First Quarter Results
2012 – 1Q12
Consolidated Report

In the first quarter 2012, Davivienda[1] Bank continued with its strategy of consolidation and growth both locally and regionally. On the one hand, the Bank reached an agreement to acquire the HSBC banks in El Salvador, Honduras and Costa Rica thus constituting itself as a regional bank. On the other hand, the Bank consolidates itself locally in sectors which are key to the economy and therefore, it continues generating value to its stockholders.

The Bank has directed its strategy towards sectors of the economy in line with the government, achieving a considerable increase in the infrastructure segment where the portfolio reached COP $1.2 trillion in March 2012; this corresponds an increase close to 50% with respect to 1Q11. Meanwhile, SME segment reached COP $2.4 trillion which is 24% superior compared to march 2011. The agriculture credits amounted to COP $1.0 trillion, increasing 36% with respect to the previous year. Another key product, the foreign exchanges increases 27% and closes at COP $1.6. Finally, mortgages credits including leasing reached COP $4.4 trillion thus obtaining an increase close to 23%.

Daviplata continues receiving acknowledgements such as the CIT Golden Card Award[2] for its innovations in payment means. Furthermore, during the quarter, there were some improves as the possibility to deposit money in the money pocket purse directly from the branches and making it possible to receive remittances from abroad. As of march 2012, it reaches 195 agreements with companies and the Colombian government.

The shareholders Assemblies approved the merge between Davivienda and Confinanciera, subsidiary of the bank with 95% of ownership, which is expected to conclude at the end of the first half of 2012.

Additionally, during January 2012, the Bank closed the agreement with HSBC Holdings to acquire the banks, insurance companies and other HSBC complementary companies in El Salvador, Costa Rica and Honduras. The bank has been working on the authorization requests for the regulators of each country, the substitution of the brand HSBC for the brand DAVIVIENDA and a process

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[1] The information presented here is exclusively informative and illustrative. It is not, nor does it pretend to be a source of legal or financial consultation regarding any issue.
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The examples given shouldn´t be taken as a guarantee for future projections and it is not expressly or implicitly assumed or obliged in relation with the reserves expected in the future.
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These balance statements have been prepared in accordance with the accountability principles generally accepted in Colombia, and they are presented in nominal terms. The P & L statement corresponding to the quarter which ended on March 31st will not necessarily constitute an indication of the expected P & L for any other period.
[2] Taken from: http//www.sendspace.com/file/heps2y

organized with positive expectations from employees and customers. This processes are expected to conclude at the end of the third quarter 2012.

The assets of the banks of Central America represent close to 99% of the total assets from the acquired entities, which have a diversified portfolio with a similar structure as Davivienda portfolio structure.

While Davivienda announced the acquisition of HSBC in Central America, S&P rating agency announced Davivienda' s rating under *Credit Watch*, which was removed on may, the 14th of 2012, once an exhaustive analysis of the impact of the operation on the bank was made.

Moody's rating agency announced negative outlook, whilst awaiting of the closure of the operation in Central America and Fitch Ratings agency maintained its stable outlook on Davivienda rating.

Finally, during the month of April, the Bank continued with its strategy of funding through local bonds; it has already issued COP 1.5 trillion of the COP 3 trillion program approved in 2011 by the SFC. This emission of COP 400 billion in subordinated bonds reached a demand equal to 1.8 times the value offered thus illustrating the appetite the market has for the papers issued by Davivienda.

MAIN RESULTS

The net profit for the first quarter of 2012 was COP $215 billion; this represents a growth of 25.5 % versus the growth in the fourth quarter of the previous year and of 9.9 % versus the same quarter of last year.

- The portfolio interest income generated in the quarter was COP $835 billion, representing a growth of 28.9 % over the first quarter of 2011 and of 3.3% versus the previous quarter of 2011. The income of the investment portfolio closed at COP $96 billion with a variation of 29.1 % versus the fourth quarter of 2011 and of 72.6 % over the first quarter of 2011.
- The consolidated assets at the end of the quarter are COP $37.4 trillion where the net portfolio value of COP $25.9 trillion represents 69.1 %, and the investments for COP $5.4 trillion account for 14.5 %.
- The net portfolio[3] at the end of the quarter was COP $25.9 trillion and registered a growth rate of 1.3% in relation to the balance recorded at the end of 4Q11 and of 18.2 % when compared to the previous year. This growth was mainly driven by the commercial and housing portfolios.
- The portfolio quality arrears height[4] stood at 1.66 %; the provisions of portfolio worth col$1.4 billion allowed for a 301.2 % coverage. The provisions represent 5.0 % of the gross portfolio.
- The deposits reached COP $27.6 trillion with a growth rate of 11.6 % when compared to those of last year; they were driven mainly by the savings accounts which had an increase of 24.5 %.

