DAVIVIENDA ANNOUNCES CONSOLIDATED RESULTS OF THE FOURTH QUARTER 2017

Bogota, March 12, 2018 - Banco Davivienda (BVC: PFDAVVNDA), ("the Company", "Davivienda" or the "Bank"), leading commercial bank in the Colombian financial market and subsidiary of the Grupo Bolívar, announces today its consolidated results for the fourth quarter of 2017 (4Q17), period ended on December 31st, 2017.

- At the end of 4Q17 Davivienda reported a consolidated net profit of $ 360 billion, which represents an increase of 31.9% compared to the third quarter of 2017 (3Q17) and a decrease of 32.7% compared to the fourth quarter of 2016 (4Q16). Accumulated profit as of December 2017 closed at $ 1,283 billion, showing a decrease of 25.6% compared to December 2016. If we discount the non-recurring[1] income for 2016 and 2017, the quarter recurring profit grows 32.5% compared to 4Q16, and the accumulated recurring income shows a decrease of 13.7% compared to the previous year.

- Gross loans portfolio reached $78 trillion at the end of 4Q17, 7.3% more than the previous year, mainly due to the growth of the mortgage and consumer portfolio, which grew 14.1% and 9.6% respectively, compared to 3Q16.

- Accumulated portfolio income, as of December 2017, grew 10.1% compared to December 2016. In turn, quarter portfolio income remained stable compared to 3Q17 and grew 6.6% year over year. This growth is explained by higher volumes of income in the housing and consumer portfolios.

- Financial expenses in 4Q17 closed at $ 919 billion, 1.1% less than in 3Q17 and 11.3% less than in 4Q16. Accumulated financial expenses as of December 2017 closed at 3.8 trillion, 3.8% more than in the same period of the previous year.

- The gross financial margin of 4Q17 closed at 1.4 trillion, presenting an increase of 23.7% compared to 4Q16. On the other hand, the accumulated gross financial margin as of December 2017 closed at $ 5.5 trillion, 10.5% more than in the same period of the previous year. The net interest margin (NIM) [2] indicator closed the quarter at 6.57%, which represents an expansion of 19 bps compared to 3Q17.

- Total solvency ratio at the end of December 2017 closed at 12.34%, 131 basis points above the one reported in the same period of the previous year. Tier I reached 7.54%, 107 basis points above that presented in December 2016.

[1] Accumulated recurrent net income Dec. 16: $1,418 trillion: Dec. 17: $1,224 trillion

[2] NIM (12 months): gross financial margin / average productive asset.

- At the end of December 2017, Davivienda had operations in 6 countries, 9.87 million customers [3], 17,397 employees, 747 branches and 2,448 ATMs.

[3] Includes 4.1 million customers of DaviPlata and 955 thousand customers of the subsidiaries.

SUMMARY OF FINANCIAL RESULTS

Consolidated Balance Sheet as of December 2017 (COP Billion)					
	Dec 16	Sep 17	Dec 17	Dec 17 / Sep 17	Dec 17 / Dec 16
ASSETS					
Cash and interbank funds	**8,388**	**9,176**	**9,336**	**1.7%**	**11.3%**
Investments	**9,105**	**9,749**	**11,040**	**13.2%**	**21.3%**
Loans	**71,251**	**75,042**	**75,910**	**1.2%**	**6.5%**
Commercial	38,280	39,692	39,542	-0.4%	3.3%
Consumer	18,862	20,266	20,670	2.0%	9.6%
Mortgage	15,788	17,286	18,008	4.2%	14.1%
Allowances	-1,678	-2,203	-2,310	4.9%	37.6%
Fixed assets	**834**	**834**	**732**	**-12.2%**	**-12.1%**
Other assets	**3,970**	**3,757**	**3,752**	**-0.1%**	**-5.5%**
Total assets	**93,548**	**98,558**	**100,771**	**2.2%**	**7.7%**
LIABILITIES					
Deposits	**59,645**	**62,195**	**63,311**	**1.8%**	**6.1%**
Saving accounts	25,439	23,696	24,047	1.5%	-5.5%
Checking accounts	7,801	8,196	9,084	10.8%	16.4%
Term deposits	25,665	29,557	29,328	-0.8%	14.3%
Other	740	746	851	14.0%	15.1%
Bonds	**9,587**	**10,835**	**12,009**	**10.8%**	**25.3%**
Local	5,932	7,056	8,066	14.3%	36.0%
International	3,655	3,779	3,943	4.3%	7.9%
Credits with entities	**8,914**	**9,027**	**9,686**	**7.3%**	**8.7%**
Other liabilities	**5,358**	**6,026**	**4,882**	**-19.0%**	**-8.9%**
Total liabilities	**83,503**	**88,083**	**89,887**	**2.0%**	**7.6%**
EQUITY					
Total stockholders' equity	**10,045**	**10,475**	**10,883**	**3.9%**	**8.3%**

