctly classified. described and disclosed. All elements have been recognized for the appropriate amounts. and classified. described and faithfully disclosed. taking into account the aspects referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements contained therein have been previously verified in accordance with the regulations and they have been faithfully taken from the books in accordance with Article 37 of Law 222/1995. The Bank and Subsidiaries have adequate procedures for the control and disclosure of financial information and their operation has been verified. in accordance with the terms of Article 46 of Law 964/ 2005.

Bogotá. February 9. 2019

Juan Carlos Hernández Núñez Legal Representative	Carmen Anilsa Cifuentes Barrera Chief Accountant T.P. 35089-T

Banco Davivienda S. A. and Subsidiaries
Condensed Consolidated Statement of Financial Position
(Millions of Colombian pesos (COP))

	Note	December 31. 2018	December 31. 2017
ASSETS			
Cash	13.1	9,523,601	7,889,381
Interbank and overnight funds	13.2	412,943	1,446,439
Investments measured at fair value	13.3	9,178,226	9,066,267
Derivatives	13.4	433,722	335,602
Loans Portfolio and financial leases operations. net	13.5	84,111,916	75,910,005
Accounts receivable. net	13.6	1,516,140	1,080,142
Assets held for sale	13.7	61,288	123,130
Investments measured at amortized cost. net	13.3	1,824,536	1,523,501
Investments in associates	13.8	89,443	82,740
Other investments	13.9	384,607	368,531
Property and equipment. net	13.10	801,230	732,372
Investment property	13.11	73,815	35,376
Goodwill	13.13	1,635,185	1,634,882
Intangibles assets	13.14	171,901	169,452
Other assets. net	13.15	505,385	373,468
Total Assets		110,723,938	100,771,288
LIABILITIES			
Deposits	13.17	68,399,164	63,310,594
Saving accounts		26,510,302	23,961,123
Checking accounts		9,459,163	9,084,050
Time deposit		31,118,034	29,328,063
Other deposits		1,311,665	937,358
Interbank and overnight funds	13.18	3,786,541	1,349,895
Derivatives	13.4	513,143	356,734
Credits from banks or other obligations	13.19	12,495,235	9,686,332
Debt instruments issued	13.20	10,685,827	12,008,969
Accounts payable	13.21	1,382,383	1,142,769
Employee benefits	13.22	215,078	190,613
Current tax liabilities		61,731	65,510
Deferred tax liabilities	13.23	905,779	1,086,861
Technical reserves	13.24	205,582	180,451
Other non-financial liabilities and estimated liabilities	13.25	663,579	508,694
Total Liabilities		99,314,042	89,887,422
EQUITY			
Capital and reserves (1)	13.26	8,624,778	7,841,759
Unrealized gains or losses (OCI)		1,128,942	1,650,921
Adjustments in the first time adoption	13.26	167,918	23,335
Profit attributable to the owners		1,390,100	1,275,266
Total equity due to holders of Bank equity instruments		11,311,738	10,791,281
Non-controlling interests	13.27	98,158	92,585
Total equity		11,409,896	10,883,866
TOTAL LIABILITIES AND EQUITY		110,723,938	100,771,288

(1) Includes share placement premium

See the notes accompanying the consolidated financial statements

Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of Income
(Millions of Colombian pesos (COP))

Years ended on December 31	Note	2018	2017
Interest income		9,509,642	9,338,016
Interest on loans		8,861,571	8,666,780
Investments in securities and valuation. net	14.1	547,457	592,843
Interbank and overnight funds. repos. simultaneous operations		100,614	78,393
Interest expense		3,558,156	3,843,802
Deposits and time deposits		2,285,100	2,611,615
Current accounts		30,965	29,289
Savings accounts		596,396	865,218
Time deposits		1,657,739	1,717,108
Credits from banks or other financial obligations		480,229	382,655
Debt instruments issued		713,042	722,014
Other interest		79,785	127,518
Net interest income		**5,951,486**	**5,494,214**
Impairment of financial assets. net		2,074,742	1,975,362
Impairment of financial assets. net		2,550,692	2,311,779
Refound of financial assets. net		475,950	336,417
Net financial margin		**3,876,744**	**3,518,852**
Insurance transactions income. net	14.2	100,075	89,649
Commissions and service income. net	14.2	1,169,755	1,114,608
Result of investments in associates and joint operations. net		7,597	4,350
Operational expeditures:		3,413,889	3,190,350
Staff expeditures	14.3	1,439,503	1,358,562
Administrative and operational	14.4	1,854,542	1,721,403
Amortizactions and depreciation		119,844	110,385
Profit on exchanges. net		190,057	105,970
Derivatives. net		(44,619)	(1,554)
Dividends Received		18,975	7,262
Other income and (expense). net	14.5	(28,422)	39,189
Operational margin		**1,876,273**	**1,687,976**
Current income tax and supplementary		362,654	411,843
Deferred income tax and supplementary		115,118	(6,848)
Profit attributable to the owners of the controlling company		**1,390,100**	**1,275,266**
Profit attributable to non-controlling interest		8,401	7,715
Profit for the year		**1,398,501**	**1,282,981**
Profit per share in pesos (1)		3,096	2,841

(1) Calculated as: profit for the year / average shares outstanding

See the notes accompanying the consolidated financial statements

Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of Other Comprehensive Income
(Millions of Colombian pesos (COP))