[3] Net portfolio= gross portfolio- Provisions
[4] Portfolio quality > 90 days.

- The ratio[5] of net portfolio on collected money[6] from the public reached 94.8 % compared to a 96.1% the previous quarter. Without taking into account the obligations to discount, this ratio is of 84.0% at the end of 1Q12.
- The equity closed at COP $4.9 trillion with a growth of 2.2 % when compared to 4Q11 and of 33.8 % when compared to the previous year. The solvency ratio diminished during the quarter 14pb to settle at 14.26 %.

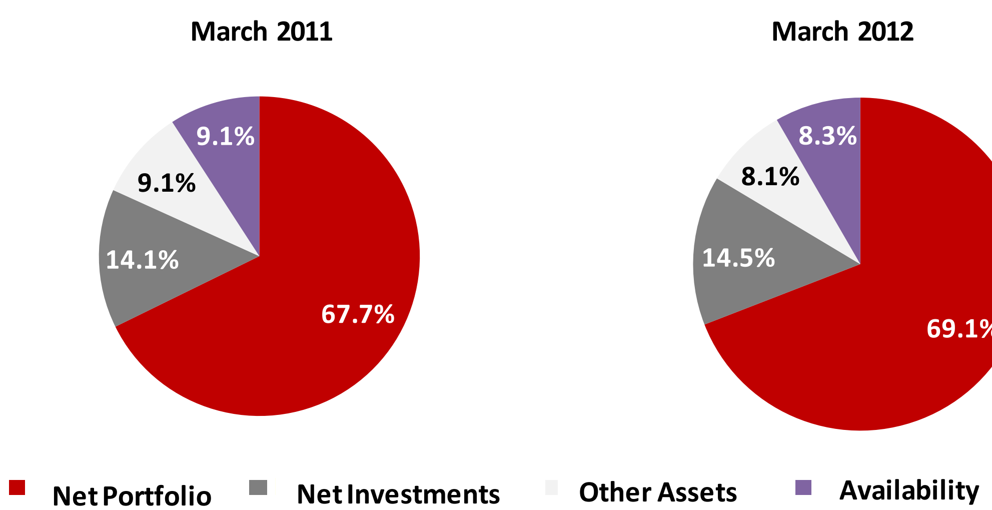
The net income per share[7] in 1Q12 reported by the Bank was COP $508.8; this represents a variation of 35 % when compared to 4Q11. The above is due primarily to an increase in profit in the analysis period despite the fact that the number of shares increased as a result of the second issue of preferred shares. The return on average equity (ROAE) to March 2012 was 15.5 %.

BALANCE SHEET

ASSETS

The assets increased by 2.1 % during the quarter and by 15.9 % when compared to 1Q11 reaching COP $37.4 billion. With respect to the previous year, the main growth corresponds to investments which grew by 13.7 %, and its growth over the previous year was 19.6 % while maintaining participation close to 15 % of total assets.