Consolidated P&L as of December 2017 (COP Billion)							
	Quarter					Accumulated	
	4Q16	3Q17	4Q17	4Q17 / 3Q17	4Q17 / 4Q16	Dec 17.	Dec 17 / Dec 16
Total income	**2,172**	**2,296**	**2,325**	**1.3%**	**7.0%**	**9,338**	**7.6%**
Loans	2,022	2,157	2,156	-0.1%	6.6%	8,667	10.1%
Investments	139	120	145	21.0%	4.2%	593	-21.2%
Overnight funds	11	19	24	29.9%	125.9%	78.4	47.8%
Financial expenses	**1,036**	**929**	**919**	**-1.1%**	**-11.3%**	**3,844**	**3.8%**
Gross financial margin	**1,136**	**1,366**	**1,405**	**2.9%**	**23.7%**	**5,494**	**10.5%**
Net allowances	185	521	512	-1.8%	176.6%	1,975	60.0%
Net interest margin	**951**	**845**	**894**	**5.8%**	**-6.0%**	**3,519**	**-5.8%**
Operating income	251	302	325	7.6%	29.8%	1,216	7.3%
Operating expenses	863	782	870	11.2%	0.8%	3,190	8.7%
Exchange and derivatives	59	12	8	-35.6%	-86.7%	104	-41.4%
Other income and expenses, net	234	-2	55	-2325.0%	-76.6%	39	-83.1%
Income before taxes	**631**	**375**	**412**	**9.8%**	**-34.8%**	**1,688**	**-28.0%**
Taxes	96	102	52	-49.4%	-46.5%	405	-34.6%
Net income	**535**	**273**	**360**	**31.9%**	**-32.7%**	**1,283**	**-25.6%**

Consolidated Key Indicators			
	4Q16	3Q17	4Q17
Profitability and efficiency			
Net Interest Margin	6.53%	6.38%	6.57%
Portfolio NIM	5.47%	5.58%	5.77%
Investments NIM	1.06%	0.80%	0.80%
ROAA	1.9%	1.5%	1.3%
ROAE	18.6%	14.4%	12.4%
Fee Ratio	15.0%	14.4%	14.6%
Efficiency	45.1%	47.3%	46.6%
Solvency Ratio			
Tier I	6.47%	7.80%	7.54%
Tier II	4.55%	4.72%	4.79%
Solvency	11.02%	12.52%	12.34%
RWA / Total assets	88.4%	86.2%	85.9%
NPL and Coverage			
NPL > 90 days	1.99%	2.87%	2.76%
Commercial	1.43%	2.81%	2.55%
Consumer	2.64%	2.68%	2.63%
Mortgage	2.58%	3.23%	3.35%
Coverage > 90 days	197.6%	151.9%	162.3%
Commercial	226.6%	140.7%	156.8%
Consumer	250.0%	257.1%	273.5%
Mortgage	94.6%	71.9%	71.3%
NPL > 30 days	4.04%	5.53%	5.32%
Commercial	226.60%	140.66%	156.83%
Consumer	250.05%	257.14%	273.48%
Mortgage	94.58%	71.87%	71.31%
Coverage > 30 days	97.3%	78.8%	84.1%
Commercial	151.4%	102.0%	105.8%
Consumer	2.6%	2.7%	2.6%
Mortgage	37.5%	28.4%	31.0%
Cost of risk	1.69%	2.13%	2.53%
Net loan portfolio / Funding sources	91.2%	91.5%	89.3%
Net loan portfolio / Funding sources without bonds	103.9%	105.4%	104.0%
Net loan portfolio / Deposits	119.5%	120.7%	119.9%
Stock Indexes			
Share price	$ 30,000	$ 33,260	$ 29,940
Price to Book Value	1.35	1.43	1.24
Exchange rate (COP/USD)			
Closing exchange rate (COP/USD)	$ 3,001	$ 2,937	$ 2,984
Average exchange rate (COP/USD)	$ 3,051	$ 2,939	$ 2,951

ECONOMIC CONTEXT

Colombia

The previous year was marked by a recovery in the world economic activity that included acceleration in the growth of both developed and emerging countries and, among these, Latin America as a region. However, the improvement of the region was not widespread, the growth was concentrated in five countries; the rest of the economies, including Colombia´s, slowed down. In effect, the GDP growth for our country was 1.8%, lower than the 2% observed in 2016.

The key factors that explain the lower growth of Colombia are mainly two: the lagged impact of the fall in oil prices and the effects of the monetary policy applied in 2016.

Regarding the first point, it is to be recalled that due to the drop in the oil rent, the government has been cutting spending levels, mainly investment, which decreases aggregate demand. In addition, the increase in VAT, needed to rebuild public finances, not only reduced the disposable income of households, but also significantly affected their levels of confidence as well as their willingness to spend. The fall in oil prices also affected the demand of Venezuela which made our sales in that country reach their lowest levels in decades.

Regarding monetary policy, it is important to mention that in order to tackle the inflationary expectations that had been raised by the El Niño phenomenon and in order to contribute to the adjustment of the economy's spending, Colombian Central Bank increased its intervention rate to 7.75% in the second part of 2016. This increase generated a higher cost of credit and a slowdown in sales, especially of durable goods.

In terms of domestic inflation, the year was marked by a sharp correction in food prices and a moderation in the growth of tradable goods that occurred as a result of greater stability in the price of the dollar. These moderations, particularly observed in food prices, enabled the fact of going from an inflation rate of 5.75% at the end of 2016 to a rate of 4.09% last December.

According to preliminary figures, in 2017 the Central National Government (GNC) recorded a GDP deficit of 3.1%, achieving a reduction of 0.9% compared to the results of 2016 and complying with the goals established by the fiscal rule. This result was achieved thanks to the combination of several factors, including the good performance of VAT collections, the arrival of some occasional revenues and the $ 4 trillion budget cut decreed at the end of the year.