Years ended on December 31	2018	2017
Profit attributable to the owners of the controlling interest	**1,390,100**	**1,275,266**
Profit attributable to non-controlling interests	**8,401**	**7,715**
Components of other comprehensive income that will not be reclassified to the Profit for the period. net of taxes:		
Financial instruments with changes in other comprehensive income	(11,396)	(3,828)
Long-term employee benefits	4,872	26,865
Total other comprehensive income that will be reclassified to the income of the period. net of taxes:	**(6,524)**	**23,037**
Components of the other comprehensive income that will be reclassified to the result of the period. net of taxes:		
Surplus associated equity method	436	262
Effect First application IFRS 9	(768,020)	-
Impairment of loan portfolio for consolidated financial statement income	171,510	3,858
Exchange difference on translation	80,619	(13,599)
Total other comprehensive income that will be reclassified to income period. net of taxes	**(515,455)**	**(9,479)**
Total other comprehensive income. net of taxes	**(521,979)**	**13,558**
Total Comprehensive Result	**876,522**	**1,296,539**
Comprehensive income attributable to the holders of the controlling interest	870,805	1,295,906
Comprehensive income attributable to holders of non-controlling interests	5,717	633
Total Comprehensive Result	**876,522**	**1,296,539**

See the notes accompanying the consolidated financial statements

Banco Davivienda S. A. and Subsidiaries
Consolidated Statement of changes in equity
(Millions of Colombian pesos (COP))

Por el año que terminó el 31 de December de 2018

Years ended on 2018 and 2017	CAPITAL Y RESERVAS					RESULTADOS ACUMULADOS					
	Capital	Share premium	Legal reserve	Other reserves	First-time adoption effects	Unrealized gain (OCI)	Profit previous years	Profit or loss	Total equity owners of the parent company	Non-controlling interests	Total shareholders´ equity
Balance at December 31. 2016	76,784	4,676,804	1,246,895	520,010	77,518	1,637,363	-	1,717,968	9,953,342	91,705	10,045,047
Profit transfer							1,717,968	(1,717,968)	-	(3,808)	(3,808)
Tax on Wealth				(21,841)					(21,841)		(21,841)
Dividends distribution									-		-
Payment of dividends per share at a rate $950 pesos per share over 451.670.413 subscribed and pay. Apr.05 y Sep.21 de 2017							(429,087)		(429,087)		(429,087)
Reserve transactions:									-		-
Legal reserve			688,638				(688,638)		-	687	687
Other reserve for future capitalization or increase to reserves				192,896			(192,896)		-		-
Other reserve				224,986			(224,986)		-	(3,207)	(3,207)
Capitalization of reserve. commitment for 2015 profits			475,000	(475,000)					-		-
Liberation of occasional reserve for a valuation of investments at market value - decree 2336/95. to increase legal reserve			10,802	(10,802)					-		-
To have profits of exercises of previous years realized in the period 2016. to increase Legal Reserve			236,587				(236,587)		-		-
Realizations First-time application of IFRS					(54,183)		54,183		-	90	90
Equity method surplus. investments in associates						262			262		262
Exchange difference on conversion of subsidiaries outside Colombia						(13,599)			(13,599)	(597)	(14,196)
Financial instruments through OCI						(3,828)	19,561		15,733		15,733
Long-term employee benefits						26,865			26,865		26,865
Loan impairment for consolidated financial statements						3,858	(19,518)		(15,660)		(15,660)
Yearly earnings								1,275,266	1,275,266	7,715	1,282,981
Balance at December 31. 2017	76,784	4,676,804	2,657,922	430,249	23,335	1,650,921	-	1,275,266	10,791,281	92,585	10,883,866
Balance at December 31. 2017	76,784	4,676,804	2,657,922	430,249	23,335	1,650,921	-	1,275,266	10,791,281	92,585	10,883,866
Profit transfer							1,275,266	(1,275,266)	-	(7,214)	(7,214)
Effect application IFRS 9					167,239	(768,020)	(215,860)		(816,641)	(413)	(817,054)
Dividend distribution									-		-
Dividends declared in cash at a ratio of $800 pesos per share over 451.670.413 subscribed and paid. Apr 04 and Sep 19 2018.							(361,336)		(361,336)		(361,336)
Reserve transactions:									-		-
Legal Reserve			95,225				(95,225)		-	641	641
Occasional Reserve to increase legal reserve profits 2016.			192,800	(192,800)					-		-
Legal Reserve				208,701			(208,701)		-	(1,299)	(1,299)
Capitalization of reserve. commitment for 2017 profits			443,387				(443,387)		-		-
			276,068	(276,068)					-		-
To have profits of exercises of previous years realized in the period 2017. to increase Legal Reserve			35,706				(35,706)		-		-
First time IFRS applications					(22,656)		22,656		-	(259)	(259)
Equity participation method associates						436			436		436
Exchange difference on conversion of subsidiaries outside Colombia						80,619			80,619	5,822	86,441
Financial instruments through Other Comprehensive Income						(11,396)			(11,396)	(106)	(11,502)
Long-Term Employee Benefits						4,872			4,872		4,872
Loan impairment for Consolidated financial Statements						171,510	62,293		233,803		233,803
Yearly earnings								1,390,100	1,390,100	8,401	1,398,501
Balance as of December 31. 2018	76,784	4,676,804	3,701,108	170,082	167,918	1,128,942	-	1,390,100	11,311,738	98,158	11,409,896

The accompanying notes form an integral part of these Consolidated Financial Statements.