Structure of the Assets



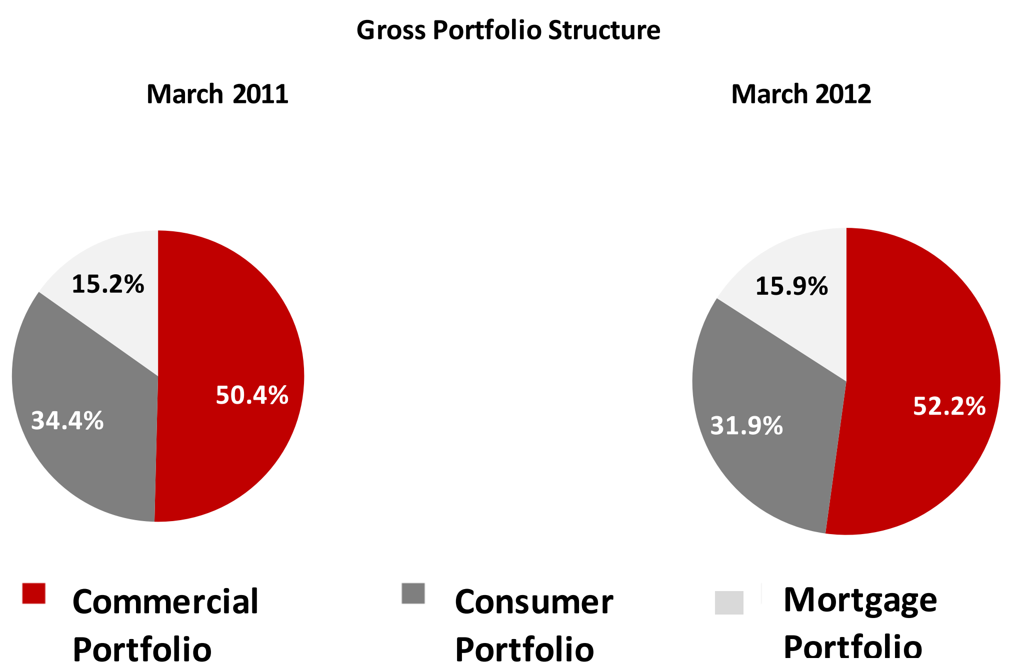
[5] Net portfolio / (Deposits + rediscount Credits)
[6] Deposits and current liabilities + bonds
[7] The net income per share = individual quarter profit / equity average

AVAILABILITY

The available balance increased by 5.5 % when compared to the same quarter the previous year. This is due to the larger liquidity of the Bank which resulted from capitalization.

GROSS CREDIT PORTFOLIO

The loan portfolio stood at the end of the quarter at COP $27.2 trillion, COP $392 billion more than in 4Q11 and maintains, between personal and corporate banking, a distribution similar to that of the previous year. This is due mainly to the fact that although there is a reduction in the growth rate, the housing portfolio grows at a similar rate to that of the commercial portfolio.



The commercial[8] portfolio represents 52.2 % of the total portfolio, with a growth of 1.0 % when compared to the previous quarter and of 22.0 % over the same period last year.

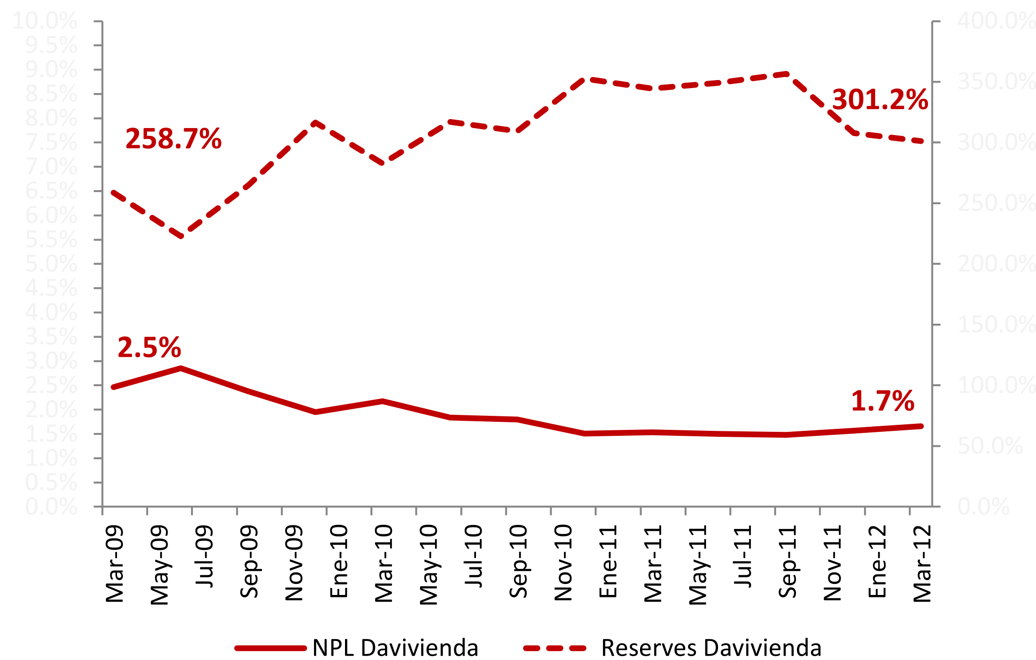
Meanwhile, the consumption portfolio closed at COP $8.7 trillion, growing 1.1 % in the quarter and by 9.4 % when compared to the previous year mainly due to an increase in the granting of credit policy requirements to certain products and to certain segments. The mortgage portfolio[9] reached a balance of COP $4.3 trillion at quarter end, recording a growth of 3.8 % when compared to the previous quarter and of 23.4 % when compared to the previous year. The annual growth of this portfolio would be 16.1 % when taking into account the portfolio that the Bank has securitized to date and which amounts to COP $2.2 trillion.