During 2017, the average value of the exchange rate against the dollar ($ 2,950.6), as well as the value at the end of the year ($ 2,984.0), were below the levels reached in 2016 ($ 3,052.1 and $ 3,000.7, respectively). The causes of this modest appreciation of the Colombian peso were associated with the rise in oil prices, the fall in risk levels in emerging countries -with the consequent return of portfolio investments to these countries- and finally, the depreciation of the dollar worldwide that reversed the rise it had suffered at the end of 2016 and at the beginning of the year after the triumph of President Trump in the United States of America.

Finally, regarding to the financial sector, it should be pointed out that with figures as of November 2017, profitability on assets (ROA) and equity (ROE) of the financial system reached 1.2% and 9.1% respectively, decreasing compared to the levels observed in previous years. These results were associated with the low dynamism of the demand for credit and the deterioration in portfolio NPL indicators.

Central America

In the first three quarters of 2017, economic growth showed acceleration in Honduras and Panama, a slowdown in Costa Rica and a very stable growth in El Salvador, compared to the same period in 2016.

In the region, sectors that most boosted growth were the manufacturing sector, the agricultural sector and services activities such as financial intermediation and professional activities. Transport and construction sectors presented important growth in Panama.

The region’s inflation increased at the end of 2017, with the exception of Panama. Both at Costa Rica and Honduras, inflation was within the target range set by the monetary authorities. The rise was explained by increases in fuels and food prices. In the case of Panama, the decline was associated with a decreases on the prices of public transport and food, among others. Inflation in Costa Rica closed the year at 2.57%, El Salvador 2.04%, Honduras at 4.73% and Panama at 0.48%.

On the other hand, during the year the monetary policy rate (MPR) of Honduras remained stable at 5.50%, while that of Costa Rica increased to 4.75% at the end of 2017 from 1.75% at the beginning of the year.

Currencies of the region recorded depreciations in 2017, 2.52% in the case of Costa Rica and 1.06% in the case of Honduras. It is worth highlighting that in the second quarter of the year, Costa Rica’s Central Bank took measures to control a speculative attack against the colon. These measures include the increase in the interest rate and the sale of international reserves.

Lastly, there were downgrades in the risk rating for Costa Rica and El Salvador; Honduras recorded an improvement; and Panama rating remained stable. The main reason for the downgrades or improvements was associated with the fiscal flexibility of the countries, including the difficulty in some of these countries to reach tax agreements.

4Q17 CONSOLIDATED RESULTS
BALANCE SHEET

Assets

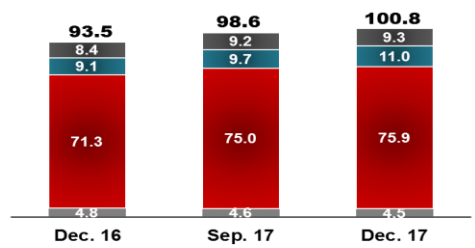
As of December 31, 2017, consolidated assets totaled $ 100.8 trillion, increasing 2.2% versus the previous quarter and 7.7% annually, mainly due to the behavior of consumer and mortgage portfolios.

Consolidated ROAA[4] to 4Q17 closed at 1.30%, 21 bps lower than the one presented on 3Q17 and 62 bps lower than in 4Q16. This is mainly due to lower dynamics of the economy and higher occasional profits in 2016 of $307 billion.

Evolution of consolidated assets

(COP Trillion)

	4Q17 / 3Q17	4Q17/4Q16
Cash	1.7%	11.3%
Investments, net	13.3%	21.3%
Portfolio, net	1.2%	6.5%
Others[5]	(2.3%)	(6.6%)
Assets	**2.2%**	**7.7%**



Assets		Dec.16	Sep. 17	Dec. 17	4Q17 / 3Q17	4Q17/4Q16
Colombia		72.0	75.9	77.8	2.5%	8.0%
International[6]	COP$	22.7	23.6	23.9	1.5%	5.6%
	USD$[7]	7.6	8.0	8.0	(0.1%)	6.2%

Colombia's assets represent 76.2% of the consolidated assets, closing at $ 77.8 trillion, growing 2.5% compared to the previous quarter and 8.0% compared to the fourth quarter of 2016.

Assets of the international subsidiaries represent 23.8% of the consolidated assets, closing at USD $8.0 billion, remaining stable compared to September 2017 and growing 6.2% compared to December 2016.

Cash and interbank

By the end of 4Q17, cash and interbank totaled $9.3 trillion, 1.7% more than in 3Q17 and 11.3% more compared to 4Q16.
In Colombia, they closed at $5.0 trillion, 7.9% higher than in 3Q17 and 7.9% higher than those of 4Q16. These increases were due to the dynamics of the Bank's ordinary cash

[4] ROAA (12 months): Accumulated Profit / Average annual assets
[5] Other assets include: acceptances and derivatives, accounts receivable, property, plant and equipment, other non-financial assets, goodwill and intangibles.
[6] Davivienda International includes: El Salvador, Costa Rica, Panama and Honduras
[7] Figures under USD Billions. COP devaluated 1.6% during 4Q17 and revaluated 0.6% on a yearly basis.

flow and to opportunities of obtaining gains of liquid assets. On the other hand, the Colombian Central Bank continued to reduce the intervention rate during the last quarter, which made possible to obtain lower-cost funding through liquidity operations.
In the international subsidiaries, cash and interbank totaled USD $1.5 billion, decreasing 6.0% compared to September 2017 and increasing 16.1% compared to December 2016; this last growth is explained mainly by Panama and Costa Rica.

Investment Portfolio

At the end of the fourth quarter of 2017, the consolidated investment portfolio closed at $ 11.0 trillion, 13.3% higher than in 3Q17 and 21.3% higher than in 4Q16.