Banco Davivienda S. A. and Subsidiaries
Consolidated Statements of Cash Flows
(Millions of Colombian pesos (COP))

Years ended on December 31	**Note**	**2018**	**2017**
Cash flows from operating activities:			
Profit for the period		1,398,501	1,282,981
Reconciliation between profit for the period and net cash generated (used in) operating activities			
Impairment of investments. net		11,738	2,702
Impairment of loans and financial leasing operations. net	13.5.4	2,334,842	2,145,330
Impairment of accounts receivable. net	13.6	38,029	26,187
Impairment (recoveries) of assets held for sale. net	13.7	739	(5)
Impairment of property and equipment and investment property. net		2,079	915
Impairment of other assets. net		89,723	42,234
Provision for severance		49,115	48,402
Provision for other non-financial liabilities and accruals. net	13.25	212,352	79,966
Depreciation		85,916	77,079
Amortizations		33,928	33,306
Exchange difference. net		(104,956)	(113,872)
(Profit) on sale of investments. net		(32,731)	(31,980)
(Profit) on equity method. associates		(8,431)	(4,724)
(Valuation) on investments. net		(514,726)	(560,863)
Valuation loss on derivatives and spot operations. net		44,619	1,554
(Profit) on sale of loans and leasing assets. net		(5,771)	(14,411)
(Profit) on sale of property and equipment. net	13.10	(16,579)	(31,574)
(Profit) on sale of assets held for sale	13.7	(8,663)	(736)
(Profit) on sale of investment property	13.11	(1,625)	(4,945)
Provision for income tax		477,770	404,995
Changes in operating assets and liabilities			
(Increase) in money market and similar operations		(11,712)	74,027
(Increase) in acceptances. spot operations and derivatives		(142,739)	(96,068)
(Decrease) Increase in investments measure at fair value		358,612	(1,249,998)
(Increase) in loans and financial leasing operations		(19,377,373)	(15,909,927)
Proceeds of the sale of loans		337,279	725,252
(Increase) Decrease in accounts receivable		(474,027)	265,664
Decrease (Increase) in assets held for sale	13.7	39,048	(56,196)
Sale of assets held for sale		30,717	26,155
(Increase) in other assets		(185,665)	(3,901)
Increase in deposits and demand accounts		9,799,830	5,816,154
(Increase) Decrease in ordinary interbank funds		175,079	(172,112)
Decrease (Increase) in accounts payable		(184,899)	291,308
Increase (Decrease) in employment obligations		27,865	(1,606)
Increase in liability derivatives		156,409	115,652
Increase in insurance technical reserves		25,131	10,989
Wealth tax		-	(21,841)
Increase in accruals and provisions		16,965	30,025
(Decrease) Increase in other liabilities		(86,145)	(37,794)
Income tax paid		(238,120)	(517,397)
Interest received		8,690,750	8,476,205
Interest paid		(2,469,589)	(2,767,556)
Payment of severance		(47,643)	(45,860)
Net cash provided (used) in operating activities		**525,642**	**(1,666,284)**

Banco Davivienda S. A. and Subsidiaries
Consolidated Statements of Cash Flows (continued)
(Millions of Colombian pesos (COP))

Years ended on December 31	Note	2018	2017
Cash flows from investment activities:			
Dividends received		29,081	13,299
(Increase) in investments measured at amortized cost		(200,200)	(39,976)
(Increase) in investments in associates and other companies		(54,388)	(32,647)
(Decrease) Repurchase of shares. non-controlling interest		(2,828)	(6,834)
Increase in property and equipment		(207,740)	23,625
Proceeds of sale of property and equipment	13.10	67,802	31,212
(Increase) Decrease in investment properties	13.11	(44,923)	19,453
Proceeds of sale of investment properties	13.11	7,781	6,425
Net cash(used) provided by investment activities		**(405,415)**	**14,557**
Cash flows from financing activities:			
(Decrease) in financial debt	13.19	(242,116)	(31,339)
New loans in financial debt	13.19	12,384,496	6,663,315
Debt repayments		(10,542,046)	(6,019,469)
Increase (Decrease) in debt instruments	13.20	137,174	(11,304)
Issues of debt instruments	13.20	803,114	3,402,854
Redemptions of debt instruments issued		(2,234,258)	(954,735)
Payment of cash dividends		(361,336)	(428,951)
Net cash (used in) provided by financing activities		**(54,972)**	**2,620,371**
Net (Decrease) increase in cash and cash equivalents		65,255	968,644
Effect of exchange difference on cash and cash equivalents		523,756	52,758
Cash and cash equivalents at the beginning of the year		9,314,900	8,293,498
Cash and cash equivalents at the end of the year (*)		**9,903,911**	**9,314,900**

(*) Includes cash equivalents at under 90 days in money market and similar asset operations for $380.310 at December 31. 2018 and $1.425.519 at December 31. 2017.

See the notes accompanying the consolidated financial statements

INDIVIDUAL FINANCIAL STATEMENTS

(FREE TRANSLATION OF THE REPORT PREVIOUSLY ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

Report on the financial statements

I have audited the separated financial statements of Banco Davivienda S.A. (the Bank), which comprise the separated statement of financial position at December 31, 2018 and the separated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

Management's responsibility regarding the separated financial statements

Management is responsible for the fair preparation and presentation of these separated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant to the preparation and presentation of separated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Statutory Auditor's responsibility

My responsibility is to express an opinion on the separated financial statements based on my audit. I obtained the necessary information and carried out my audit in accordance with International Standards on Auditing accepted in Colombia. Such standards require that I comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the separated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risk of material misstatement in the separated financial statements. In making this risk assessment, the statutory auditor considers internal control relevant to the preparation and presentation of the separated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separated financial statements.