[8] It includes microcredit.
[9] It includes residential leasing.

The indicator of the whole portfolio[10] increased from 1.53 % from the end of the first quarter 2011 to 1.66 % at the end of March 2012. This is explained not only by the growth of the portfolio, but mainly by the deterioration of the consumer portfolio in the free investment credit line for which the Bank has strengthened its credit policies in this segment.

During the quarter (1Q12) adequate levels of coverage remained for all types of portfolios, for a total indicator above 300 %. In the quarter, charges-off were worth COP $168.6 billion. On the other hand, the recoveries made in the first quarter of 2012 were COP $36.7 billion for a net of COP $131.9 billion.

Quality of the Portfolio by Type and Coverage

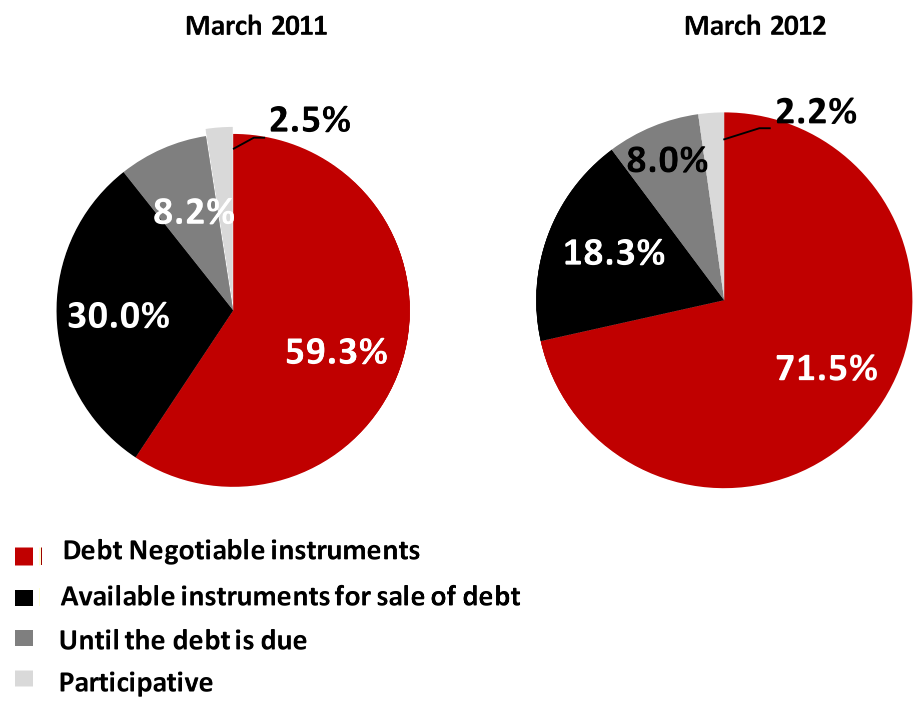


GROSS INVESTMENT PORTFOLIO

The investment portfolio totalized COP $5.4 trillion at the end of the quarter, levering the portfolio growth which registered an increase of 13.7 % during the period, and a growth of 19.6% when compared to last year. The increment is in the fixed rate securities which represent 97.8% of the totality of the investments, especially in those classified as negotiable securities which constitute 73 % of the portfolio and which support the strategy of liquidity of the Bank.

[10] Quality: portfolio > 90 days total
Coverage: Reserves / portfolio>90 days. Commercial includes microcredit, housing includes leasing.

Net Investment Portfolio Structure



COMMERCIAL CREDIT

By December 31st, the balance of commercial credit was COP $1.2 trillion with amortization varying from COP $27.3 billion in the first quarter 2011 to COP $11.6 billion during the first quarter of this year. This was due to the termination of commercial credit generated by the purchase of Bansuperior which was fully amortized by the end of 2011 third quarter.

OTHER ASSETS

The goods received as debt payment increased by 15.4 % in the quarter and decreased 10.2 % when compared to 1Q11, reaching col$44.8 billion.

The fixed assets amounted to COP $882.2 billion which is a reduction of 0.1 % versus the previous quarter and an increment of 8.4 % when compared to 1Q11. So far this year, the asset valuation has reached COP $486.6 billion with a variation of 0.6 % versus the previous quarter and of 10.8 % with respect to 1Q11.