Investments in Colombia increased 12.3% compared to the previous quarter and 16.4% compared to the fourth quarter of 2016, closing at $ 9.1 trillion. Annual increase is explained by growth of fixed income positions in the trading portfolio, given the expectations of interest rates cuts. Additionally, there was an increase in the liquidity reserve due to the natural growth of the balance sheet. This same trend was maintained throughout the fourth quarter of 2017.

Investments closed at USD $1.1 billion in the international subsidiaries, 8.0% higher than in September 2017, mainly due to the increase in the purchase of debt securities issued by the central banks in Panama, El Salvador and Honduras. Compared to December 2016, investments increased by 16.3%, mainly in Panama and El Salvador.

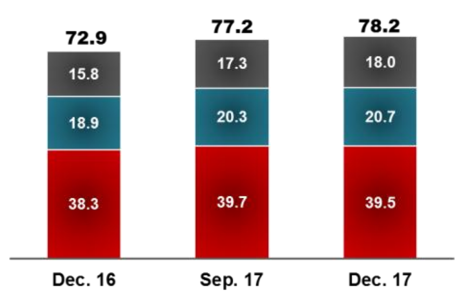
Gross loans portfolio

Gross loans for 4Q17 closed at $ 78.2 trillion, showing a quarter to quarter increase of 1.3% and a year over year growth of 7.3%, mainly due to the increase in mortgage and consumer portfolios, which show annual increases of 14.1% and 9.6% respectively.

Evolution of the gross loan portfolio

(COP Trillion)

	4Q17/ 3Q17	4Q17/4Q16
Mortgage	4.2%	14.1%
Consumer	2.0%	9.6%
Commercial	(0.38%)	3.3%
Gross loans	**1.3%**	**7.3%**



Gross Loans		Dec.16	Sep. 17	Dec. 17	4Q17/ 3Q17	4Q17/4Q16
Colombia		57.4	61.7	62.5	1.2%	8.8%
International	COP$	15.5	15.5	15.7	1.6%	1.4%
	USD$[8]	5.2	5.3	5.3	(0.0%)	1.9%

[8] Figures under USD Billions. COP devaluated 1.6% during 4Q17 and revaluated 0.6% on a yearly basis.

In Colombia, the gross portfolio closed at $ 62.5 trillion with a quarter increase of 1.2%, explained by the variation in the mortgage portfolio, which grew 4.3%. On the other hand, the consumer portfolio grew 1.7% compared to the previous quarter and the commercial portfolio remained stable compared to this same period.

Compared to the 4Q16, the variation of the gross portfolio in Colombia was 8.8%, driven mainly by the housing portfolio with a growth of 15.0%, where significant growth occurred in leasing and residential segments.

In the international subsidiaries, the gross portfolio totaled USD $ 5.3 billion, remaining stable compared to 3Q17 and growing 1.9% compared to 4Q16. This behavior is explained by the dynamics presented in Costa Rica and El Salvador. Similarly, the growth of the mortgage portfolio, which achieved an increase of 10.9% compared to the balance of 4Q16, stands out.

NPL and Coverage

NPL > 90 days

Portfolio	4Q16	3Q17	4Q17
Commercial	1.43%	2.81%	2.55%
Consumer	2.64%	2.68%	2.63%
Mortgage	2.58%	3.23%	3.35%
Total (90)	**1.99%**	**2.87%**	**2.76%**
Mortgage[9] (120)	1.85%	2.35%	2.52%
Total (120)[10]	**1.83%**	**2.67%**	**2.56%**

Coverage

Portfolio	4Q16	3 Q 17	4Q17
Commercial	131.2%	102.4%	121.0%
Consumer	179.0%	177.6%	181.7%
Mortgage	17.5%	16.8%	16.4%
Total	**115.7%**	**99.3%**	**107.1%**

Total Reserves Coverage

Portfolio	4Q16	3Q17	4Q17
Commercial	226.6%	140.7%	156.8%
Consumer	250.0%	257.1%	273.5%
Mortgage	94.6%	71.9%	71.3%
Total	**197.6%**	**151.9%**	**162.3%**

The consolidated NPL[11] reached 2.76%, improving 11 bps compared to September 2017 and showing a deterioration of 77 bps compared to the same period of the previous year. This increase in the portfolio risk level is largely due to the slowdown in the Colombian economy and the implementation of the tax reform, both of which have had implications for the debtors' ability to pay, a situation that can be observed in the financial system of the country.

Commercial portfolio NPL closed at 2.55%, presenting a decrease of 26 bps compared to the last quarter and an increase of 113 bps compared to the one reported in December

[9] Mortgage: Mortgage> 120 days / Gross Portfolio

[10] Total (120) includes Mortgage> 120 days; Commercial> 90 days; Consumer> 90 days

[11] NPL: Portfolio> 90 days / Gross Portfolio

2016. This deterioration is explained by the growth of the greater than 90 days past due loans in credits of clients and particular sectors of the Colombian portfolio. The decrease in the index during the last quarter of the year is due to portfolio write-offs of credits without recovery prospects.

NPL of the consolidated consumer portfolio closed at 2.63%, with a recovery of 5 bps compared to the one recorded in September 2017. It remains stable compared to December 2016, despite the increase in the level risk of the portfolio in Colombia and thanks to the adjustment in origination policies made during the first half of the year.