I believe that the audit evidence I have obtained provides a reasonable basis for my opinion expressed below.

Opinion

In my opinion, the above mentioned separated financial statements, taken accurately from books and attached to this report, present fairly, in all material respects, the separated financial position of Banco Davivienda S.A. at December 31, 2018, the separated results of its operations, and its separated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year.

Other matters

The separated financial statements at and for the year ended December 31, 2017 are presented exclusively for comparison purposes and were audited by another public accountant, member of KPMG S.A.S., who in his report dated February 8, 2018, expressed an unqualified opinion thereon.

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2018:

   a) The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

   b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders' Meeting.

   c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly kept and maintained.

   d) The Bank has fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding the appropriate administration and provision of the goods received in payment and the implementation and impact on the statement of financial position and the statement of income and other comprehensive income of the risks management systems that apply.

   e) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of sellers' or suppliers' invoices.

   f) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Bank is up to date in payment of contributions to the Social Security System.

   In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, modified by articles 4 and 5 of Decree 2496 of 2015, respectively, in development of the Statutory Auditor's responsibilities contained in numerals 1 and 3 of article 209 of the Commercial Code, related to the evaluation of whether the Society's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate the internal control measures, of preservation and custody of the Society's assets or third parties assets in its possession, I issued a separate report dated February 12, 2019.

2. I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are no outstanding material issues that can affect my opinion.

Gustavo Adolfo Roa Camargo
Statutory Auditor of Banco Davivienda S.A.
Registration 90879 - T
Member of KPMG S.A.S.

February 12, 2019

DAVIVIENDA

CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

RESPONSIBILITY FOR FINANCIAL INFORMATION

We, the undersigned Legal Representative and Chief Accountant of Banco Davivienda S.A. in compliance with the terms established in Articles 46 and 47 of Law 964/ 2005 and in accordance with the terms required in the Accounting and Financial Reporting Standards accepted in Colombia, certify the following:

We certify that the Financial Statements for the period January 1 to December 31, 2018, do not contain any defects, inaccuracies or errors that prevent the Company from knowing the true situation of the assets and liabilities or the operations of Davivienda, in accordance with the provisions of Article 46 of Law 964 of 2005.

In accordance with the terms of the Accounting and Financial Information Standards accepted in Colombia and taking account of the matters referred to in the Conceptual Framework, the information and statements included in the Financial Statements have been duly verified and obtained from the accounting records, prepared in accordance with the framework of standards mentioned.

Banco Davivienda S.A. has adequate systems of disclosure and control of financial information, for which the corresponding procedures have been designed to ensure that it is presented in an appropriate form, whose operational capacity is verified by the Audit and Financial Management.

Likewise, we report that there have been no significant deficiencies presented in the design and operation of internal controls that would have prevented the Bank from recording, processing, summarizing or adequately presenting its financial information. Management controls have been applied to prevent the risk of fraud in processes that might affect the quality of financial information or changes in its evaluation methodology.

The Financial Statements record the assets and liabilities existing at the closing date, and they represent probable future rights and obligations, respectively. The transactions of the period were recorded and all economic facts have been recognized and correctly classified, described and disclosed. All elements have been recognized for the appropriate amounts, and classified, described amnd faithfully disclosed, taking into account the aspects referred to in the Conceptual Framework and in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

The statements contained therein have been previously verified in accordance with the regulations and they have been faithfully taken from the books in accordance with Article 37 of Law 222/1995. The Bank has adequate procedures for the control and disclosure of financial information and its operation has been verified, in accordance with the terms of Article 46 of Law 964/ 2005.

Bogotá, February 7, 2019

Juan Carlos Hernández Núñez	**Carmen Anilsa Cifuentes Barrera**
Legal Representative	Chief Accountant T.P. 35089-T

Banco Davivienda S.A.
Separate Statement of Financial Position
(Millions of Colombian pesos)

	Note	December 31, 2018	December 31, 2017
ASSETS			
Cash	12.1	5,159,680	4,081,986
Money market and overnight operations	12.2	413,332	1,337,235
Inbvestments in financial insturments, net	12.3	6,412,218	6,175,692
Dertivatives	12.4	433,695	335,412
Loans and financial leases, net	12.5	64,425,872	58,380,096
Accounts receivable, net	12.6	2,067,077	1,455,007
Assets held for sale, net	12.7	43,952	86,324
Investments measured at amortized cost, net	12.3	1,393,279	1,392,427
Investments in subsidiaries and associates	12.3.7	3,775,482	3,404,886
Property and equipment, net	12.8	419,608	450,783
Investment property, net	12.9	70,653	33,865
Goodwill	12.11	1,080,775	1,080,775
Intangibles	12.12	100,656	105,250
Other non-financial assets, net	12.13	252,888	172,143
Total assets		**86,049,167**	**78,491,881**
LIABILITIES			
Deposits and demand accounts	12.14	52,038,596	48,638,542
Savings accounts		22,462,669	20,186,530
Checking accounts		5,660,952	5,699,239
Term deposits		22,696,899	21,893,816
Other demand accounts		1,218,076	858,957
Money market and ovenight operations	12.15	3,543,323	1,036,602
Derivatives	12.4	507,637	354,549
Bank borrowings and other financial debt	12.16	7,624,354	5,663,504
Debt issued	12.17	9,665,377	11,179,368
Accounts payable	12.18	1,259,524	1,051,715
Employee benefits	12.19	144,326	129,512
Deferred tax, net	13.7	412,054	497,087
Other non-financial liabilities, net	12.20	509,861	396,286
Total liabilities		**75,705,052**	**68,947,165**
EQUITY			
Capital and reserves (¹)	12.21	8,492,749	7,709,912
Unrealized gains/losses (OCI)		168,271	202,418
First adoption of IFRS		421,882	435,116
Accumulated profits, previous periods		66,331	88,803
Profit for the period		1,194,882	1,108,467
Total equity		**10,344,115**	**9,544,716**
TOTAL LIABILITIES AND EQUITY		**86,049,167**	**78,491,881**