LIABILITIES

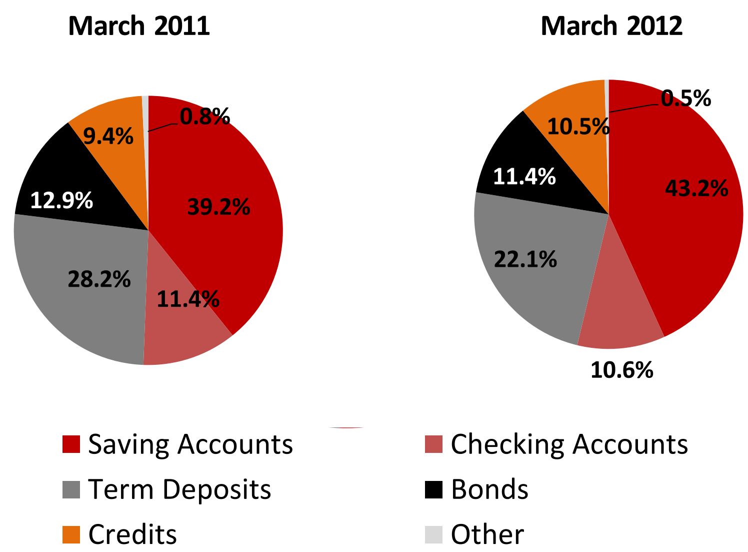
By March 31st 2012, the liabilities had reached COP $32.5 trillion recording an increment of 2.1 % in the quarter and of 13.6 % when compared to the previous year.

The deposits and bonds reached COP $27.6 trillion achieving a relation of net portfolio over deposits[11] of 94.8 %. In relation to the composition of the funding, the savings accounts increased

[11] Loans / (Deposits Credits with other entities)

6.4 % in relation to the previous quarter, and 24.5 % when compared to the first quarter 2011. This growth is mainly a consequence of the search for a more efficient funding, having corporate clients migrate from CD´s to Saving Accounts.

Structure of Funding Sources

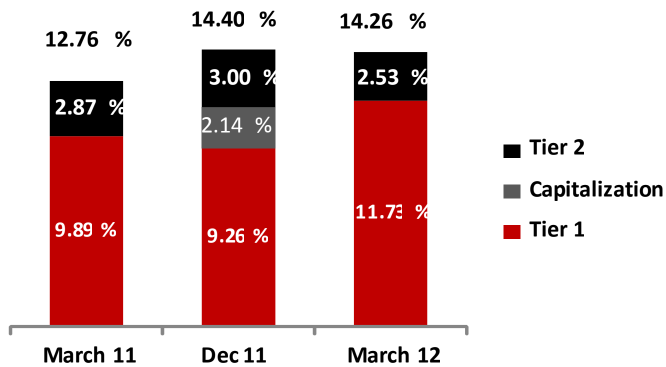


The deposits registered a growth of 4.5 % during this period and of 13.6 % during the year. Bonds were not included in these registers. The financial obligations that support the commercial portfolio funding registered a decrease of 9.1 % during the quarter and an increase of 26.1 % during the year. Of these, the obligations in foreign currency for USD $ 990 million registered a decrease of 13.9 during the quarter and a growth of 29.5% during the year due to the Bank´s strategy of growing in this type of credit.

EQUITY

The equity added up to COP $4.9 trillion at the end of the quarter registering an increment of 2.2% when compared to the previous quarter, and of 33.8% versus the previous year. This is explained mainly by the internal production of benefits and by the second issuing of preferential stocks; that is 35,809,649 new stocks for a total of 100,537,305 stocks for which COP $716.2 billion were allocated. This represents 22.7% of the Bank´s shareholding structure.

With this equity, the consolidated bank reaches 14.26 % solvency compared to 14.40 % from the previous quarter; this relation is 526 basis points above the 9 % requested in Colombia. By March 31st 2012, the ratio between basic equity and weighed assets due to risk was 11.73 %. The technical equity was situated at COP $4.9 trillion by the end of 1Q12, with a variation of 2.0 % versus 4Q11. This decrease in solvency is due to a mayor growth in weighed assets due to risk versus equity growth.