90 days NPL ratio of the mortgage portfolio closed at 3.35%, with an increase of 12 bps compared to September 2017 and 77 bps compared to December 2016, mainly due to deterioration in residential leasing loans and housing loans disbursed to independent persons. On the other hand, during the last 12 months the mortgage portfolio was securitized for $671 billion pesos. When discounting the securitization effect, the NPL of the mortgage portfolio would have been 3.23%.

120 days NPL ratio of the mortgage portfolio, which allows to better observe the risk of such portfolio by more adequately reflecting the portfolio's bearings, closed at 2.52%, showing a deterioration of 17 bps compared to the previous quarter and 67 bps compared to 4Q16.

The consolidated level of coverage[12] as of December 2017 was 162.3%, 104 bps higher than in September 2017, mainly explained by the lower balance of the unproductive portfolio in the commercial and consumer portfolios.

During 4Q17, there were $469.3 billion in portfolio write-offs, corresponding to 0.6% of the gross loan portfolio. Write-offs increased 9.2% compared to the ones made in 3Q17, a behavior explained by a higher level of penalties in the Colombian commercial portfolio during the last quarter.

Other Assets[13]

Other assets closed at $4.5 trillion, 2.3% less than in September 2017 and 6.6% less than in December 2016. In Colombia, other assets closed at $ 3.2 trillion, 4.0% lower compared to September 2017 and 9.5% lower compared to the same period of the previous year. This decrease is mainly a result of the sale of commercial and administrative offices worth $146 billion.

In the international subsidiaries, other assets closed at USD $270 million, registering an increase of 1.8% compared to September 2017 and 2.7% compared to December 2016.

Liabilities

At the end of December 2017, consolidated liabilities totaled $89.9 trillion, 2.0% more than in the last quarter and 7.6% more than in the same period of the previous year, mainly due to the behavior of both demand deposits and bonds, which presented an

[12] Total reserves coverage: (P&L Allowances + Equity Allowances) / Loans > 90 days

[13] Other assets include: Acceptances and derivatives, accounts receivable, property, plant and equipment, other non-financial assets and goodwill and intangibles.

increase of 4.1% and 10.8% respectively. Additionally, there was a decrease of 0.8% in term deposits and an increase of 7.3% in loans to entities.

Liabilities in Colombia totaled $ 68.7 trillion and represent 76.5% of consolidated liabilities. They increased 2.3% quarterly and 8.3% annually.

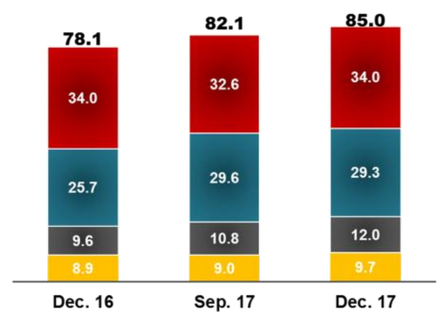
In the international subsidiaries, liabilities closed at USD $ 7.1 billion, 0.4% lower compared to the previous quarter and 6.1% higher compared to the same period of the previous year.

Consolidated funding sources[14] totaled $85 trillion, achieving a net portfolio to funding sources ratio of 89.3%, which decreased 215 bps compared to the previous quarter and 188 bps compared to December 2016. Excluding bonds, this ratio increases to 104.0%.

Evolution of funding sources

(COP Trillion)

	4Q17 / 3Q17	4Q17 / 4Q16
Demand Deposits	4.1%	0.0%
Term Deposits	(0.8%)	14.3%
Bonds	10.8%	25.3%
Credits	7.3%	8.7%
Funding Sources	**3.6%**	**8.8%**



	Dec. 16	Sep. 17	Dec. 17
Net Loans / Funding Sources	**91.2%**	**91.5%**	**89.3%**

Funding sources		Dec.16	Sep. 17	Dec. 17	4Q17/3Q17	4Q17/4Q16
Colombia		59.0	61.8	64.6	4.6%	9.6%
International	COP$	19.2	20.3	20.4	0.5%	6.1%
	USD$[15]	6.4	6.9	6.8	(1.1%)	6.7%

Consolidated demand deposits totaled $34 trillion at the end of 4Q17, showing an increase in the quarter, mainly due to the higher volume in checking accounts of institutional clients and savings accounts of individuals in Colombia. In relation to 4Q16, demand deposits remained stable. In the international subsidiaries, demand deposits closed at USD 2.6 billion.

Consolidated term deposits were $29.3 trillion, 0.8% lower than those recorded in September 2017, mainly explained by the 1.7% decrease in the term deposit certificates of institutional clients in Colombia. Regarding December 2016, consolidated term deposits increased 14.3%; in Colombia they grew 20.9% while in the international subsidiaries they decreased 0.7%.

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[14] Funding sources: total deposits, bonds and credits with entities.

[15] Figures under USD Billions. COP devaluated 1.6% during 4Q17 and revaluated 0.6% on a yearly basis.

Bonds totaled $12.0 trillion, 10.8% more than in the last quarter and 25.3% more compared to the same period of the previous year. This increase occurs mainly in Colombia due to the international issuance of global bonds for $1.47 trillion and by issuance in the local market of ordinary bonds for $1.1 trillion and subordinated bonds for $399 billion.

In the international subsidiaries, the bonds closed at USD $304 million, presenting an increase of 8.2% when compared to September 2017, and 50.5% more than in the same period of the previous year, as a consequence of the issuance of bonds in the local markets of Costa Rica and El Salvador.

Rediscount credits and credits with consolidated banking correspondents were $9.7 trillion, 7.3% higher than in the previous quarter and 8.7% compared to December 2016.