(¹) includes share premium

See the Notes accompanying the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90879-T
Member of KPMG S.A.S.
(See my report of February 12, 2019)

Banco Davivienda S.A.
Separate Statement of Results
(Millions of Colombian pesos)

Years ended December 31,	Note	2018	2017
Interest income		7,702,137	7,561,906
Loans		7,281,272	7,076,025
Investment valuations, net	13.1	358,165	424,469
Money market operations		62,700	61,412
Inerest expense		2,856,619	3,225,126
Deposits and demand accounts		1,859,464	2,202,114
Checking accounts		30,965	29,290
Savings		468,261	747,277
Term deposits		1,360,238	1,425,547
Bank borrowings and other financial debt		266,687	218,111
Debt issued		660,842	687,538
Other interest		69,626	117,363
Gross financial margin		**4,845,518**	**4,336,780**
Provisions for financial assets, net		2,177,129	1,777,147
Provisions against financial assets		3,706,988	3,015,470
Recoveries of financial assets		1,529,859	1,238,323
Net financial margin		**2,668,389**	**2,559,633**
Commissions and services, net	13.2	775,953	779,737
Results of equity investments	13.3	338,125	262,305
Dividends		68,257	22,188
Operating expenses		2,553,046	2,377,047
Payroll	13.4	1,052,242	988,021
Operations	13.5	1,431,215	1,330,258
Amortizations and depreciation	13.5	69,589	58,768
Exchange differences, net		133,039	67,451
Derivatives, net		(42,992)	385
Other income and expenses, net	13.6	30,613	65,640
Operating margin		**1,418,338**	**1,380,292**
Current income taxes	13.7	236,510	307,463
Deferred income taxes	13.7	(13,054)	(35,638)
Profit for the period		**1,194,882**	**1,108,467**
Profit per share (pesos) (1)		2,645	2,454

(1) Calculated as profit for the period/weighted average number of shares outstanding

See the Notes accompanying the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

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(See my report of February 12, 2019)

Banco Davivienda S.A.
Separate Statement of Other Comprehensive Income
(Millions of Colombian pesos)

Years ended on December 31:	2018	2017
Profit for the period	**1,194,882**	**1,108,467**
Components of OCI not to be reclassified to the Income Statement for the period, net of taxes		
Long-term employee benefits	338	27,163
Total OCI not to be reclassified to the Income Statement for the period, net of taxes	**338**	**27,163**
Components of OCI to be reclassified to the Income Statement for the period, net of taxes		
Unrealized gain on fixed-yield investments	(1,456)	16,012
Investments in subsidiaries and other non-controlling interests	(82,479)	14,644
Exchange difference on investmenrts outside Colombia	170,350	(36,052)
Net hedging of investments outside Colombia, net of deferred tax	(120,900)	5,938
Total other comprehensive result to be reclassified to the Income Statement for the period, net of tax	**(34,485)**	**542**
Total other comprehensive results, net of tax	**(34,147)**	**27,705**
Total comprehensive result	**1,160,735**	**1,136,172**

See the Notes accompanying the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
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(See my report of February 12, 2019)

Banco Davivienda S.A.
Separate Statement of Changes in Equity
(Millions of Colombian pesos)