	March 11	Dec 11	March 12
Basic Equity	2.9	3.8	4.0
Additional Equity	0.8	1.0	0.9
Technical Equity	3.7	4.8	4.9
Weighted Assets by level of Risks	26.9	30.7	31.5

Numbers expressed in trillion

PROFITS

Net profits totaled COP $215 billion during the quarter, recording an increase of 9.9 % when compared to the previous quarter; the above, due principally to financial income. The net profit per share during this period is COP $508.8 showing an increment of 35% with respect to the previous quarter.

INTEREST REVENUES

The interest revenue obtained in the quarter was COP $937 billion; this represents an increase of 32.4% with respect to 1Q11 and of 5.6% versus the previous quarter of 2011. The growth in the quarter is explained mainly by the increment of interests in the commercial portfolio (8.0% versus 4Q11 and 45.5% versus 1Q11) and the leasing portfolio (7.0 % in relation to 4Q11 and 22.6% in relation to 1Q11).

The 8.0 % increase in interests in the commercial portfolio this quarter when compared to the previous one and the 45.5 % in relation to the same period the previous year can be explained principally by an increment in the market rates and by a growth of 22 % in the portfolio balance when compared to the previous year. During 2011, the Banco de la República (the Central Bank) has incremented the intervention rate in approximately 25 basis points monthly, going from 3.25% in March 2011 to 5.25% by the end of March 2012.

In addition to this, the interests in the housing and leasing portfolios increased as a consequence of a higher allocation of leasing credits (a 24.7 % variation with respect to 1Q11).

Meanwhile, the consumption income showed an increment of 20.2 % when compared to the same period the previous year due principally to the increment in the credit card income for colS24.8 billion. This can be explained by the increment in the usury rates to which these credits are indexed.

INCOMES DUE TO INVESTMENTS

The incomes originated by the investment portfolio increased by 29.1 % in relation to the fourth quarter 2011 and by 72.6 % in relation to the previous year as a consequence of a price valuation originated by a decrease in rates.

FINANCIAL EXPENDITURES

The financial expenditures increased by 11.5 % during the quarter and by 61.7 % versus the same period the previous year. This is due to the increase in the expenditure of saving accounts and local bonds as a result of the bond emission program that has taken place since 2011 and to an increase in credit with other entities. The increment in the intervention rate has as a consequence an increment in the rates paid in deposits, thus impacting the financial sources with higher costs.

RESERVES

The expenditure of the quarter amounted to COP $547.5 billion, an increase of COP $88 billion when compared to the previous quarter, due mainly to portfolio recoveries and to accounts receivable. When compared to the year before, an increase of COP $106 billion was generated; this can be explained by the gross portfolio growth and by the deterioration of consumption credits for which the Bank has been modifying its credit policies for this segment.

NET FINANCIAL MARGIN

Due to the good behavior in the allocation of the credit portfolio and to the increase in market rates, the net financial margin of the period shows a growth of COP $32 billion in relation to the previous quarter and a financial margin variation of 8 % versus 1Q11. Yet, if compared to the same period the previous year, it was reduced because of an increment in the financial expenditures and in higher reserves.

COMMISSIONS AND INCOME FOR SERVICES

Income and commissions for services amounted to COP $214.5 billion; this represents an increase of 9.4 % in relation to the previous quarter mainly due to the increase in the number of clients that by March 2012 had reached 4.1 million.

OPERATIONAL COSTS

The operating costs amounted to COP $403.3 billion; this is a 13.1 % reduction when compared to the previous quarter; the variation with respect to the year before is constant and does not change.

The quarterly decline corresponds principally to a decrease in the operating costs that diminished by 26.7 % versus 4Q11; this represents a reduction of close to COP $54 billion due mainly to a less expenditure in professional fees that closed at COP $19.2 billion versus COP $38.4 billion from the previous period and to the decrease in publicity costs and propaganda which were reduced in close to $20 billion.

The personnel costs amounted to COP $154.7 billion, an increase of 8.3 % with respect to the previous quarter and of 5.8 % with respect to the year before. This increment is due mainly to an increment in other labor benefits.

Additionally, there was a decrease of COP $7.6 billion in depreciation and amortization costs mainly due to a decrease in the depreciation costs of improvements to rented property, besides a decrease of COP $1.4 billion in amortization costs of the commercial credit that existed because of the purchase of Bancosuperior.

OTHER INCOMES AND NET EXPENDITURES

For the first quarter 2012, other expenses for COP $40.2 billion were originated; these expenditures were due mainly to the derived change net costs which amounted to COP $15.9 billion and which represent an increase of 358 % versus the first quarter 2011.