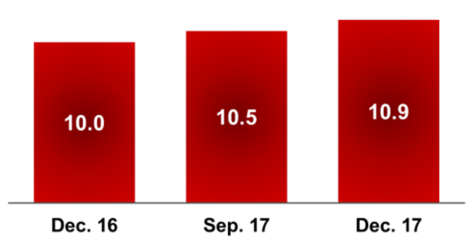
Equity and Regulatory Capital

Equity closed at $ 10.9 trillion, 3.9% higher than that reported in the previous quarter and 8.4% more than in December 2016. Total technical capital increased 1.2% compared to the last quarter, closing at $ 11.1 trillion.

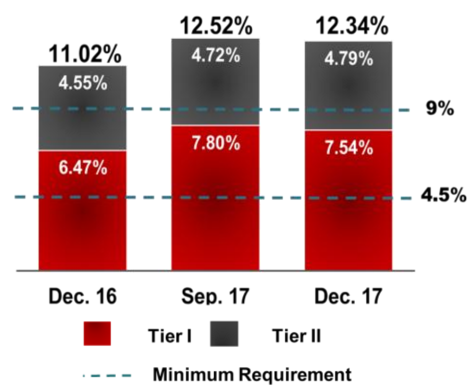
The solvency ratio was 334 bps above the minimum solvency required in Colombia (9%), closing at 12.34%. Regarding December 2016, total solvency grew 131 basis points, which is the result of the increase in tier I, which went from 6.47% to 7.54% as a result of the capitalization carried out in March 2017.

Risk Weighted Assets level reached $ 86.5 trillion. Compared to the same period of the previous year they present an increase of 4.6%, explained by the increase in disbursements of mortgage and consumer portfolio.

Equity (COP Trillion)



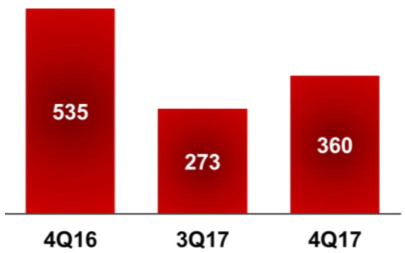
Solvency (%)



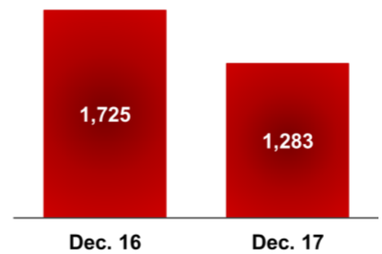
PROFIT AND LOSS STATEMENT

Profits

(COP Billion)



	Dec. 16	Dec. 17
ROAE	18.6%	12.4%
ROAA	1.92%	1.30%



4Q17/ 3Q17 %	4Q17/4Q16 %		Dec. 17 / Dec. 16 %
5.8	(6.0)	Net Financial Margin	(5.8)
7.6	29.8	Operative income	7.3
11.2	0.8	Operating expenses	8.7
549.5	(78.7)	FX changes, Derivatives and Others	(65.0)
9.8	**(34.8)**	**Income before tax**	**(28.0)**
(49.4)	(46.4)	Taxes	(34.6)
31.9	**(32.7)**	**Net Income[16]**	**(25.6)**
		Recurring Net Income	**(13.7)**

Net profit for 4Q17 closed at $ 360.0 billion, 31.9% more than that reported at the end of 3Q17, mainly explained by the 21.0% increase in investment income, due to the 7.6% growth in operating income, which closed at $ 325.2 billion and non-recurring income of $ 59.3 billion. Additionally, there is a 49.4% decrease in income tax.

Compared to 4Q16 results, quarterly profit decreased 32.7%, mainly explained by the increase in net provision expense (176.6%) and the higher occasional profits presented in 2016 of $ 307 billion.

Accumulated profit as of December 2017 closed at $ 1.28 trillion, 25.6% lower than that reported in December 2016, as a result of the 60% increase in provision expenses and 8.7% in operating expenses.

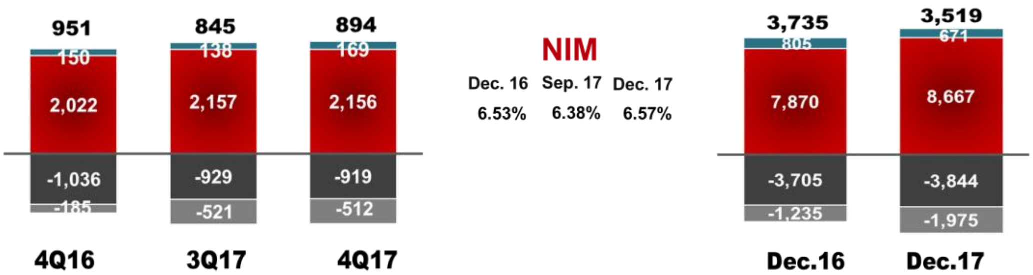
As a product of the above, the return on average equity (ROAE) [17] at the end of 4Q17 was 12.4%, compared to 14.4% recorded during 3Q17 and 18.6% in 4Q16.

[16] Profit after eliminations, homologations and homogenizations.

[17] ROAE (12 months): cumulative net profit / average equity.