Years ended on December 31, 2018 and 2017	Capital	Share premium	Mandatory reserve	Voluntary reserves	First adoption of IFRS	Unrealized gains (OCI)	Profit previous periods	Profit for the period	Total shareholder equity
	CAPITAL AND RESERVES					ACCUMULATED RESULTS			
Balance at December 31, 2016	76,784	4,676,804	1,051,180	580,800	507,026	174,713	253,479	1,538,686	8,859,472
Wealth tax (1)				(21,841)					(21,841)
Distribution of dividends:									-
Cash dividends declared, $950 per share on 451.670.413 shares outstanding. Apr.05 and Sep.21 2017								(429,087)	(429,087)
Movement of reserves									-
Mandatory reserve			645,948					(645,948)	-
Voluntary reserve for future capítalization or to increase mandatory reserve				192,896				(192,896)	-
Voluntary reserve				270,755				(270,755)	-
Capitalization reserve, commitment of profits from 2015			475,000	(475,000)					-
Release of voluntary reserve to value investments to market (Decree 2336/95) to increase Mandatory reserve			10,802	(10,802)					-
Disposal of profits for previous periods, made in 2016 to increase mandatory reserve			236,586				(236,586)		-
Other comprehensive income, net of income tax									
First application of IFRS (2)					(71,910)		71,910		-
Investments in subsidiaries and other non-controlling interests						14,644			14,644
Exchange difference in subsidiaries and net hedging investments outside Colombia, net of deferred tax						(30,114)			(30,114)
Unrealized gain on fixed-yield investments						16,012			16,012
Long-term employee benefits						27,163			27,163
Result for the period								1,108,467	1,108,467
Balance at December 31, 2017	76,784	4,676,804	2,419,516	536,808	435,116	202,418	88,803	1,108,467	9,544,716
Distribution of dividends:									-
Cash dividends declared, $800 per share on 451.670.413 shares outstanding. Apr.04 and Sep.19 de 2018								(361,336)	(361,336)
Movement of reserves									-
Mandatory reserve			62,016					(62,016)	-
Release of voluntary reserve to increase mandatory reserve, commitment for profits of 2016			192,800	(192,800)					-
Voluntary reserve				241,728				(241,728)	-
Capitalization reserve, commitment of profits from 2017			443,387					(443,387)	-
Release of voluntary reserve to increase mandatory reserve			276,068	(276,068)					-
Disposal of profits for previous periods, made in 2017 to increase mandatory reserve			35,706				(35,706)		-
Other comprehensive income, net of income tax									
First application of IFRS (Note 12.21.4.)					(13,234)		13,234		-
Investments in subsidiaries and other non-controlling interests						(82,479)			(82,479)
Exchange difference in subsidiaries and net hedging investments outside Colombia, net of deferred tax						49,450			49,450
Unrealized gain on fixed-yield investments						(1,456)			(1,456)
Long-term employee benefits						338			338
Result for the period								1,194,882	1,194,882
Balance at December 31, 2018	76,784	4,676,804	3,429,493	309,668	421,882	168,271	66,331	1,194,882	10,344,115

(1) An Extraordinary General Meeting of January 30, 2015 authorized the Bank to charge wealth tax as authorizxed by Law 1739/2014, against equity reserves for 2015, 2016 and 2017.
(2) Corresponds dividends received on profits prior to the first adoption of IFRS

See the Notes accompanying the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90879-T
Member of KPMG S.A.S.
(See my report of February 12, 2019)

Banco Davivienda S.A.
Separate Statement of Cash Flows
(Millions of Colombian pesos)

Years ended on December 31:	Note	2018	2017
Cash flows from operating activities			
Profit for the period		1,194,882	1,108,467
Reconciliation of profit for the period and net cash provided (used) by operating activities			
Provision (recovery) in financial instrument investments, net	12.3.6	375	(839)
Provision against loans and leases, net	12.5.15	2,239,441	1,857,650
Provision against accounts receivable, net	12.6	161,566	80,354
Provision against assets held for sale, net	12.7.4	12,929	27,787
Provision against property and equipment and investment property, net	12.8.3/12.9.2	3,944	293
Provision against other assets	12.13	38,889	25,679
Severance provision		46,129	45,508
Accruals provision, net	12.20	229,097	71,019
Depreciation	13.5	54,102	45,304
Amortizations	13.5	15,487	13,464
Exchange difference, net		(133,039)	(67,451)
(Profit) on loan sales, net	12.5.11	(5,771)	(14,411)
(Profit) on equity method, net	13.3	(338,125)	(258,162)
Valuation of investments, net		(357,169)	(424,946)
(Profit) Loss on sale of trading investments, net		(1,029)	483
(Profit) on sale of investments available for sale, net		(2)	(6)
Profit on sale of investments held to maturity, net		-	(4,143)
Loss on sale of equity investments, net		35	-
Valuation of derivatives and spot operations, net		42,992	(385)
(Profit) Loss on sale of assets held for sale, net	12.7.3	(1,393)	1,379
(Profit) on sale of property, equipment and leasing assets, net	12.8.1	(16,377)	(31,364)
(Profit) on sale of investment property, net	12.9.3	(1,709)	(5,040)
Loss (Profit) on sale of other assets		3,991	(190)
Severance payments		(40,740)	(43,236)
Income tax	13.7	223,456	271,825
Changes in operating assets and liabilities			
(Increase) Decrease in money market liability operations		(65,628)	84,990
Decrease in trading investments		103,117	56,634
(Increase) in loans and leasing operations		(8,144,516)	(13,792,661)
Proceeds of loan sales	12.5.11/12.5.12	329,561	724,121
(Increase) Decrease in accounts receivable		(7,957,226)	318,181
(Additcions) to assets held for sale	12.7.2	(61,027)	(90,856)
Proceeds of sale of assets held for sale	12.7	22,876	24,598
(Increase) in other assets		(104,852)	(30,190)
Proceds of sale of other assets		29,964	12,001
Increase in deposits and demand accounts		8,342,771	5,474,829
Increase (Decrease) in interbank funds purchased		175,079	(172,112)
Increase in liability derivatives		153,088	108,379
Increase in accounts payable		268,392	203,538
Increase (Decrease) in employment obligations		9,425	(34,029)
(Decrease) Increase in accruals and provisions		(123,188)	93,741
Wealth tax		-	(21,841)
Income taxes paid		(366,300)	(353,526)
Interest paid		(2,662,943)	(2,909,989)
Interest received		7,217,069	7,103,273
Net cash provided (used) by operating activities		**537,623**	**(501,878)**
Cash flows from nvestment activities			
Dividends received		117,659	102,408
(Increase) in investments available for sale		(57,296)	(1,141,817)
Decrease in investments held to maturity		74,484	77,168
(Increase) in equity investments		(166,374)	(48,063)
(Increase) in acceptances, spot operations and derivatives		(130,158)	(93,224)
(Increase) Decrease in property and equipment		(28)	2,033
(Additions) to investment property	12.8/12.9	(98,026)	(65,109)
Proceeds of sale of property and equipment	12.8.1	67,483	30,286
Proceeds of sale of investment property	12.9.3	7,580	6,425
Decrease in intangibles		7,586	41,007
Net cash (used) provided by investment activities		**(177,090)**	**(1,088,884)**