TAXES

During the quarter, there was an increment in the value of taxes of 9.6 % when compared to the same quarter the previous year, and of 36 % versus the previous year. The above is due to an increment in the income to be taxed and to higher deductible costs.

RESULTS FOURTH QUARTER 2011 DETAILS DAVIVIENDA BRANCHES (COP billion)

Enterprices	Assets	Annual Growth	Liabilities	Annual Growth	Equity	Annual Growth	March Profits	Annual Growth
Banco Davivienda	35.857	15%	30.944	13%	4.913	34%	226	25%
Bancafé Panamá	1.385	37%	1.208	37%	177	43%	8	6%
Confinanciera	493	14%	415	13%	78	20%	7	-17%
Fiduciaria Cafetera	84	3%	15	-11%	69	5%	2	125%
Fiduciaria Davivienda	66	-2%	19	-19%	47	7%	4	-5%
Davivalores	16	47%	1	198%	15	46%	2	196%
Total Bank and Subsidiaries	37.900	16%	32.602	14%	5.298	33%	249	24%
Deletions and Approvals	-455	31%	-56	56%	-399	29%	-34	17%
Consolidated	37.445	16%	32.546	14%	4.900	34%	215	25%
Banco Davivienda over the consolidated total	96%		95%		100%		105%	

Panama: By the end of March 2012, Bancafé Panama had reached US$773 million in total assets; this represents a 39 % growth with respect to the previous year. The most important items are bank deposits, portfolio investments and portfolio holding. In September 2011, it obtained authorization from Panama´s Banking Super Intendancy to operate through a sole license called “General License” that would enable it to maintain the service offered to international and local clients with less operational costs and higher administrative efficiency.

The equity value is US $99 million which is 17 % superior to that of March 2011. This variation is due to the profits of the quarter that increased by 97 % totaling US $ 4.7 million.

Confinanciera: In March, the fusion of the branch Confinanciera with Davivienda was approved. This process is expected to be completed during the first quarter 2012.

Closing the first quarter 2012, the behavior of the assets continues to increase reaching col$493 billion and growing 14 % versus the same period the previous year. The equity was col$75 billion with increases close to 16 %. Finally, the profits diminished to col$6.6 billion due principally to the migration resulting from the fusion.

Fidudavivienda: By the end of March 2012, Fidudavivienda administered assets for more than col$3.8 billion. This represents an increment of 10.5 % when compared to the previous year and generates profits for col$3.9 million, a decrease of 11 % with respect to last year.

Fiducafé: By the end of the first quarter 2012, and due to the behavior of the business managed, the commissions for administering the business were col$6 billion. They were 10 % less to those obtained the previous year, while the net profit resulting from the exercise grew 345 % and closes

March with col$2.3 billion. This is the result of an increase in the commissions of the structured fiduciary and of a reduction in operational costs.

Regarding the accounts in the Statement of the Fiduciary, by March 2012, the totality of assets is col$83 billion, the equity grew 6 % going from col$65 billion to col$69 billion. This growth was generated mainly by the profits of the year.

Davivalores: At the closing of the first quarter 2012, Davivalores continues to have important increases in the principal items. It amounts to col$2.5 billion in administered assets which represents an increment of 76 % versus the same period the year before. The assets close at col$16 billion thus showing a growth close to 50 %. Meanwhile, the equity reaches col$14 billion and obtains a growth close to 35 % greatly levered by the spectacular growth, going from col$-0.3 billion to col$1.8 billion by March 2011; this represents a growth of 762 %.