Net Financial Margin

(COP Billion)



4Q17 /3Q17 (%)	4Q17/ 4Q16 (%)		Dec 17 / Dec 16 (%)
(0.1)	6.6	Loan income	10.1
22.2	12.9	Investment income, Interbank.	(16.7)
1.3	**7.0**	**Subtotal Financial Income**	**7.6**
(1.1)	(11.3)	Financial expenses	3.8
2.9	**23.7**	**Gross Financial Margin**	**10.5**
(1.8)	176.6	Allowances	60.0
5.8	**(6.0)**	**Net Financial Margin**	**(5.8)**

The net financial margin closed the fourth quarter of 2017 at $ 893.7 billion pesos. Compared to 3Q17, it increased 5.8%, due to the 1.3% growth in financial income, due to the 1.1% decrease in financial expenses and the 1.8% reduction in provisions expense.

The cumulative net financial margin was $ 3.5 trillion, 5.8% less than that reported in December 2016 as a result of the increase in the provision expense, as a consequence of the deterioration presented in the consumer and commercial portfolio. On the other hand, financial expenses increased slightly (3.8%) compared to the growth presented in the accumulated of 2016 (64%).

Because of the above, the NIM [18] closed 4Q17 at 6.57%, 19 bps higher compared to 3Q17. In relation to 4Q16, it presents an increase of 4 bps.

Portfolio Interest Income

Portfolio interest income totaled $ 2.1 trillion at the end of 4Q17, remaining stable (-0.1%) compared to the previous quarter, mainly due to the lower volumes in the

[18] NIM (12 months): Accumulated gross financial margin / average productive assets.

commercial portfolio. Regarding the balance of the average productive portfolio, it showed an increase of 1.9% in relation to 3Q17 and 9.8% compared to 4Q16.

During 4Q17, the interest income of the commercial portfolio totaled $ 898.3 billion, with an increase of 0.5% compared to the previous quarter and a decrease of 1.5% compared to 4Q16, explained by the dynamics of the commercial portfolio in Colombia (where income decreased -0.5% quarterly and 4.1% annually). In international subsidiaries, commercial portfolio generated income of USD $ 68.9 million, 3.9% more than in 3Q17 and 9.3% more than in 4Q16.

Income from the consumer portfolio in 4Q17 reached $ 799.2 billion, 0.7% higher than in 3Q17 and 11.1% more compared to 4Q16. In Colombia, income grew 0.6% compared to 3Q17 and 12.1% in relation to 4Q16, particularly due to the higher volumes in fixed loans and payroll. In the international subsidiaries, income from the consumer portfolio was USD $ 25.9 million, presenting an increase of 0.5% compared to 3Q17 and 4.0% compared to 4Q16.

Quarterly income of the mortgage portfolio closed at $ 458.2 billion, 2.4% less than 3Q17 and 17.2% more than in 4Q16. The foregoing is mainly explained by the behavior of Colombian income, which decreased by 3.5% with respect to the last quarter, and increased by 19.3% compared to the fourth quarter of 2016. In the international subsidiaries, income from the mortgage portfolio was USD $ 27.8 million, an additional 2.0% in connection with 3Q17 and 9.5% higher than in 4Q16, mainly accounted for the behavior in Honduras and Panama.

Due to the above, the accumulated portfolio income at the end of December 2017 reached $ 8.7 trillion, 10.1% more than at the end of the same period of the previous year. Within the portfolio income, the consumer portfolio outperformed with a growth of 17.2% compared to December 2016.

Income due to Investments and Interbank Funds

Quarterly income from the investment portfolio and interbank funds totaled $ 168.9 billion, 22.2% more than that reported in 3Q17 and 12.9% more than in 4Q16, mainly due to an increase in debt instruments.

On the other hand, the income from the investments portfolio and the accumulated interbank funds as of December 2017 decreased 16.7% compared to the previous year, a decrease that is mainly explained by the performance of the Colombian trading portfolio, due to lower profit from sale of investments and the lower profitability observed in the fiduciary commission strategy of the liquidity reserve as a result of the expansionist policy of the Banco de la Republica throughout the year.

Financial Expenses

4Q17 financial expenses closed at $ 919.2 billion, keeping the trend of the previous quarter: decreasing 1.1% compared to 3Q17 and 11.3% compared to 4Q16, mainly driven by the reduction of the monetary policy rate in Colombia, which was reduced by

275 bps during the year. Consequently, there was a lower cost in savings accounts and lower financial costs because of money market operations.

In the case of Colombia, financial expenses were $ 755.1 billion, 1.3% lower compared to the previous quarter and 15.1% lower compared to 4Q16. Regarding the previous quarter, the decrease is mainly due to the lower cost of deposits in savings accounts, which decreased 13.5% compared to 3Q17, closing at $ 130.2 billion.

In the international subsidiaries, financial expenses totaled USD $ 54.9 million, 0.4% less than in 3Q17 and 12.9% higher than in 4Q16, mainly due to the increase in expenses of term deposits certificates and in interest on loans obtained through other banks, mainly in Costa Rica and El Salvador.

Accumulated financial expenses at the end of December 2017 totaled $ 3.8 trillion, showing an increase of 3.8% compared to the same period of the previous year. This increase is mainly due to the rise in the costs of term deposit certificates. However, the pressure because of the increase in the rates has declined in the last 12 months because of the reduction of the intervention rate of the Colombian Central Bank.

Net Allowances Expense

Net allowances expense during 4Q17 totaled $ 511.7 billion, decreasing 1.8% compared to 3Q17 and increasing 176.6% compared to 4Q16. In Colombia, provisions expense decreased 3.3% during the quarter and increased 230.6% in relation to 4Q16, closing at $ 443.5 billion, mainly due to the increase in provisions in the consumer and commercial portfolios. This effect is explained by the lower dynamics of the Colombian economy, the deterioration of individual customers in the commercial portfolio and the impact of regulatory changes in provisions for restructured clients.