Banco Davivienda S.A.
Separate Statement of Cash Flows (continued)
(Millions of Colombian pesos)

Years ended on December 31:	Note	2018	2017
Cash flows from financing activities			
Debt issued	12.17	452,870	2,999,843
Debt issue redemptions	12.17	(2,015,423)	(857,889)
Increase (Decrease) in debt issued		139,805	(1,065)
New borrowings	12.16	9,440,639	4,166,552
Financial debt repayments	12.16	(8,061,502)	(3,873,632)
(Decrease) in financial debt		(317,691)	(10,157)
Cash dividends paid		(361,336)	(429,087)
Net cash (used) provided by financing activities		**(722,638)**	**1,994,564**
(Decrease) Increase net in cash and cash equivalents		(362,105)	403,802
Effect of the variation in exchange difference on results		450,365	14,187
Cash and cash equivalents at the beginning of the period		5,419,221	5,001,232
Cash and cash equivalents at the end of the period. (*)		**5,507,481**	**5,419,221**

(*) Includes cash equivalents under 90 days in money market operations for $347.801 at December 31, 2018 and $1.337.235 at December 31, 2017.

See the Notes accompanying the separate financial statements.

JUAN CARLOS HERNÁNDEZ NÚÑEZ
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Chief Accountant
TP. No. 35089-T

GUSTAVO ADOLFO ROA CAMARGO
Statutory Auditor of Banco Davivienda S.A.
TP. No. 90879-T
Member of KPMG S.A.S.
(See my report of February 12, 2019)

HOUSING PROJECTS AND OTHER BUILDINGS

We promote the construction of the heritage of Colombian families by financing housing projects and other buildings.

The following are some of the projects built during 2018:

- BOGOTÁ
- SOACHA
- MADRID
- CAJICÁ
- MEDELLÍN
- ENVIGADO
- LA ESTRELLA
- CALI
- JAMUNDÍ
- BARRANQUILLA
- SANTA MARTA
- TURBACO
- MONTERÍA
- CÚCUTA
- PEREIRA
- ARMENIA
- DOSQUEBRADAS
- IBAGUÉ
- GIRARDOT
- VILLAVICENCIO