Consolidated Balance Sheet as of March 2012 (COP billion)								
Assets	**Dec 10**	**Mar 11**	**Jun 11**	**Sep 11**	**Dec 11**	**Mar 12**	**1Q12/4Q11**	**1Q12/1Q11**
Cash	1,684	2,952	2,550	2,488	3,335	3,115	-6.6%	5.5%
Investments	4,425	4,544	4,161	4,892	4,783	5,436	13.7%	19.6%
Loans	20,768	21,882	23,108	24,383	25,547	25,871	1.3%	18.2%
Commercial	11,182	11,641	12,160	13,221	14,066	14,206	1.0%	22.0%
Consumer	7,606	7,955	8,450	8,541	8,606	8,700	1.1%	9.4%
Mortgage + Leasing	3,147	3,506	3,773	3,977	4,167	4,325	3.8%	23.4%
Provisions	- 1,167	- 1,219	- 1,275	- 1,356	- 1,292	- 1,359	5.2%	11.5%
Fixed assets	378	375	397	409	400	396	-1.0%	5.6%
Valorizations	404	439	472	469	484	487	0.6%	10.8%
Other assets, net	1,951	2,119	2,125	2,469	2,109	2,140	1.5%	1.0%
Total Assets	29,610	32,311	32,812	35,111	36,658	37,445	2.1%	15.9%
Liabilities								
Deposits	19,348	21,178	21,193	21,982	23,024	24,053	4.5%	13.6%
Saving accounts	8,836	10,688	11,341	11,868	12,497	13,302	6.4%	24.5%
Checking accounts	3,261	3,096	3,112	3,235	3,596	3,251	-9.6%	5.0%
Term Deposits	7,001	7,182	6,572	6,719	6,689	7,346	9.8%	2.3%
Other	250	211	168	161	242	154	-36.3%	-27.2%
Long term-debt	3,083	3,508	3,491	3,699	3,701	3,503	-5.3%	-0.1%
Local	2,766	3,199	3,198	3,381	3,701	3,503	-5.3%	9.5%
International	317	309	293	319	0	0	0.1%	-99.9%
Development fund borrowings	2,400	2,563	2,717	3,285	3,557	3,232	-9.1%	26.1%
Other	1,210	1,400	1,579	2,264	1,580	1,757	11.2%	25.5%
Total Liacilities	26,041	28,649	28,980	31,231	31,863	32,546	2.1%	13.6%
Stockholders' Equity								
Capital	47	45	40	51	55	55	0.0%	23.9%
Retained earnigns	2,769	2,959	2,957	3,138	3,847	4,081	6.1%	37.9%
Surplus	446	462	513	516	515	510	-0.9%	10.4%
Results from previous	13	25	24	39	45	37	-17.5%	50.8%
Results	294	172	298	136	332	215	-35.2%	25.5%
Total stockholder´s equity	3,569	3,662	3,831	3,880	4,795	4,900	2.2%	33.8%
Total liabilities and stockholders'	29,610	32,311	32,812	35,111	36,658	37,445	2.1%	15.9%

DAVIVIENDA

First Quarter Results 2012 – 1Q12 Consolidated Report

P&L as of March 2012 (COP billion)								
	Dec 10	**Mar 11**	**Jun 11**	**Sep 11**	**Dec 11**	**Mar 12**	**1Q12/4Q11**	**1Q12/1Q11**
Total income	**665**	**707**	**773**	**824**	**887**	**937**	5.6%	32.4%
Loans	633	651	705	764	812	838	3.3%	28.9%
Commercial	203	204	224	244	274	296	8.0%	45.5%
Consumer loans	311	338	366	395	403	406	0.9%	20.2%
Mortage Loans+ Leasing	119	109	114	125	135	136	0.8%	24.6%
Mortgage	81	67	71	80	87	84	-2.6%	25.8%
Leasing	38	42	43	45	48	52	7.0%	22.6%
Investments	32	56	66	58	74	96	29.1%	72.6%
Interbanks	-	1	2	1	1	2	196.9%	151.5%
Total expenses	**172**	**185**	**210**	**239**	**268**	**299**	11.5%	61.7%
Deposits in checking accounts	5	4	5	5	6	6	-10.7%	26.6%
Deposits in saving accounts	29	33	51	71	76	97	27.3%	197.0%
Deposits in certificates	75	73	72	75	84	91	8.8%	24.5%
Credits with entities	16	18	23	25	31	35	10.8%	93.0%
Long term-debt	45	54	59	60	67	70	5.3%	30.0%
Financial Margin	**494**	**522**	**563**	**585**	**619**	**638**	3.1%	22.1%
Reserves, net	70	119	172	203	126	203	61.6%	70.2%
Financial Margin, net	424	403	391	382	493	435	-11.8%	7.9%
Fees	193	202	189	206	196	215	9.4%	6.4%
Operational Expenses	466	403	439	426	464	403	-13.1%	0.0%
Other income and expenses	26	15	15	25	17	40	138.9%	167.8%
Non operatives	- 21	0	4	6	9	- 10	-208.0%	-18329.0%
Profits before taxes	157	216	160	192	252	276	9.9%	27.7%
Taxes	46	45	33	56	56	61	9.7%	36.1%
Profits	111	172	126	136	196	215	9.9%	25.5%