The accumulated net provision expense closed at $1.9 trillion, showing an increase of 60.0% compared to that reported in December 2016. As a result of the above, the cost of risk[19] was 2.53%, 40 bps more than the one recorded at the end of 3Q17 and 84 bps to the one recorded in 4Q16.

Net operational Income

During 4Q17 operational income totaled $325.2 billion, 7.6% more than in 3Q17, mainly due to the income increase in commissions and fees, which grew 9.0% compared to 3Q17. Compared to 4Q16, operating income increased 29.8%, mainly explained by the reclassification of income from the sale of CIFIN in Colombia during the last quarter of 2016.

The operational income in Colombia was $ 253.7 billion, up 5.4% from 3Q17 and 42.2% from 4Q16.

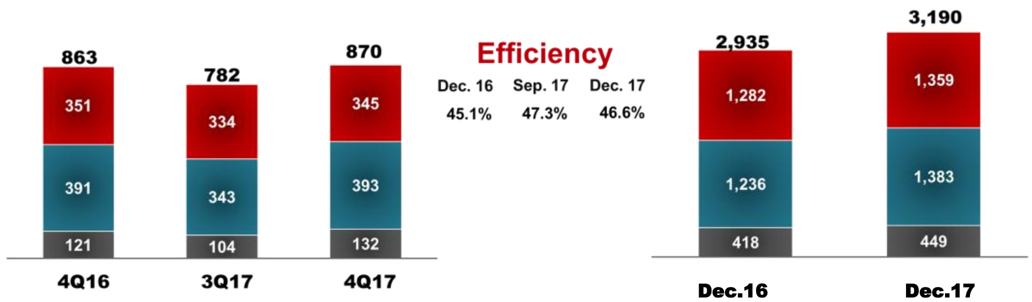
[19] Cost of risk: Accumulated allowances expense (12 months)/ Gross Loans

Operational income closed at USD $ 24.0 million in the international subsidiaries,16% more than in 3Q17 and 0.4% more than in 4Q16, as a result of higher income from commissions and fees, mainly in Costa Rica and Panama.

Accumulated net operational income closed at $1.2 trillion, with an increase of 7.3% compared to the same period of the previous year.

Operational Expenses

(COP Billion)



4Q17 / 3Q17 (%)	4Q17 / 4Q16 (%)		Dec. 17 / Dec. 16 (%)
3.2	(1.7)	Personnel Expenses	6.0
14.4	0.4	Operational Expenses	11.9
26.2	9.0	Other Expenses	7.5
11.2	**0.8**	**Total Expenses**	**8.7**

Operational expenses totaled $ 869.8 billion in 4Q17, showing an increase of 11.2% compared to those recorded in 3Q17, first and foremost explained by the growth in operational expenses, which reached $ 393 billion: 14.4% more than in the last quarter and 0.4% more than in the same period of the previous year.

In Colombia, operational expenses for the quarter were $ 670 billion, 12.0% more than in 3Q17, mainly due to the increase in administrative expenses of fees and legal expenses, the expense in taxes and rates, and other taxes. Compared to 4Q16, operating expenses increased 1.1%, mainly due to lease, amortization and depreciation expenses.

In the international subsidiaries, operational expenses closed at US $ 67 million, 8.5% more than those recorded in 3Q17 and 0.9% more than in 4Q16, mainly due to increases in operating expenses in Honduras and El Salvador.

Due to the above, accumulated operating expenses as of December 2017 were $ 3.2 trillion, showing an increase of 8.7% compared to the same period of the previous year, whereby the efficiency closed at 46.6% compared to 45,1% from the same period of the previous year.

Net Changes and Derivatives

Income from changes and derivatives increased 18.3% in the last quarter. This growth is concentrated in Colombia, explained by the long positions held in the trading activity due to expectations of devaluation. However, the profit changes generated was offset by the devaluation of the derivative instruments that are used to cross these cash positions and to cover the positions of the bank book. The aforementioned led to a 35.6% decrease of the result of changes and net derivatives with respect to 3Q17 and 86.7% when comparing the quarterly cuts of December 2017 and December 2016.

Income from changes and net derivatives accumulated as of December 2017 was $ 104.4 billion, with a reduction of 41.4% compared to the same period of 2016. This is explained by the higher profit presented in December 2016, that stems from the fact of the component of the interest rate of the derivative instruments, which is in turn the result of a higher expectation of devaluation compared to the same period of 2017.

Taxes

During 4Q17, the consolidated operation of Davivienda recorded an income tax of $ 51.7 billion, 49.4% less than in 3Q17 and 46.4% less than that recorded in 4Q16.

The lower value of income tax is concentrated in Colombia, which was $ 36.8 billion for 4Q17, 59.2% less than that presented in 3Q17. This decrease is explained by a not constitutive income derived from the merger between Deceval[21] and the Colombian Stock Exchange and a lower rate as a result of the occasional gain tax on the sale of fixed assets recorded during the last quarter.

The effective tax rate accrued as of December 2017 was 24%, 242 basis points less than in December 2016. Cumulative taxes as of December 2017 closed at $ 405 billion, 34.6% lower than those reported in the same period from the previous year

[21] Colombia´s Central Securities Depository

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These financial statements have been prepared in conformity to accounting principles generally accepted in Colombia and are presented in nominal terms. The result statement for the closed quarter on December 31, 2017 shall not be necessarily indicative of results expected for any other period.

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