MACANA - VERAMONTE
HOUSING
CONSTRUCTORA BOLÍVAR S.A.
BOGOTÁ

FORET
HOUSING
CUZESAR S.A.
BOGOTÁ

▷ **ORVIETO 1793**
HOUSING
VIVIENDA 2000 S.A.
BOGOTÁ

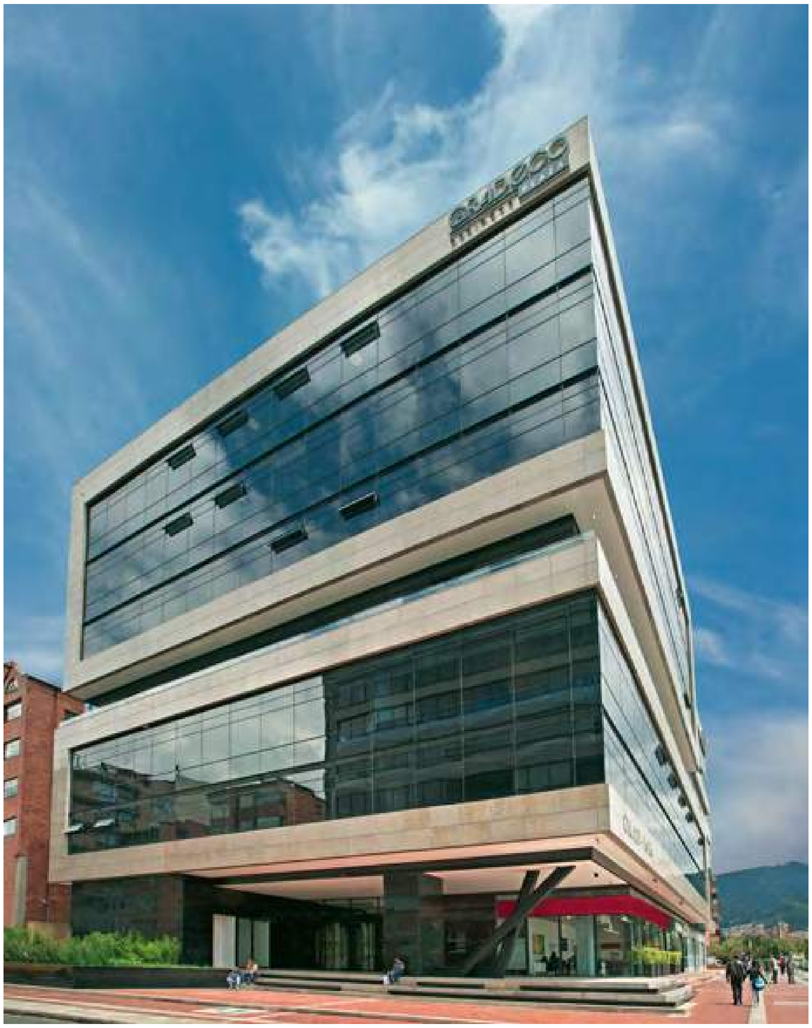
▷ **IMPERIAL RESERVADO**
HOUSING
OSPINAS - COLPATRIA
BOGOTÁ

▷ **ABEDULES DE SANTA FE**
HOUSING
PROMOTORA APOTEMA S.A.S.
BOGOTÁ

▷ **RESERVA DE SUBA**
SOCIAL HOUSING
CONSTRUCTORA CAPITAL S.A.S.
BOGOTÁ

▷ **TELESKOP**
MIXED
ARPRO ARQUITECTOS E INGENIEROS S.A.
BOGOTÁ

▷ **PRANA 26**
DIFFERENT FROM HOUSING
PROMOTORA CENTRAL S.A.S.
BOGOTÁ



▷ **GRADECO BUSINESS PLAZA**
DIFFERENT FROM HOUSING
GRADECO CONSTRUCCIONES Y CÍA. S.A.S.
BOGOTÁ

▷ **CIUDAD VERDE - MENTA**
SOCIAL HOUSING
CONSTRUCTORA BOLÍVAR S.A.
SOACHA (CUNDINAMARCA)

MANZANILLA - CIUDAD VERDE
SOCIAL HOUSING
PRODESA Y CÍA. S.A.S.
SOACHA (CUNDINAMARCA)

EL FUTURO
SOCIAL HOUSING
APIROS S.A.S.
SOACHA (CUNDINAMARCA)

▷ **BAMBÚ - CIUDAD VERDE**
SOCIAL HOUSING
EMEZETA S.A. – TENCO S.A.
SOACHA (CUNDINAMARCA)

▷ **LOS ROBLES I**
HOUSING
ARQUITECTURA Y CONCRETO S.A.S.
CAJICÁ (CUNDINAMARCA)

FONTANA LA PROSPERIDAD
SOCIAL HOUSING
AR CONSTRUCCIONES S.A.S.
MADRID (CUNDINAMARCA)

VERDI
HOUSING
BEMSA S.A.S.
MEDELLÍN

35 PALMS
DIFFERENT FROM HOUSING
BIENES Y BIENES S.A.
MEDELLÍN

FELISA
HOUSING
Y BIENES S.A.
ENVIGADO (ANTIOQUIA)

▷ **CONSULTORIOS DEL SUR**
DIFFERENT FROM HOUSING
ARQUITECTURA Y CONCRETO S.A.S.
ENVIGADO (ANTIOQUIA)

▷ **ROMAZINO**
HOUSING
CONSTRUCTORA CAPITAL MEDELLÍN S.A.S.
LA ESTRELLA (ANTIOQUIA)

▷ RESERVA CAMPESTRE
HOUSING
CONSTRUCTORA BOLÍVAR CALI S.A.
CALI

▷ SAN RAFAEL
HOUSING
MARVAL S.A.
CALI

▷ **FIRENZE**
HOUSING
CONSTRUCTORA MELÉNDEZ S.A.
CALI

▷ **OLIVENZA**
HOUSING
CONSTRUCTORA BOLÍVAR CALI S.A.
CALI

▷ **SAXO**
HOUSING
JARAMILLO MORA S.A.
CALI

▷ **BAMBÚ**
HOUSING
CONSTRUCCIONES CFC & ASOCIADOS S.A.
CALI

PARAISO CARIBE
HOUSING
CONSTRUCTORA MELÉNDEZ S.A.
BARRANQUILLA

SAN VENTTO
HOUSING
GPI CONSTRUCTORES LTDA.
MONTERÍA

EDIFICIO BALTIA
HOUSING
MIPKO CONSTRUCTORES S.A.S.
SANTA MARTA

GRAND MARINA APARTASUITES Y HOTEL AC MARRIOT
DIFFERENT FROM HOUSING
PRABYC INGENIEROS S.A.S.
SANTA MARTA

▷ **PRADO VERDE**
HOUSING
ESPECIALMENTE S.A.S.
TURBACO (BOLÍVAR)

▷ **VITTA**
DIFFERENT FROM HOUSING
CÚCUTA REAL STATE S.A.S.
CÚCUTA

▷ **SERRANÍA DEL HATO**
HOUSING
MARVAL S.A.
BUCARAMANGA

▷ **PARQUE RESIDENCIAL URBANO LA CIELITO**
HOUSING
PROMOTORA LA CIELITO S.A.S.
PEREIRA

BRISAS DEL CAMPO
SOCIAL HOUSING
CONSTRUCTORA BOLÍVAR CALI S.A.
ARMENIA

GUADULALES DE OTÚN
SOCIAL HOUSING
CENTRO SUR S.A.
DOSQUEBRADAS
(RISARALDA)

FORTEZZA PARQUE RESIDENCIAL
SOCIAL HOUSING
PROYECTAMOS Y EDIFICAMOS S.A.S.
IBAGUÉ

BARLOVENTO
SOCIAL HOUSING
BALCONES DE BARLOVENTO S.A.S.
GIRARDOT

ALCARAVÁN - HACIENDA ROSA BLANCA
HOUSING
PROYECTAMOS Y EDIFICAMOS S.A.S.
VILLAVICENCIO

BANCO DAVIVIENDA

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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DAVIVIENDA

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